Stock Code: 1517

Lee Chi Enterprises Co., Ltd.

2023 Annual Report

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

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

The date of publication: May 10, 2024

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 Management Department
Telephone	04-7382121
E-mail	gmoe@leechi.com.tw
Acting spokesperson:	Tsai, Fang-Chu
Position	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	Liu, Li-Wei & Su, Ting-Chien
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

Table of Contents

Chapter I. Letter to Shareholders

I. Forewords:

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

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

II. Business Results in 2023:

(I) Operating Results:

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

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

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

5. **Improvement in Operations:** The Company continuously reviewed and monitored the operational efficiency oversee financial operations of each business unit for strengthened competitiveness, and improvement in ESH measures and factory planning to strengthen operational efficiency. Profitability and improvement effects have been noticeable in each business unit.
6. **Cross-Industry Alliance:** By utilizing in-house engineering and manufacturing capabilities, the Company has sealed cross-industry cooperation and orders. Through cross-industry alliances, the Company continues to improve technological development and increase operational prospects, thereby seeking the possibility of reciprocal development.

(II) 2023 Budget Execution Status:

The Company did not plan a financial forecast for 2023, and its expenditure budget is controlled at a level of 10%.

(III) Financial Position and Profitability Analysis:

The Company has a sound financial structure, and 2023 Profitability Analysis based on the Consolidated Financial Statements shows that return on assets is -3.18%, return on equity is -3.96%, ratio of operating income to paid-in capital is -13.66%, ratio of profit before tax to paid-in capital is -7.65 %, profit margin before tax is -8.36 %, and basic loss per share attributable to the parent company is NT$0.75.

(IV) Research and Development Status:

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

III.2024 Business Plan Outline:

(I) Sales Volume Forecast:

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

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

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

1. **"Moderating Operations, and Controlling Risks":** The high uncertainty of the macro-economy is expected to influence the industry throughout the year. The supply chain is in the order adjustment period with turmoil and is faced with pressure from changes resulting from sharp decline in operations coupled with high inventory, unused production capacity, and tight cash flow. In response to the challenges above, the Company will adjust production capacity in a timely manner, strengthen inventory control, control various procurement and costs, and continue to follow the trends of key accounts. With the solid adjustments in the trends impeding industry growth, the Company manages to maintain its competitive edges.

2. **"Setting Goals and Stabilizing Profits":** The Company sets its annual business goals at a more proactive manner, by strengthening its business momentum and order acceptance, guided by the goal of increasing revenue, secure new orders once this wave of inventory adjustments is complete, maintain consistent profitability, and capitalize on opportunities for economic recovery.

3. **“Product Innovation for Increased Margin”:** The Company will continue to innovate for its products and development processes, with the target to increase the proportion of high value-added products and to expand the market share of mid-to-high-end parts. Meanwhile, under the global trend of spending inhibition, the Company intends to stimulate sales by launching new products.

4. **“Brand Marketing for Enlarged Market Share”:** Through promoting the own brand “PROMAX”, the sales of new products is expected to be driven, thereby increasing the market share and product margin. The Company, eyeing the great business opportunities in mending and repair, also intends to establish more mending and repair and after-sale service locations under the brand by cooperating with major channels; in recent years, the Company has gained brand awareness through sponsorship of internationally renowned cycling teams, whilst collecting feedbacks from competitive riders concerning the use of our products as reference in subsequent product improvements and future development orientations.

5. **“Increased Cooperation and Excelling Technologies”:** The Company continues to deepen its cooperation and dependence relationship with internationally renowned finished bikes and parts brands by collaborating in the development of new products. In the meantime, the Company establishes dedicated production lines to increase the breadth and depth of developed items for comprehensive escalation of product technology.

6. **“Cross-Industry Collaborations and Proactive Transformation”:** In recent years, the Company has engaged in cross-industry collaborations to seek more development opportunities, whose results have been progressively evident. By undertaking cross-industry product orders, the Company may improve its manufacturing capabilities and in the meantime strengthen operation outlook for opportunities other than bicycle-related businesses.

7. **“Talent Cultivation and Advocating Sustainability”:** As a means to lay foundation to the Company’s sustainable development, the Company continues to cultivate talents and improve employee benefits through increasing the organizational efficiency and fostering future development momentum. In response to the global commitment to implement green initiatives such as carbon neutrality, net zero carbon emissions to combat greenhouse effect and extreme climate, the bicycle industry focuses on carbon reduction practices from production to sales, and has listed ESG as a key point. The Company at the forefront of industrial carbon reduction continues to promote compliance with energy-saving and

carbon-reduction requirements in its corporate environment, promotes the implementation of low-carbon environmental protection in its R&D, manufacturing processes and sales, and actively assists clients and supply chains to promote ESG sustainable goals.

IV. Future Development Strategies and Effects by Industrial Circumstances:

(I) Future Development Strategies of the Company:

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

2. **Innovation of products and introductions of new materials and manufacturing processes on a sustained manner:** Besides continuing to implement the applications on bicycle components, pursue technological leadership, and extend the applications to related products such as electric cars, motor vehicles, 3C technologies, etc., to expand sales % on new business and new markets.

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

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

(II) Effects by external competitions, regulation and macroeconomic circumstances on the Company:

1. As a response to global climate change, countries are adapting their energy policies and embracing initiatives such as establishing more bicycle lanes and promoting urban bicycle sharing. This encourages consumers to opt for eco-friendly transportation methods and use bicycles, thus contributing to reducing carbon emissions. The industry's promotion of cycling can also provide opportunities for carbon rights deductions or trades, presenting a promising aspect to look forward to.

2. Under the impact of high tariffs under the trade barriers adopted by various countries and the evolution of deglobalization, the industry has also adapted itself to a short-chain supply

system. Based on factors such as tariff avoidance or seeking proximity to the target sales markets, major brand clients have also successively diversified countries engaged in manufacturing of products sold to US and European countries. Such initiative also affects the deployment of production of the bicycle industry chain, in which Mainland China was the hub. The future regional restructuring of the overall bicycle supply chain is worth observing.

3. Uncertain factors such as inflation, interest rate hikes, and wars have impacted the economic outlook, resulting in a decline in purchasing power. It is necessary to pay close attention to whether the stagnant sales phenomenon continues, which will affect whether the bicycle inventory can be sold smoothly, and observe the large proportion of output in the past. Whether the market sales of mid- to low-end vehicles can return to stability, thereby stimulating demand for new products, and strive to maintain stable production capacity amid the ebb and flow of growth.

4. In recent years, new modes of transportation such as shared bikes and shared electric scooters promoted by various countries have changed the urban transportation pattern and impacted the traditional bicycle market. However, the promotion of green transportation and health awareness has led to the rapid development of high-end bicycles and electric-assisted bicycles (E-BIKE), which in recent years has become a new wave of growth niche for the industry, and the integration of E-BIKE and AI smart technologies may also The integration of e-bike and AI smart technology may also push the industry to innovate again, and the industry must grasp the opportunity to grow again.

5. Countries have proceeded with their promotion of carbon inventory and have established legal bases for levying carbon fees. The collection of carbon border tariffs a.k.a. the “green inflation” will pose great impact on Taiwan’s manufacturing-based industries. The initial scope of application will expand from upstream products such as steel, aluminum, and cement to downstream products, making carbon reduction no longer an option for enterprises but a must for future competitiveness. In addition, scarcity of resources driven by inflation has become the norm. Coupled with manufacturing bottlenecks such as lack of labor and rising raw materials, this will inevitably bring more operational challenges to industries that need to stabilize production costs.

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

We wish you all good fortune and great health.

Chairman: Lin, Yu-Hsin

President: Lin, Yi-Hsien

Accounting Manager: Tsai, Fang-Chu

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 Set up melting and forging plant for the manufacturing of handlebar riser and seat post to strive for product diversification, 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; in addition to 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%, accounted for 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 of NT$80,000,0

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, accounted for using the equity method; invested in X-Nine International Ltd. (X-Nine) through ASIA; and then invested in Longda Machinery (Shenzhen) Co. Ltd. (Longda) in Mainland China 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 shares 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 accounted for 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 accounted for 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, accounted for using the 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 Longda Machinery (Shenzhen) Co., Ltd. in Mainland China.

2018 In August, the liquidation of Longda Machinery (Shenzhen) Co., Ltd. in Mainland China 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%.

2021 The liquidation of Cycle Origins Ltd. was completed

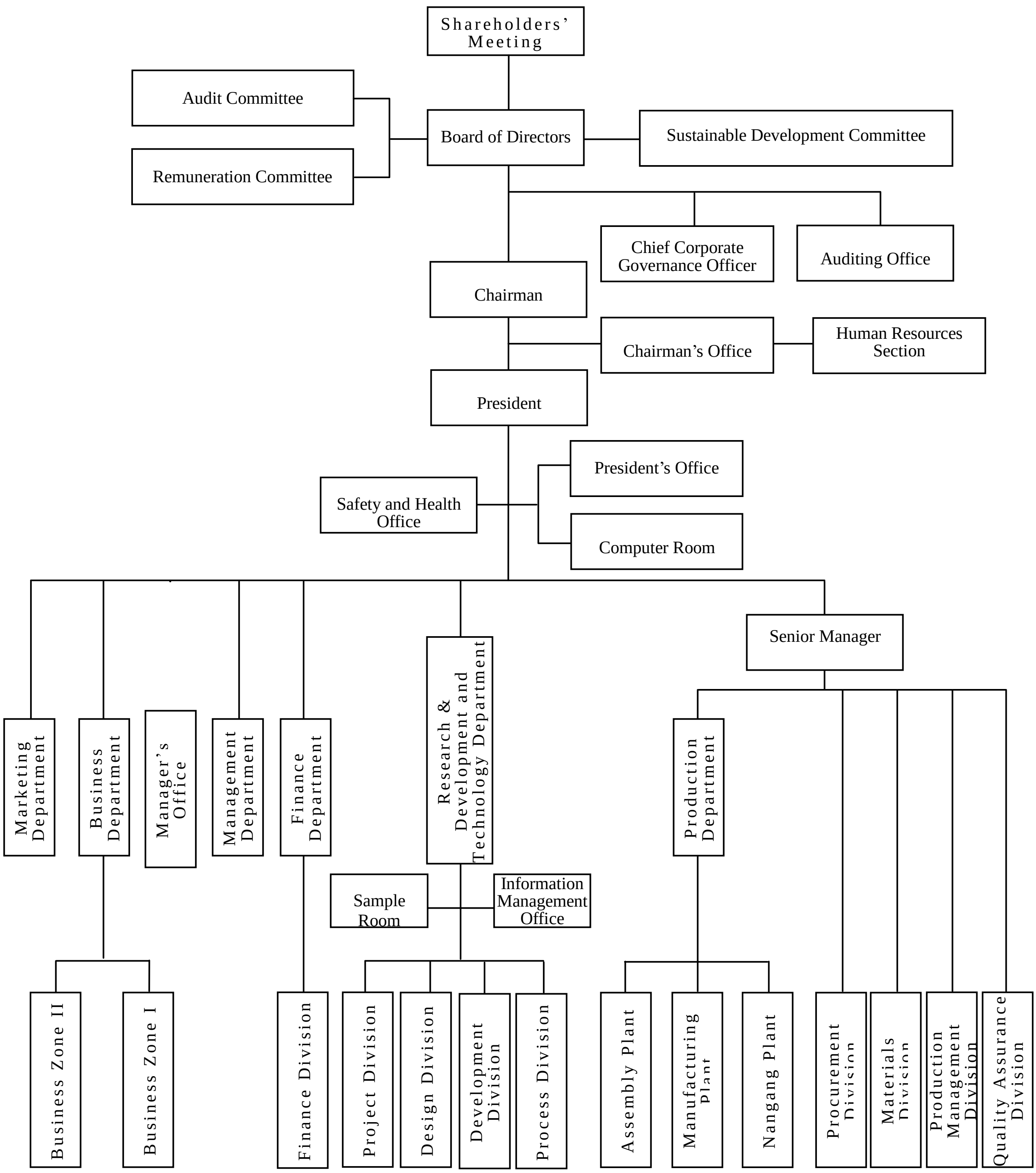
2022 In March, retired 2,140,000 treasury shares with a capital reduction of NT$21,400,000, and changed the registered capital; after the retirement, the paid-in capital was NT$2,256,850,000.

2023 In April, share capital increase of US$1,000,000 in THE Cycle Group. Share capital of US$5,000,000 after capital increase.

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">President's Office</td><td>Assist the President 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, president, vice presidents, senior managers, and the supervisors of all the Company’s departments and branch units

(I) Information on Directors

1. Director

April 27, 2023

Title	Nationality or place of registration	Name	Gender Age (Note 2)	Date Elected	Term of office	Date First Elected (Note 3)	Shareholding When Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in Nominee		Major Experience (Education) (Note 4)	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 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman (Note 5)	R.O.C.	Lin, Yu-Hsin	Male 41-50	2023.6.21	3	2014.6.19	13,298,760	5.89%	13,298,760	5.89%	0	0%	1,407,000	0.62%	Carnegie Mellon University Electrical and computer engineering Master in electronic engineering	Chairman	President Director	Lin, Yi-Hsien Lin, Chung-Ying	Sister and brother Sister and brother	None
Director (Note 5)	R.O.C.	Lin, Yi-Hsien	Female 51-60	2023.6.21	3	2002.06.26	9,190,036	4.03%	9,190,036	4.03%	0	0%	0	0%	Department of Accounting, National Taiwan University	President	Director Chairman	Lin, Chung-Ying Lin, Yu-Hsin	Sisters Sister and brother	None
Director (Note 1)	R.O.C.	Ko Fu Investment Co., Ltd.	Male 61-70	2023.6.21	3	2014.6.19	1,407,000	0.62%	1,407,000	0.62%	0	0%	0	0%	Department of Industrial Engineering, Feng Chia University	Senior Manager of the Company	None	None	None	None
		Representative: Chu, Ming-Yang					-	-	0	0%	0	0%	0	0%						
Director (Note 1) (Note 7)	R.O.C.	Ko Fu Investment Co., Ltd.	Male 41-50	2023.6.21	3	2023.6.21	1,407,000	0.62%	1,407,000	0.62%	0	0%	0	0%	Department of Financial And Economic Law, Chung Yuan Christian University	Management Manager of the Company amd spokesperson	None	None	None	None
		Representative: Lee,Yu-Cheng					717,000	0.32%	717,000	0.32%	0	0%	0	0%						
Director (Note 1) (Note 7)	R.O.C.	Ko Fu Investment Co., Ltd.	Female 41-50	2020.6.24	3	2014.6.19	1,407,000	0.62%	1,407,000	0.62%	0	0%	0	0%	Department of Mathematics, National Central University	Director of the Company	President Chairman	Lin, Yi-Hsien Lin, Yu-Hsin	Sisters Sister and brother	None
		Representative: Lin, Chung-Ying					-	-	9,009,127	3.99%	0	0%	0	0%						
Independent Director	R.O.C.	Chen, Kuei-Tuan	Male 71-80	2023.6.21	3	2017.6.12	0	0%	0	0%	0	0%	0	0%	1.Professor, Head of the Accounting Department and Director of the Graduate Institute of Accounting and Taxation at Feng Chia University	1.Certified Public Accountant at EnWise CPAs & Co.. 2.Independent Director of CHC Healthcare Group 3.Independent Director of Chumpower Machinery Corporation.	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age (Note 2)	Date Elected	Term of office	Date First Elected (Note 3)	Shareholding When Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in Nominee		Major Experience (Education) (Note 4)	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 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C.	Chen, Kuei-Tuan	Male 71-80	2023.6.21	3	2017.6.12	0	0%	0	0%	0	0%	0	0%	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 the Graduate Institutes of Accounting of National Chung Hsing University, Tunghai University and Providence University	4. Director of Swancor International Investment Holdings Co., Ltd 5. Director of Central Taiwan University of Science and Technology, Supervisor of Feng Chia University. 6. Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Chen, Yung-Hsueh	Female 61-70	2023.6.21	3	2017.6.12	40,462	0.02%	40,462	0.02%	100,000	0.04%	0	0%	Senior Manager of Asian Banks, Vice President of DBS Bank	Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Ma, Hui-Chen	Female 41-50	2023.6.21	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 and Supervisor of Shih-Kuen Plastic Co., Ltd. 4. Director of Jie-Ya Co., Ltd.	1. Chief Operating Officer of Eternal On CPAs 2. Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd.	None	None	None	None

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: Please list the actual age. The actual age can be presented in intervals.
Note 3: Fill in the date when first elected as a director or supervisor of the company. If there is an interruption between terms, it should be annotated.
Note 4: Experience relevant to the current position. If the director worked in the certifying CPA firm appointed by the company or an affiliated company during the aforementioned period, the title and position held shall be stated

Note 5: Where the chairperson of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent directors while having no more than half of the directors serve concurrently as employees or managers).

Explanation: In order to implement corporate governance and strengthen the organization and operation of the group, the company passed a resolution of the board of directors on August 7, 2023. The chairman of the board was relieved of his position as general manager on August 8, 2023, and Deputy General Manager Lin Yi-Hsien was promoted to general manager to assist in the company's operational strategies and Business promotion.

Note 6: The Company has set up an audit committee since June 12, 2017, so information on supervisors is not applicable.

Note 7: On June 21, 2023, the shareholders' meeting comprehensively re-elected directors. Lin, Chung-Ying, the original representative of the legal person director Ko Fu Investment Co., Ltd was dismissed at the expiration of his term; Lee,Yu-Cheng was elected as the legal person director representative.

Principal Shareholders of Institutional Shareholders

April 27, 2023

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.

Information on directors and independent directors

1. Professional Qualification of Directors and Independence of Independent Directors

Requirements / Name	Professional Qualification and Experience (Note 1)	Independence (Note 2)	Number of other public companies in which the person holds a concurrent position as an independent director
Chairman Lin, Yu-Hsin (Note 3)	1. Expertise: Business management, leadership and decision-making, and information technology 2. Education: Master in electronic engineering, Carnegie Mellon University Electrical and computer engineering 3. Main position held: President of the Company 4. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	Not applicable	0
Director Lin, Yi-Hsien (Note 3)	1. Expertise: Business management, finance and accounting, and tax planning 2. Education: Department of Accounting, National Taiwan University 3. Main position held: Vice President and Chief Corporate Governance Officer of the Company 4. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	Not applicable	0
Director Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang	1. Expertise: Operating judgments, innovative strategies, communication and coordination, and mechanical engineering 2. Education: Department of Industrial Engineering, Feng Chia University 3. Main position held: Senior Manager of the Company 4. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	Not applicable	0
Director Representative of Ko Fu Investment Co., Ltd.: Lee,Yu-Cheng (Note 4)	1. Expertise: Industrial business analysis, risk management and decision-making, legal compliance strategy and sustainable promotion. 2. Education: Department of Financial And Economic Law, Chung Yuan Christian University 3. Main position held: (1)Director of Legal Office of Lee Chi enterprises Co., Ltd. (2) Director of the General Manager Office of Lee Chi enterprises Co., Ltd. (3) Landlord, real estate agent 4. Position currently held:Management Manager of the Company amd spokesperson 5. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	Not applicable	0

Requirements / Name	Professional Qualification and Experience (Note 1)	Independence (Note 2)	Number of other public companies in which the person holds a concurrent position as an independent director
Independent Director Chen, Kuei-Tuan	1. Expertise: Education, economics, finance and law 2. Education: PhD in Economic Law, China University of Political Science and Law, Master of Public Finance, National Chengchi University 3. Other main position held and experience: (1) Professor, Head of the Accounting Department and Director of the Graduate Institute of Accounting and Taxation at Feng Chia University (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 the Graduate Institutes of Accounting of National Chung Hsing University, Tunghai University and Providence University 4. Position currently held: (1) Certified Public Accountant at EnWise CPAs & Co. (2) Independent Director of CHC Healthcare Group (3) Independent Director of Chumpower Machinery Corporation (4) Director of Swancor International Investment Holdings Co., Ltd. (5) Director of Central Taiwan University of Science and Technology, Supervisor of Feng Chia University. (6) Independent Director, Member of the Remuneration Committee and the Audit Committee of Lee Chi Enterprises Co., Ltd. 5. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	1. Mr. Chen, his spouse or relative within the second degree of kinship are not a director, a supervisor or an employee of the company or any of its affiliates. 2. Mr. Chen, his spouse or relative within the second degree of kinship (or held by Mr. Chen under others' names) do not hold shares of the Company. 3. Mr. Chen has not been the director, supervisor or employee of specific related companies (refer to Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. No compensation was paid to Mr. Chen for providing commercial, legal, financial or accounting services to the company or to any affiliate of the company within the recent two years.	2

Requirements / Name	Professional Qualification and Experience (Note 1)	Independence (Note 2)	Number of other public companies in which the person holds a concurrent position as an independent director
Independent Director Chen, Yung-Hsueh	1. Expertise: Financial industry, economics and law 2. Education: Department of Law, National Taiwan University 3. Other main position held and experience: Senior Manager of Asian Banks, Vice President of DBS Bank 4. Position currently held: Independent Director, Member of the Remuneration Committee and the Audit Committee of Lee Chi Enterprises Co., Ltd. 5. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	1. Ms. Chen, her spouse or relative within the second degree of kinship are not a director, a supervisor or an employee of the company or any of its affiliates. 2. Ms. Chen, her spouse or relative within the second degree of kinship (or held by Mr. Chen under others' names) hold 140,462 shares, which is 0.06% of the Company's shares. 3. Ms. Chen has not been the director, supervisor or employee of specific related companies (refer to Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. No compensation was paid to Ms. Chen for providing commercial, legal, financial or accounting services to the company or to any affiliate of the company within the recent two years.	0
Independent Director Ma, Hui-Chen	1. Expertise: Finance and accounting, tax planning and financial business 2. Education: Department of Accounting, National Taiwan University 3. Other main position held and experience: (1) KPMG Audit Assistant Manager (2) Assistant Manager of COTA Commercial Bank (3) Director and Supervisor of Shih-Kuen Plastic Co., Ltd. (4) Director of Jie-Ya Co., Ltd. 4. Position currently held: (1) Chief Operating Officer of Eternal On CPAs (2) Independent Director, Member of the Remuneration Committee and the Audit Committee of Lee Chi Enterprises Co., Ltd. 5. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	1. Ms. Ma, her spouse or relative within the second degree of kinship are not a director, a supervisor or an employee of the company or any of its affiliates. 2. Ms. Ma, her spouse or relative within the second degree of kinship (or held by Ms. Ma under others' names) do not hold shares of the Company. 3. Ms. Ma has not been the director, supervisor or employee of specific related companies (refer to Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. No compensation was paid to Ms. Ma for providing commercial, legal, financial or accounting services to the company or to any affiliate of the company within the recent two years.	0

2. Diversity policy and Independence of the Company’s Board

(1) Diversity policy of the Company’s Board: In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company regulates the composition of the Board of Directors and formulates a policy of diversification, fully considering various aspects of diversification such as operational management, leadership and decision-making, industry knowledge, finance and accounting, legal, and environmental protection.

Relevant implementation status of the Company’s diversity policy is as follows:

Core Diversification Items / Name	Basic Composition						Industrial Experience				Professional Competence			
	Gender	Concurrently Serves as an Employee of the Company	Age			Length of Term of Independent Directors	Operational Management	Industry Knowledge	Operational Judgment	International Outlook	Finance and Accounting	Legal	Information Technology	Environmental Protection
			31-50	51-70	71 or above	3-6 Years								
Lin, Yu-Hsin(Note 3)	Male	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓
Lin, Yi-Hsien(Note 3)	Female	✓		✓			✓	✓	✓	✓	✓		✓	
Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang	Male	✓		✓			✓	✓	✓	✓				✓
Representative of Ko Fu Investment Co., Ltd.: Lee,Yu-Cheng(Note 4)	Male	✓	✓				✓	✓	✓	✓	✓	✓		✓
Chen, Kuei-Tuan (Independent Director)	Male				✓	✓	✓	✓	✓	✓	✓	✓	✓	
Chen, Yung-Hsueh (Independent Director)	Female			✓		✓	✓	✓	✓			✓		
Ma, Hui-Chen (Independent Director)	Female		✓			✓	✓	✓	✓	✓	✓		✓	

※The nationalities of the above directors are all of the Republic of China.

(2) Independency of the Company’s Board: The election of directors of the company adopts the “candidate nomination system”. The candidates for director are nominated and examined for eligibility by the Board of Directors. Upon resolution by the Board of Directors, the candidates are submitted to the shareholders’ meeting for election.

A. Basic Composition:

The Company currently has 7 board members (including 3 independent directors), all of which are from the Republic of China. The composition of the board is 3 independent directors accounting for 43%, and 4 directors with concurrent employee status account for 57%. Three of the board members have the qualification of Certified Public Accountant of the R.O.C., and one of the independent directors has legal expertise. The board members have rich experience, professional knowledge and skills in the fields of finance, law, business and management, and are independent.

All independent directors have served no more than 3 consecutive terms.

The age distribution of directors includes 3 directors aged 31-50, 3 directors aged 51-70 and 1 director aged over 71.

B. The Company also pays attention to gender equality in the composition of the Board of Directors, with a target ratio of 50%. The current board members include 3 female directors (2 of which are independent directors), and the ratio of female directors is as high as 43%. In the future, the Company will continue to work towards the goal of gender equality in the composition of female directors.

Note 1: Professional Qualification and Experience: Specify the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience shall be specified. In addition, indicate whether there were no circumstances described in subparagraphs under Article 30 of the Company Act.

Note 2: The independence of independent directors shall be specified, including but not limited to whether they, their spouses, or relatives within the second degree of kinship act as directors, supervisors or employees of the company or any of its affiliates; the number and proportion of the company’s shares held by them, their spouses or relatives within the second degree of kinship (or held by them under others’ names); whether they have acted as directors, supervisors or employees of specific related companies (refer to Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of compensation paid to them for providing commercial, legal, financial or accounting services to the company or to any affiliate of the company within the recent two years.

Note 3: In order to implement corporate governance and strengthen the organization and operation of the group, the company passed a resolution of the board of directors on August 7, 2023. The chairman of the board was relieved of his position as general manager on August 8, 2023, and Deputy General Manager Lin Yi-Hsien was promoted to general manager to assist in the company's operational strategies and Business promotion.

Note 4: On June 21, 2023, the shareholders' meeting comprehensively re-elected directors. Lin, Chung-Ying, the original representative of the legal person director Ko Fu Investment Co., Ltd was dismissed at the expiration of his term; Lee,Yu-Cheng was elected as the legal person director representative.

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

April 27, 2023

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	
Chairman (formerly serving dual roles as the Chairman and the President) (Note)	R.O.C.	Lin, Yu-Hsin	Male	2011.7.13	13,298,760	5.89%	0	0	1,407,000	0.62%	Carnegie Mellon University Electrical and computer engineering Master in electronic engineering	N/A	President	Lin, Yi-Hsien	Sister and brother	N/A
President (formerly serving as the Vice President) (Note)	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	Chairman	Lin, Yu-Hsin	Sister and brother	N/A
Senior 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	N/A
Director of Finance Department (serving dual roles as the Director of Finance and Accounting)	R.O.C.	Tsai, Fang-Chu	Female	2023.08.08	14,360	0.01%	0	0	0	0	Master of Management from National Changhua University of Education.	N/A	N/A	N/A	N/A	N/A

Note：In order to implement corporate governance and strengthen the organization and operation of the group, the company passed a resolution of the board of directors on August 7, 2023. The chairman of the board was relieved of his position as general manager on August 8, 2023, and Deputy General Manager Lin Yi-Hsien was promoted to general manager to assist in the company's operational strategies and Business promotion

III. Remuneration paid during the most recent fiscal year to directors (including independent directors), supervisors, the president, and vice presidents

(I) Remuneration of directors, supervisors, the president and vice presidents (individual disclosure of names and remuneration methods)

1. Remuneration of general directors and independent directors

Unit: NT$ 1,000

Title	Name	Remuneration								Total amount and ratio of total compensation (A+B+C+D) to net income (%) (Note 10)		Relevant Compensation Received by Directors who are Also Employees								Total amount and 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' remuneration(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 (Note 1)	Lin, Yu-Hsin	0	0	0	0	0	0	15	15	15 -0.009%	15 -0.009%	2,903	2,903	0	0	0	0	0	0	2,918 -1.750%	2,918 -1.750%	None
Director (Note 1)	Lin, Yi-Hsien	0	0	0	0	0	0	15	15	15 -0.009%	15 -0.009%	2,188	2,188	54	54	0	0	0	0	2,257 -1.354%	2,257 -1.354%	None
Director (Note 2)	Ko Fu Investment Co., Ltd. Representative: Lin, Chung-Ying	0	0	0	0	0	0	6	6	6 -0.004%	6 -0.004%	0	0	0	0	0	0	0	0	6 -0.004%	6 -0.004%	None
Director	Ko Fu Investment Co., Ltd. Representative: Chu, Ming-Yang	0	0	0	0	0	0	15	15	15 -0.009%	15 -0.009%	0	0	0	0	0	0	0	0	15 -0.009%	15 -0.009%	None
Director (Note 2)	Ko Fu Investment Co., Ltd. Representative: Lee,Yu-Cheng	0	0	0	0	0	0	9	9	9 -0.005%	9 -0.005%	0	0	0	0	0	0	0	0	9 -0.005%	9 -0.005%	None
Independent Director	Chen, Kuei-Tuan	360	360	0	0	0	0	15	15	375 -0.225%	375 -0.225%	0	0	0	0	0	0	0	0	375 -0.225%	375 -0.225%	None
Independent Director	Chen,Yung-Hsueh	360	360	0	0	0	0	15	15	375 -0.225%	375 -0.225%	0	0	0	0	0	0	0	0	375 -0.225%	375 -0.225%	None
Independent Director	Ma, Hui-Chen	360	360	0	0	0	0	15	15	375 -0.225%	375 -0.225%	0	0	0	0	0	0	0	0	375 -0.225%	375 -0.225%	None

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 remunerations 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 remuneration 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 remuneration for independent directors means the remuneration paid (A) as monthly salary to independent directors and remuneration 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 (e.g., serving as a non-employee consultant, etc.) in the most recent year: None

Note 1: In order to implement corporate governance and strengthen the organization and operation of the group, the company passed a resolution of the board of directors on August 7, 2023. The chairman of the board was relieved of his position as general manager on August 8, 2023, and Deputy General Manager Lin Yi-Hsien was promoted to general manager to assist in the company's operational strategies and Business promotion.

Note 2: On June 21, 2023, the shareholders' meeting comprehensively re-elected directors. Lin, Chung-Ying, the original representative of the legal person director Ko Fu Investment Co., Ltd was dismissed at the expiration of his term; Lee,Yu-Cheng was elected as the legal person director representative.

Table of Remuneration Range

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

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 president or vice president, 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 president, vice president, 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 president, vice president, 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)				Total amount and 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			
Chairman (formerly serving dual roles as the Chairman and the President) (Note 10)	Lin, Yu-Hsin	2,387	2,387	0	0	516	516	0	0	0	0	2,903 -1.741%	2,903 -1.741%	None
President (formerly serving as the Vice President) (Note 10)	Lin, Yi-Hsien	1,730	1,730	54	54	458	458	0	0	0	0	2,242 -0.013%	2,242 -1.345%	None

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	—	—
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	2	2

*Regardless of title, all positions equivalent to president or vice president should be disclosed.

Note 1: The names of the president and vice presidents should be listed separately, and the payment amounts should be disclosed in a summary manner. If a director is also the president or vice president, 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 president and vice president 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.

Note10: In order to implement corporate governance and strengthen the organization and operation of the group, the company passed a resolution of the board of directors on August 7, 2023. The chairman of the board was relieved of his position as general manager on August 8, 2023, and Deputy General Manager Lin Yi-Hsien was promoted to general manager to assist in the company's operational strategies and Business promotion.

* 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.

3. Managerial officers with the top five highest remuneration amounts

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 6)		Remuneration from ventures other than subsidiaries or from the parent company (Note 7)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements (Note 5)		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman (formerly serving dual roles as the Chairman and the President) (Note 8)	Lin, Yu-Hsin	2,387	2,387	–	–	516	516	0	0	0	0	2,903 -1.74%	2,903 -1.74%	None
President (formerly serving as the Vice President) (Note 8)	Lin, Yi-Hsien	1,730	1,730	54	54	458	458	0	0	0	0	2,242 -1.345%	2,242 -1.345%	None
Senior Manager	Chu, Ming-Yang	1,340	1,340	80	80	65	65	0	0	0	0	1,484 -0.89%	1,484 -0.89%	None
Director of Finance Department	Tsai, Fang-Chu	758	758	67	67	60	60	0	0	0	0	885 -0.53%	885 -0.53%	None

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

Note 3: Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 4: Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year.

Note 5: The total remuneration paid by all companies in the consolidated statements (including the Company) to managerial officers with the top five highest remuneration amounts must be disclosed.

Note 6: The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

Note 7: a.Specify the amount of remuneration received by managerial officers with the top five remuneration amounts from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

b.The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by managerial officers with the top five remuneration amounts who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

∗ The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Note8:In order to implement corporate governance and strengthen the organization and operation of the group, the company passed a resolution of the board of directors on August 7, 2023. The chairman of the board was relieved of his position as general manager on August 8, 2023, and Deputy General Manager Lin Yi-Hsien was promoted to general manager to assist in the company's operational strategies and Business promotion.

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

December 31, 2023

	Position (Note 1)	Name (Note 1)	Stock	Cash	Total	Ratio of Total Compensations to the Net Profit After Tax (%)
Manager	Chairman (formerly serving dual roles as the Chairman and the President) (Note 5)	Lin, Yu-Hsin	0	0	0	0
	President (formerly serving as the Vice President) (Note 5)	Lin, Yi-Hsien				
	Senior Manager	Chu, Ming-Yang				
	Director of Finance Department	Tsai, Fang-Chu				

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) President and equivalent

(2) Vice president and equivalent

(3) Senior 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, president, or vice president receive employee compensation (including stocks and cash), in addition to filling in the table 1-2, this table shall also be filled in.

Note 5: In order to implement corporate governance and strengthen the organization and operation of the group, the company passed a resolution of the board of directors on August 7, 2023. The chairman of the board was relieved of his position as general manager on August 8, 2023, and Deputy General Manager Lin Yi-Hsien was promoted to general manager to assist in the company's operational strategies and Business promotion.

(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: -3.8% in 2023; 2.21% in 2022.
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' remuneration and directors' remuneration in accordance with the articles of association. In 2022, due to continuing operating performance growth, employees' remuneration was withdrawn at 3.4%, and directors' remuneration at 0.45%; the company makes no profit in 2023, the remuneration of directors and employees will not be distributed. directors' remuneration is used to pay independent directors' fixed remuneration 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 president and vice presidents 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 remunerations 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' remuneration. Proposals for the distribution of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting. In case of accumulated loss, the Company shall reserve a specific amount to make up for losses before distributing employees' compensation and directors' remuneration 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%	re-election
Director	Lin, Yi-Hsien	6	0	100%	re-election
Director	Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying	2	0	100%	old appointment (Note 3)
Director	Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang	6	0	100%	re-election
Director	Representative of Ko Fu Investment Co., Ltd.: Lee,Yu-Cheng	4	0	100%	Newly appointed (Note 3)
Independent Director	Chen, Kuei-Tuan	6	0	100%	re-election
Independent Director	Chen,Yung-Hsueh	6	0	100%	re-election
Independent Director	Ma, Hui-Chen	6	0	100%	re-election

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 15, 2023 (1st in 2023)	1. Review the capital loan and increase the loan limit of the US subsidiary. 2. Review of accounts receivable of U.S. subsidiaries that exceed the normal credit period is regarded as financing. 3. Review the qualifications of the certified public accountants and assess their independence and competency with reference to the Audit Quality Indicators (AQIs). 4. Review the appointment of visa accountants.	All the independent directors present had no adverse or qualified opinion; the proposals were approved with no objection by all the

May 11, 2023 (2nd in 2023)	1. Review the capital loan and the loan limit of the US subsidiary. 2. Review applications for short-term comprehensive quotas and derivative financial product transaction quotas from financial institutions.	directors present Same as previous page
August 7, 2023 (4rd in 2023)	1. Review the capital loan and the loan limit of the US subsidiary. 2. Review the financial and accounting manager's change case.	
November 9, 2023 (5th in 2023)	1. Review the loan limit of the capital loan and Sun Company Yinglong Company and the American subsidiary. 2. Review of accounts receivable of U.S. subsidiaries that exceed the normal credit period as financing facilities.	
December 21, 2023 (6th in 2023)	1. Review the capital loan and the loan limit of the US subsidiary. 2. Review applications from financial institutions for short-term turnover guaranteed loan lines and guaranteed credit lines for the issuance of commercial promissory notes.	

(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:

1. The board of directors discussed and reviewed the general manager change case on August 7, 2023 and the general manager remuneration case on November 9, 2023 Director Lin, Yi-Hsien left the meeting to avoid discussions and voting in accordance with the law.
2. On December 21, 2023, the board of directors discussed and reviewed the 2022 manager employee remuneration and 2023 manager year-end bonus cases. Four concurrently employees, Director Lin, Yu-Hsin, Director Lin, Yi-Hsien, Director Chu, Ming-Yang, and Director Lee,Yu-Cheng, left the meeting in accordance with the law to avoid the 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)
Annually	Evaluation of the performance of the Board of Directors from January 1, 2023 to December 31, 2023	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: 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 committee 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, 2023, the attendance rates of the three independent directors in the 2023 board meetings of the Company were 100%.
3. 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" to help improve the effectiveness of the Board of Directors. For the board performance evaluation result report 2023 (including the Board of Directors, board members, and functional committees), refer to page 40.
4. A sustainable development committee will be established in December 2023 to improve the functions of the board of directors and implement sustainable development goals.

(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.

Note 3: On June 21, 2023, the shareholders' meeting comprehensively re-elected directors. Lin, Chung-Ying, the original representative of the legal person director Ko Fu Investment Co., Ltd was dismissed at the expiration of his term; Lee,Yu-Cheng was elected as the legal person director representative.

(II) Information on the operation of the Audit Committee

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

Title	Name	Attendance in Person (B)	Attendance rate (%) (B/A) (Note)	Note
Independent Director	Chen, Kuei-Tuan	5	100%	—
Independent Director	Chen,Yung-Hsueh	5	100%	—
Independent Director	Ma, Hui-Chen	5	100%	—

Other matters:

I. 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:

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 15, 2023 (1st in 2023)	March 15, 2023 (1st in 2023)	1. Review the capital loan and increase the loan limit of the US subsidiary. 2. Review the accounts receivable of U.S. subsidiaries that exceed the normal credit period as financing facilities. 3. Review the 2022 internal control system effectiveness assessment and internal control system statement. 4. Review the final statements and business report for 2022. 5. Review the qualifications of the certified public accountants and assess their independence and competency with reference to the Audit Quality Indicators (AQIs). 6. Review the appointment of visa accountant. 7. Review the implementation and improvement of the audit plan.	All the independent directors present had no adverse or qualified opinion or material suggestion; the proposals were approved with no objection by all the members of the Audit Committee present; there was no response from the Company to opinions from the Audit Committee.

May 11, 2023 (2nd in 2023)	May 11, 2023 (2nd in 2023)	1. Review the capital loan and the loan limit of the US subsidiary. 2. Review applications for short-term comprehensive quotas and derivative financial product transaction quotas from financial institutions. 3. Review of Consolidated Financial Report for the Q1 of 2023. 4. Review the implementation and improvement of the audit plan.	Same as previous page
August 7, 2023 (4rd in 2023)	August 7, 2023 (3rd in 2023)	1. Review of Consolidated Financial Report for the Q2 of 2023. 2. Review of the funding facility and the U.S. subsidiary loan facility. 3. Review the implementation and improvement of the audit plan. 4. Review the financial and accounting manager’s change case.	
November 9, 2023 (5th in 2023)	November 9, 2023 (4th in 2023)	1. Review of Consolidated Financial Report for the Q3 of 2023. 2. Review the loan limit of the capital loan and Sun Company Yinglong Company and the American subsidiary. 3. Review the accounts receivable of U.S. subsidiaries that exceed the normal credit period as financing facilities. 4. Review the implementation of the audit plan.	
December 21, 2023 (6th in 2023)	December 21, 2023 (5th in 2023)	1. Review the amount of capital loans and U.S. subsidiary loans. 2. Review the application to financial institutions for short-term revolving guarantee loan line and guarantee for the issuance of commercial promissory note credit line. 3. Review the 2024 Internal Audit Annual Audit Plan 4. Review and revise the company’s “Internal Material Information Processing and Insider Trading Prevention Management Operating Procedures” and “Standard Operating Procedures for Handling Directors’ Requests” Formulate the company's "Corporate Governance Code of Practice", "Financial Business-Related Operations between Relevant Parties", "Sustainable Development Code of Practice", and "Sustainability Development Committee Organizational Rules". 5. Appointed members of the company’s first sustainable development committee. 6. Audit the implementation and improvement of the audit program.	

(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) To convene at least once a year a separate meeting (symposium) between the accountant, the audit supervisor, and the independent directors to fully discuss and communicate on the Company's financial reporting and execution of financial business conditions, matters and results..

(II) The internal audit manager shall report on the performance of the internal audit business and discuss internal control, compliance with relevant laws and regulations with independent directors at least once a quarter at the audit committee meeting, and report the internal audit business and performance results to the board of directors.

(III) The certified accountant provides financial and tax-related consulting, and discusses and communicates with independent directors on the group's financial report review (review) results and internal control review status or recent legal updates. Arrange for independent directors to communicate individually with the internal audit manager and accountant, and attend the audit committee/board of directors to report and discuss relevant issues.

(1) On March 15, 2023, the Audit Committee held a separate meeting with the independent directors and the accountants and the audit supervisor before the meeting to fully discuss and communicate on the 2022 annual audit matters, significant risks and key audit matters, and audit quality indicators AQI.

(2) Before the audit committee meeting on December 21, 2023, a separate meeting was held between independent directors, accountants and audit supervisors to report on the company's financial reports and financial business status execution status, events and results, internal audit business execution status reports and discuss internal control , full discussion and communication on operational conditions such as compliance with relevant laws and regulations.

Communication results: The independent directors have no other opinions on the topics and financial report-related matters explained by the accountant and the internal audit manager's explanation of the operation of internal audit affairs.

In 2023, independent directors communicated with the chief internal auditor

Information on the operation of Audit Committee is stated in the following table:

Date	Discussion Points
2023.3.15	✓ Fully discuss and communicate the 2022 financial report, the overall financial operation of the group, and the impact of legal revisions. ✓ Prepare an internal control statement for 2022. ✓ Evaluate the independence, suitability and appointment of certified accountants appointed by the company. ✓ Implementation and improvement of annual audit plan. ✓ The independent directors have no opinion at this meeting.
2023.5.11	✓ Communication of opinions on financial report for the Q1 of 2023. ✓ Implementation and improvement of the 2023 audit plan. ✓ The independent directors have no opinion at this meeting.
2023.8.7	✓ Communication of opinions on financial report for the Q2 of 2023. ✓ Implementation and improvement of audit plan for 2023. (and report to the Board of Directors) ✓ The independent directors have no opinion at this meeting.
2023.11.9	✓ Communication of opinions on financial report for the Q3 of 2023. ✓ "Internal Audit Annual Audit Plan" for 2023. ✓ Implementation and improvement of audit plan for 2023 .(and report to the Board of Directors) ✓ The independent directors have no opinion at this meeting.
2023.12.21	✓ Revise the company's "Internal Material Information Processing and Insider Trading Prevention Management Operating Procedures" and "Standard Operating Procedures for Handling Directors' Requests". ✓ Formulate the company's “Corporate Governance Code of Practice”, “Financial Business-related Operations between Relevant Persons”, “Sustainable Development Code of Practice”, and “Sustainable Development Committee Organizational Rules”. ✓ Implementation and improvement of audit plan for 2023 .(and report to the Board of Directors) ✓ The independent directors have no opinion at this meeting.

Note: 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 has formulated the "Governance Best Practice Principles", and entrusted the President's office, Auditing 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

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 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
(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?	V		(IV) The Company has formulated the “Procedures for Handling Material Inside Information and Preventing Insider Trading” to prevent its internal personnel from trading securities based on information yet to be public on the market.	(IV) No major difference
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors establish and implement a policy to diversify its composition?	V		(I) The Company has standardized the composition of the Board of Directors with diversity in consideration, and has formulated a diversity policy for the company's operation, operation type and development needs 1. Please refer to page 19 for details on the implementation status of the Company's Board of Directors diversity policy 2. Description of the Company's Diversity Implementation: (1) The Company currently has 7 board members (including 3 independent directors accounting for 43%). Three of the board members have the qualification of Certified Public Accountant of the R.O.C., one of the independent	(I) 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. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors establish and implement a policy to diversify its composition?	V		directors has legal expertise, and more than half of the board members are not serving concurrently as employees or mangers of the Company. The board members have rich experience, professional knowledge and skills in the fields of finance, law, business and management, and are independent in order to effectively perform their supervisory functions (2) The company also pays attention to gender equality in the composition of the board of directors. At present, there are 7 directors, including 3 female directors, with a female director ratio of 43%.	(I) No major difference
(II) In addition to the Remuneration Committee and Audit Committee, established according to the law, has the company voluntarily established other functional committees?	V		(II) A sustainable development committee will be established in December 2023 to improve the functions of the board of directors and implement sustainable development goals.	(II) No major difference
(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?	V		(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 2023, and the evaluation results have been reported to the Board of Directors.	(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>(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</td><td></td><td>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 the Company’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>
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>(III) 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 regularly evaluate the independence of its CPAs?	V		(IV) The independence of the CPAs complies with the laws and regulations. The Audit Committee evaluates the independence and applicability of the CPAs every year on a regular basis, requires the CPAs to provide a "Statement of Independence" and an "Audit Quality Indicators Report" based on the "Audit Quality Indicators (AQIs)", and submits the results to the Board of Directors for discussion. The latest evaluation was approved by the Audit Committee on March 14, 2024 and subsequently submitted to the Board of Directors for approval on March 14, 2024. Refer to page 47 for the evaluation status.	(IV) No major difference
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). (I) 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.	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 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.)?</td><td>V</td><td></td><td>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.
(II) The details of corporate governance related courses for the head of corporate governance are as follows:
<table>
<tr><th>Training Institution</th><th>Course Name</th><th>Duration</th></tr>
<tr><td>Taiwan Academy of Banking and Finance</td><td>Corporate Governance Lecture</td><td>3 hours</td></tr>
<tr><td>Taiwan Stock Exchange</td><td>Publicity meeting on sustainable development action plans for listed companies</td><td>3 hours</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Net-zero sustainable talent training class (Central) - Carbon sequestration, carbon rights and carbon trading</td><td>9 hours</td></tr>
</table></td><td>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	
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		The Company collects the opinions and suggestions of stakeholders on issues of concern to stakeholders through regular and irregular meetings, transparent and good interactive communication by relevant business windows, and communicates by means of E-mail communication, physical meetings, telephone conferences, etc., and reports and discusses the feedback information obtained in internal meetings, and reports to the Board of Directors at least once a year on the communication with all stakeholders, so as to serve as an important reference for the sustainable development strategy.	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? (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 V		(I) The Company has set up a website to disclose Company-related information through shareholder information and via public information observatories. (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.	(I) No major difference (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	(III) 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 care: Please refer to page 106 of labor relations. 2. Investor Relations: The company attaches great importance to investor relations, has a complete spokesperson system and investor relations processing window, and strengthens the timeliness and transparency of information disclosure to protect the interests of investors. 3. Supplier relationship: In the company's dealings with suppliers, the procurement department and the quality assurance department are responsible for supplier evaluation, and the legal department reviews the signed contract terms in order to obtain the most reasonable quotation, the best quality and the best service. 4. Rights of Stakeholders: The Company seeks to maintain a good relationship with its stakeholders and to safeguard their rights and interactions through perfect communication. 5. Directors' continuing education: The Company provides	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	
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		relevant laws and regulations for directors at any time, and participates in relevant continuing education courses and seminars in accordance with personal time considerations, and the training status is disclosed in the corporate governance area of the Public Information Observatory. 6. Implementation of risk management policies and risk measurement standards: The Company formulates various management rules and regulations in accordance with the law, and conducts various risk management and evaluation to maintain the Company's advantageous position. 7. Implementation of customer policy: The company attaches great importance to customer satisfaction, and with the participation and efforts of all employees, it continues to carry out ISO9001, AS9100, ISO14001, ISO45001, CNS45001 (TOSHMS) verification and ISO14064-1 cooperation with the implementation plan of counseling, so as to require stricter quality standards and achieve the consistent policy of "customer satisfaction, quality first". "On time, on schedule, on high quality" is our commitment to customer service. 8. The Company has purchased liability insurance for directors: The Company has renewed the purchase of directors' liability insurance in 2023 and 2024.	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 colspan="5">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 2024 shareholders' meeting.
2. The company is scheduled to upload the Chinese and English versions of its annual report 18 days before the 2024 shareholders' meeting.
3. The Company will upload the English version of the 2023 Annual Financial Report 16 days before the shareholders' meeting 2024.</td></tr>
</table>

Note: Whether the implementation status is checked "Yes" or "No", it should be stated in the summary description column.

Evaluation of the Independence of the certifying CPAs

The Company has performed the evaluation on the independence of the Company's certifying 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 2024 for approval:

<u>Evaluation of the Independence of the certifying CPAs by Lee Chi Enterprises Co., Ltd.</u>

Evaluation Date: March 02, 2024

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

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

1. Information on Remuneration Committee Members

December 31, 2023

Title (Note 1)	Requirements / Name	Professional Qualification and Experience (Note 2)	Independence (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director Convener	Chen, Kuei-Tuan	1. Position currently held: (1) Certified Public Accountant at EnWise CPAs & Co. (2) Independent Director of CHC Healthcare Group and Chumpower Machinery Corporation (3) Director of Swancor International Investment Holdings Co., Ltd (4) Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd. (5) Director of Central Taiwan University of Science and Technology, Supervisor of Feng Chia University. 2. Other main position held and experience: (1) Professor, Head of the Accounting Department, Director of the Graduate Institute of Accounting and Taxation at Feng Chia University, Adjunct Professor in the Graduate Institutes of Accounting of National Chung Hsing University, Tunghai University and Providence University (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	1. Mr. Chen is not an employee of the company or any of its affiliates. 2. Mr. Chen, his spouse or relative within the second degree of kinship are not a director, a supervisor or an employee of the company or any of its affiliates. 3. Mr. Chen, his spouse or relative within the second degree of kinship (or held by Mr. Chen under others' names) do not hold shares of the Company. 4. Mr. Chen has not been the director, supervisor or employee of specific related companies 5. No compensation was paid to Mr. Chen for providing commercial, legal, financial or accounting services to the company or to any affiliate of the company within the recent two years. 6. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	2

Title (Note 1)	Requirements / Name	Professional Qualification and Experience (Note 2)	Independence (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director Member	Chen, Yung-Hsueh	1. Position currently held: Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd. 2. Other main position held and experience: Senior Manager of Asian Banks, Vice President of DBS Bank	1. Ms. Chen is not an employee of the company or any of its affiliates. 2. Ms. Chen, her spouse or relative within the second degree of kinship are not a director, a supervisor or an employee of the company or any of its affiliates. 3. Ms. Chen, her spouse or relative within the second degree of kinship (or held by Ms. Chen under others' names) hold 140,462 shares, which is 0.06% of the Company's shares. 4. Ms. Chen has not been the director, supervisor or employee of specific related companies 5. No compensation was paid to Ms. Chen for providing commercial, legal, financial or accounting services to the company or to any affiliate of the company within the recent two years. 6. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	0

Title (Note 1)	Requirements / Name	Professional Qualification and Experience (Note 2)	Independence (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director Member	Ma, Hui-Chen	1. Position currently held: (1) Chief Operating Officer of Eternal On CPAs (2) Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd. 2. Other main position held and experience: (1) KPMG Audit Assistant Manager (2) Assistant Manager of COTA Commercial Bank (3) Director and Supervisor of Shih-Kuen Plastic Co., Ltd. (4) Director of Jie-Ya Co., Ltd.	1. Ms. Ma is not an employee of the company or any of its affiliates. 2. Ms. Ma, her spouse or relative within the second degree of kinship are not a director, a supervisor or an employee of the company or any of its affiliates. 3. Ms. Ma, her spouse or relative within the second degree of kinship (or held by Ms. Ma under others' names) do not hold shares of the Company. 4. Ms. Ma has not been the director, supervisor or employee of specific related companies 5. No compensation was paid to Ms. Ma for providing commercial, legal, financial or accounting services to the company or to any affiliate of the company within the recent two years. 6. Matched none of the circumstances described in subparagraphs under Article 30 of the Company Act.	0

2. Remuneration Committee

(1) The 5th Remuneration Committee of the Company was approved by the Board of Directors on June 21, 2023. There are 3 members, namely Chen, Kuei-Tuan, Chen, Yung-Hsueh, and Ma, Hui-Chen. The committee members recommended Chen , Kuei-Tuan 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 21, 2023 to June 20, 2026. From 2023 to the date of publication of this annual report, four meetings have been held (A), and the members' attendance is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Note
Convener	Chen, Kuei-Tuan	4	0	100%	—
Member	Chen,Yung-Hsueh	4	0	100%	—
Member	Ma, Hui-Chen	4	0	100%	—

Other matters:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, 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 Remuneration Committee shall be stated (if the salary and compensation approved by the Board of Directors are better than the recommendations of the Remuneration Committee, state the difference and reasons): None.

II. If, for the resolutions of the Remuneration Committee, members have adverse or qualified opinions 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 Remuneration Committee shall be stated: None.

Note: (1) If a member of the Remuneration 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 Remuneration Committee meetings called and the actual number of meetings the members of the Remuneration Committee attended during their term of office.

(2) If, before the end of the year, there is a re-election of members of the Remuneration Committee, both the new and old members of the Remuneration 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 Remuneration Committee meetings called and the actual number of meetings the members of the Remuneration Committee attended during their term of office.

3. Discussions and resolutions of the Remuneration Committee:

<table>
<tr><th>Remuneration Committee Meeting Date (session)</th><th>Subject of Discussion</th><th>Result of the Resolution</th></tr>
<tr><td>March 15, 2023
(1st in 2023)</td><td>● Reviewed the Company’s current director and manager performance appraisal and remuneration evaluation standards.
● Considered the proposal of distribution of 2022 remuneration of directors and managerial officers of the Company.</td><td rowspan="3">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.</td></tr>
<tr><td>November 9, 2023
(2nd in 2023)</td><td>● Reviewed the remuneration case for the general manager of the company.
● Reviewed the remuneration case for the company's financial and accounting directors.</td></tr>
<tr><td>December 21, 2023
(3nd in 2022)</td><td>● Reviewed the Company’s current director and manager performance evaluation, performance appraisal and remuneration standards.
● Considered the amount of 2022 compensation of managerial officers of the Company.
● Considered the year-end bonuses of managerial officers of the Company in 2023.
● Proposed the 2024 Work Plan of the Remuneration Committee.</td></tr>
</table>

(V) Performance of Sustainable Development, Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons Thereof:

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
I. Does the Company establish exclusively (or concurrently) dedicated personnel to implement sustainable development with senior management authorized by the board to be in charge of proposing the sustainable development policies and reporting to the board?	V		1. On December 21, 2023, the Board of Directors of the Company approved the establishment of the ESG Sustainability Development Committee to manage projects related to corporate sustainability from three aspects: governance, environment and society. 2. The Company has announced the 2022 Annual Sustainability Report on September 28, 2023, and has assisted in improving the performance of sustainability management through training and coaching. It is expected to issue the 2023 annual sustainability report in August 2024. 3. The ESG Sustainability Committee plans to report the planning, progress and effectiveness of the sustainable development business to the company's decision-making and management on a regular basis, and report to the Board of Directors at least once a year on the implementation results of sustainable development and future work plans.. 4. Members of the board of directors will supervise and advise on the implementation by the Company, including but not limited to management policies, strategy and goal formulation and review measures, etc.	No major difference

Assessment item	Implementation Status (Note 1)			Differences with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description (Note 2)	
II. 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 2)	V		1. The Company prepares the sustainability report in accordance with international standards, pays attention to the opinions of stakeholders, establishes multiple communication channels with stakeholders, as a reference for the formulation of the Company’s management policies, conducts regular analysis of major issues, identifies issues that stakeholders are concerned about, collect stakeholders’ concerns about the environment, society, and governance related issues, including employee communication, supplier relations, customer relations, investor relations, financial, taxation and securities institutions relations, factory environmental safety and hygiene, etc., and confirms the degree of impact on the Company's sustainability, and currently prepares a sustainable report based on it 2. In response to the impact of climate change on the environment and economy and the significant impact on the Company's sustainable development, the Company has introduced the ISO14001 management system since 2016, and the risk assessment of environmental considerations has been regularly implemented. Moreover, the Company introduced ISO14064-1 in February 2023. The greenhouse gas inventory report is expected to be completed in September, and the Company will continuously monitor the impact of climate change.	No major difference

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
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 established the Environmental, Safety and Health Implementation Committee and implemented the ISO14001 Environmental Management System, and began to introduce ISO14064-1, set clear environmental protection and energy conservation goals, and formulated management policies for the use of various resources and environmental protection, and strive to achieve a friendly environment with low pollution and easy recycling; In 2016, it obtained the ISO 14001 environmental management system certification, and commissioned Afarno International Co., Ltd. (AFNOR) to obtain the ISO 14001 environmental management system certification through the third-party impartial evaluation every year. The Company's environmental protection policy mainly focuses on energy saving, reduction, habit change and effective control.	(I) No major difference
(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, seeking to improve the production process to meet the requirements of national environmental protection laws, and cooperating with suppliers to discuss the use of low-carbon aluminum and recycled aluminum. The Company has entrusted the Management Department to deal exclusively with energy saving and carbon reduction, the construction of solar panels for power regeneration, the use of renewable energy, and the regeneration and recycling of various production materials and waste.	(II) No major difference

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
(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 the Safety and Health office, the Environmental Safety and Health Promotion Committee and the ESG Sustainable Development Committee, paying attention to the impact of climate change on operational activities, and actively controlling the utilization of water, electricity, gas and other energy sources. Pertaining to the new product development process, the Company is dedicated to increase the utilization rate of materials, reduce the generation of waste and use low-carbon aluminum and recycled aluminum to decrease the impact on the environment, and promote various energy-saving and carbon-reduction measures. The Company has obtained the certifications of ISO14001:2015, ISO45001:2018 and CNS45001:2018 (TOSHMS).	(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 emission, water conservation, and waste management?	V		(IV) 1. Greenhouse gas emissions (1) The Company has introduced the ISO14064-1 greenhouse gas inventory since 112 and has commissioned Alfano International Co., Ltd. (AFNOR) to obtain ISO 14001 environmental management system certification through a third-party impartial unit evaluation every year. (2) Greenhouse gas emissions in the last 2 years (regional baseline):	(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 “Sustainable Development 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>(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 emission, water conservation, and waste management?</td><td>V</td><td></td><td>Unit: metric tons CO2e
<table>
<tr><th>project / year</th><th>Category</th><th>2022</th><th>2023</th></tr>
<tr><td>1. Direct greenhouse gas emissions and removals</td><td>(Category 1)</td><td>974.3799</td><td>569.5408</td></tr>
<tr><td>2. Indirect greenhouse gas emissions from input energy</td><td>(Category 2)</td><td>5149.2098</td><td>2530.2024</td></tr>
<tr><td>3. Indirect greenhouse gas emissions from transport</td><td rowspan="4">(Category 3)</td><td>54.9098</td><td>230.2754</td></tr>
<tr><td>4. Indirect greenhouse gas emissions from product use</td><td>3723.5098</td><td>2146.2692</td></tr>
<tr><td>5. Indirect greenhouse gas emissions associated with product use</td><td>No disclosure</td><td>No disclosure</td></tr>
<tr><td>6. Indirect greenhouse gas emissions from other sources</td><td>No disclosure</td><td>No disclosure</td></tr>
</table>
(3) Reduction target: Electricity use is the main source of the company’s greenhouse gas emissions. Effective use of energy is one of the keys to the sustainable development of the company. The company uses electricity saving as the main means of energy conservation and carbon</td><td>(IV) No major difference</td></tr>
</table>

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
(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 emission, water conservation, and waste management?	V		reduction, and has set an annual reduction target of At least 1%. (4) Promote policies: ●The lighting in the office area is replaced with energy-saving LED fluorescent lamps. ●The heat energy generated by the operation of the air compressor can be converted into the domestic water used for heating, and the electricity consumption of the electric water heater will be reduced. ●The old electrical equipment is continuously replaced, and energy-saving label products are replaced - air conditioners, fans, dehumidifiers, refrigerators, etc. ●Turn off several fluorescent lamps during lunch and lunch breaks. ●Purchase new inverter for air compressor to save energy and overhaul air compressor pipelines to avoid air leakage and energy consumption. ●Increase ventilation or thermal insulation facilities in the plant, such as exhaust fans, energy-saving glass, etc., to reduce indoor temperature and air conditioning load. ●The air-conditioning chiller host is equipped with a heat-insulated roof to improve the use efficiency, and the air-conditioning units are equipped with temperature control equipment to limit the temperature to more than 26 degrees Celsius to avoid energy consumption. ●Improve the problem of excessive power consumption during peak power consumption - Install energy storage	(IV) No major difference

Assessment item	Implementation Status (Note 1)			Differences with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description (Note 2)	
(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 emission, water conservation, and waste management?	V		equipment, store electricity at night/release power during the day, and when the electricity consumption is excessive, the large-scale energy-consuming equipment will be shut down to allocate power. (5) Achievement status: ●Expand the use of green energy, and obtain a total of 300 green energy certificates in 2023*1000 kWh each = 300,000 kWh. ●The Company's green energy plan, the self-built solar farms are divided into four phases, with a total number of KW built and an average daily power generation of 3 kWh per KW, with an annual average of 346.5KW * 3.5 kWh * 365 days = 442,654 kWh / year; For example, after the completion of the fourth phase, the annual rate is about 933.46KW * 3.5 kWh * 365 days = 1,192,495 kWh / year. 2. Water management: (1) The company's water resources mainly come from tap water, and the plant is equipped with water purification facilities and reverse osmosis (RO) water purification system equipment according to each demand. (2) Water consumption in the past 2 years: Unit: degree/year <table><tr><td>project / year</td><td>2022</td><td>2023</td></tr><tr><td>tap water</td><td>10,103</td><td>4,759.3029</td></tr></table>(3) Reduction target: Set an annual reduction target of at least 1%. (4) Promote policies:	(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 “Sustainable Development 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>(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 emission, water conservation, and waste management?</td><td>V</td><td></td><td>●Promote water conservation and install water-saving valves so that everyone can develop the habit of turning off the water at all times.
●If water leakage is discovered, report it immediately to avoid wasting water.
●Increase the usage of circulating water.
3.Waste management:
(1) Total weight of waste in the past 2 years:
Unit: metric tons/year
<table>
<tr><th colspan="2">project / year</th><th>2022</th><th>2023</th></tr>
<tr><td rowspan="2">Business waste</td><td>generally</td><td>29.89464</td><td>8.564</td></tr>
<tr><td>harmful</td><td>None</td><td>None</td></tr>
<tr><td rowspan="5">Resource recovery waste</td><td>Paper</td><td>63.55</td><td>30.79</td></tr>
<tr><td>Aluminum</td><td>399.814</td><td>127.851</td></tr>
<tr><td>Iron</td><td>98.3425</td><td>35.8923</td></tr>
<tr><td>Plastic</td><td>1.263</td><td>None</td></tr>
<tr><td>Wire (copper) class</td><td>0.015</td><td>None</td></tr>
</table>
(2) Reduction target: Set a target of at least 1% per year.
(3) Promote policies:
●Promote paperless policies and advocate for electronic forms to reduce paper usage.
●Employees bring their own environmentally friendly tableware to reduce wash-free tableware.
●Promote the reuse of recycled paper to reduce the amount of paper used.</td><td>(IV) No major difference</td></tr>
</table>

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
(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 emission, water conservation, and waste management?	V		●Replace the old with new equipment to improve work efficiency and conform to the trend of green environmental protection. ●Process improvement, continuous improvement, improve efficiency and reduce waste. ●The Company cooperates with the government to actively promote green procurement, and the procurement department selects low-carbon aluminum and recycled aluminum, hoping to reduce the environmental impact and create an environmental and ecological balance of coexistence and co-prosperity through green procurement. ●Scrap aluminum, scrap iron, waste plastics, paper, etc. should implement a resource recovery and classification mechanism. ●Promote the reduction of waste for all employees. ●The waste generated by the company shall be implemented in accordance with laws and regulations, and a resource recovery mechanism shall be implemented. ●Enforce compliance with resource recycling regulations and implement environmental protection policies. Overall, the Company is committed to achieving its environmental energy conservation and carbon reduction management goals.	(IV) No major difference

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development 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) In order to fulfill corporate social responsibilities, protect basic human rights and related rights and interests of employees, the Company has formulated its employee human rights policies and sexual harassment prevention complaints and punishment measures in accordance with labor laws, international labor and human rights conventions and other norms, so that the entire company can act in accordance with the social responsibilities and labor conditions related to 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

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
(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) 1. 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. In 2023, a total of 107 employees held work safety professional certificates. 2. In accordance with the Occupational Safety and Health Act, the Company provides on-the-spot health services for specially appointed doctors and nurses in the workplace, and employs on-site nurses to handle labor health protection matters such as health management, occupational disease prevention and health promotion, assist in promoting labor health protection work, create a healthy and friendly workplace environment, and organize health promotion activities, with 187 employees participating in 2023. 3. In 2023, a total of 3 employee occupational accidents (excluding traffic occupational accidents) occurred, 3 people were injured and 0 people died, accounting for 0.52% of the total employees The Company conducted accident investigations immediately after the accidents to clarify the cause of	(III) No major difference

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
(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		the accidents, formulated specific improvement measures, and convened other relevant departments to jointly review if necessary. In each case, immediate improvement and protection are made from the basic cause, then the indirect cause is discussed and improved, and an "incident investigation report form" is made. At the same time, the case will be used to re-publish and publicize the hazards and precautions in the workplace. 4. The company arranges general safety and hygiene education and training for new recruits for 3hrs; upon entering a section-level division, an additional 3hrs of work safety training in the unit is arranged. Three hours will be added respectively for those who operate productive machinery or equipment or oxygen deficiency/electric welding works; three additional hours will be added for those who manufacture, dispose of, or use hazardous chemicals. The total number of workers in work safety trainings of the Company in 2023 is 578, and the total training time is up to 1453 hours.	(III) No major difference
(IV) Does the company provide effective career development and training plans for its employees?	V		(IV) To enhance its overall competitiveness and increase the work skills of employees, the Company achieves systematic improvement and growth in cooperation with relevant education and training plans.	(IV) No major difference

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
(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?	V		(V) The Company provides transparent, privacy-protected 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. Stakeholders can also contact the company through the "Contact Us" area set up on the Company's website or through phone, fax, or mailbox, and it will be handled by a dedicated person to protect consumer rights The Company has obtained the certifications of AS9100D and ISO9001:2015.	(V) No major difference
(VI) Does the company formulate a supplier management policy requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health, labor rights, and supervised the compliance?	V		(VI) The company has formulated and provided suppliers with "Lee Chi Supplier Requirements", clearly requiring suppliers to comply with quality, environment, occupational safety, health and other specifications, etc., and regularly (monthly) implement supplier assessments When necessary, quality assurance personnel conduct supplier counseling to improve. The Company trades with hundreds of suppliers to promote local economic development and has made significant contributions to social development for a long time.	(VI) No major difference
V. Does the company prepare and publish non-financial reports such as the sustainable development report in reference to internationally recognized reporting principles or guidelines? Are such reports verified or assured by a third party accreditation institution?	V		The Company is currently preparing a sustainability report in accordance with the GRI standards, and is expected to complete the 2023 annual sustainability report in August 2024, and plans to obtain a guarantee opinion from a third-party verification unit.	(V) No major difference

Assessment item	Implementation Status (Note 1)			Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
VI. Where the company has adopted its own best practices on sustainable development according to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and actual activities undertaken by the company: The Company has discussed and drafted a code of practice for sustainable development, and actively implemented various sustainable development measures according to the actual needs of the Company.				
VII. Any important information useful for understanding the state of sustainable development implementations: 1. The Company pays much attention to the maintenance of community relations, and has long-term good contacts with Shipai and Kuaiguan 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 for cleaning and maintenance to provide the community residents with a good recreational environment. 2. Health promotion activities: In 2023, we will handle employee health examinations (including special health examinations), set up special services for vocational doctors every month, health consultation, health education information promotion, and epidemic prevention advocacy. Health promotion activities such as "Smoking Cessation Activity", "Healthy 10,000 Steps", "Health Talk - Sarcopenia", "AED + Simple CPR Education and Training", and "Blood Donation for Healthy Health" were held, with a total of 187 participants. 3. Sponsoring schools and communities: The Company sponsored talent groups and LED caption machines of Shipai Elementary School, scholarships for Chienkuo Technology University, fixed-point shared meals and year-end parties for Shipai Community, etc.				

Note 1: If "Yes" is checked for the Implementation Status, please describe the important policies, strategies and measures taken and the implementation status; if check "No" is checked for the Implementation Status, please explain the reasons and describe the relevant policies, strategies and plans or measures to be taken in the future in the "Differences with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons" column.

Note 2: 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/TPEx Listed 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

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	
(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 Section organizes the signing of contracts to prevent the signed content from being illegal, and the Auditing Office conducts inspections from time to time.	(III) No major difference
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 Division and the Quality Assurance Division are responsible for supplier evaluation, and the Legal Affairs Section 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

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) Does the company establish an exclusively (or concurrently) dedicated unit to promote ethical corporate management and to answer to the Board of Directors? Does 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 integrity management promotion team is formed by the relevant departments, responsible for the promotion of the integrity management policy and prevention plan. The team reports its operation and implementation status to the Board of Directors regularly (at least once a year) so as to fulfill the monitoring responsibility of ethical corporate management. Implementation status of 2023: includes continuous education and training and legal compliance promotion, strengthening the prevention of prohibition of insider trading, regular inspection, etc.	(II) No major difference
(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	(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	
(III) Does the company establish policies preventing conflict of interest, provide proper channels of appeal, and enforce these policies accordingly?	V		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 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?	V		(IV) The Company has established an effective accounting system and internal control system, and formulated relevant 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	(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	
(IV) Does the company establish effective accounting systems and internal control systems to enforce ethical corporate management? Does its internal 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?	V		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.	(IV) No major difference
(V) Does the company regularly organize internal and external trainings for ethical corporate management?	V		(V) 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 suitable and dedicated personnel for the cases exposed by the whistleblowers?	V		(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 effectively.	(I) No major difference
(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?	V		(II) The Company accepts the investigation of complaints received and cooperates with relevant mechanisms for confidentiality.	(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	
(III) Does the Company adopt protection measures against inappropriate disciplinary action on the whistleblowers?	V		(III) The Company takes protection measures against inappropriate disciplinary action on whistleblowers.	(III) No major difference
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?	V		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 responsible departments are in charge of collecting, revealing and updating regularly relevant content and promoting effectiveness, to facilitate the accuracy of information disclosure.	No major difference
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.				
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.				

Note 1: Whether the implementation status is checked "Yes" or "No", 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

(16) Corporate Governance Code of Practice

(17) Financial business-related operations between related parties

(18) Code of Practice for Sustainable Development

(19) Organizational Rules and Regulations of the Sustainable Development Committee

(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 2023

<table>
<tr><th>Title & Name</th><th>Date</th><th>Training Institution</th><th>Course Name</th><th>Duration</th></tr>
<tr><td rowspan="2">Chairman
Lin, Yu-Hsin</td><td>2023.04.14</td><td>Taiwan Academy of Banking and Finance</td><td>Corporate Governance Lecture</td><td>3 hours</td></tr>
<tr><td>2023.05.23</td><td>Taiwan Stock Exchange</td><td>Publicity meeting on sustainable development action plans for listed companies</td><td>3 hours</td></tr>
<tr><td rowspan="3">President
& Director
Lin, Yi-Hsien</td><td>2023.04.14</td><td>Taiwan Academy of Banking and Finance</td><td>Corporate Governance Lecture</td><td>3 hours</td></tr>
<tr><td>2023.05.23</td><td>Taiwan Stock Exchange</td><td>Publicity meeting on sustainable development action plans for listed companies</td><td>3 hours</td></tr>
<tr><td>2023.09.22</td><td>Taiwan Corporate Governance Association</td><td>Net Zero Sustainable Talent Training Class [Central]-Carbon sinks, carbon rights and carbon trading</td><td>9 hours</td></tr>
<tr><td rowspan="2">Director
Representative of Ko Fu Investment Co., Ltd.:
Chu, Ming-Yang</td><td>2023.04.14</td><td>Taiwan Academy of Banking and Finance</td><td>Corporate Governance Lecture</td><td>3 hours</td></tr>
<tr><td>2023.11.15</td><td>Securities and Futures Institute</td><td>2023 Legal Compliance Information Conference on Insider Equity Transactions</td><td>3 hours</td></tr>
</table>

Title & Name	Date	Training Institution	Course Name	Duration
Director Representative of Ko Fu Investment Co., Ltd.: Lee,Yu-Cheng	2023.09.13	Industrial Technology Research Institute College	Factory energy saving technology and management	3 hours
	2023.09.20	Industrial Technology Research Institute College	Green electricity introduction strategy and mechanism	3 hours
	2023.09.22	Taiwan Corporate Governance Association	Net Zero Sustainable Talent Training Class [Central]-Carbon sinks, carbon rights and carbon trading	9 hours
	2023.09.27	Industrial Technology Research Institute College	Net-zero action and resource strategy for Taiwan's bicycle industry	3 hours
	2023.10.24	Industrial Technology Research Institute College	Domestic and foreign climate governance and corporate carbon risks	3 hours
Independent Director Chen, Kuei-Tuan	2023.09.07	National Federation of Certified Public Accountant Associations. R.O.C.	Money laundering prevention and combating terrorism	3 hours
	2023.12.01	National Federation of Certified Public Accountant Associations. R.O.C.	Analysis on the practice of corporate mergers and acquisitions and divisions	3 hours
	2023.12.06	National Federation of Certified Public Accountant Associations. R.O.C.	IFRSs trend analysis	3 hours
Independent Director Chen, Yung-Hsueh	2023.04.14	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3 hours
	2023.09.23	Securities and Futures Institute	Sustainable Development Practice Seminar	3 hours
Independent Director Ma, Hui-Chen	2023.04.14	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3 hours
	2023.09.23	Securities and Futures Institute	Sustainable Development Practice Seminar	3 hours

(IX) Internal Control System Execution Status:

1. Statement on Internal Control: (see page 76)
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 14, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 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, 2023, 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 14, 2024, 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: Lin, Yu-Hsin

President: Lin, Yi-Hsien

(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 the 2023 Shareholders' Meeting and Implementation Status

Date	Important Resolutions made by the Shareholders' Meeting	Implementation Status
2023.06.13	Ratification Items 1. Ratification of the 2022 Business Report and Financial Statements 2. Ratification of the 2022 Earnings Distribution Proposal	The 2022 Earnings Distribution Proposal distributed cash dividend at NT$0.90 per share with the ex-dividend date set at September 19, 2023, and the distribution was completed on October 06, 2023.

2. Important Reports or Resolutions of the Board of Directors

Date	The 15th Board of Directors - Important Reports or Resolutions
2023.03.15	1st Board Meeting for 2023 1. Approved the notes on the Company's ability regarding the in-house preparation for financial reports. 2. Ratification of purchase of liability insurance for directors. 3. Ratification of the report on the results of the performance evaluation for the Board of Directors for 2022 (including the Board of Directors, individual directors and functional committees). 4. Ratification of the report on the implementation of the intelligent property management for 2022. 5. Submit the planning content of the "Sustainable Development Roadmap for Listed Companies", disclose greenhouse gas inventory information and conduct verification, relevant schedule planning and procedures, and coordinate with the progress of the promotion. 6. Adopted the proposal to increase the line of credit for the Company's funds lending to its reinvested American subsidiary CGI and accounts receivable

Date	The 15th Board of Directors - Important Reports or Resolutions
2023.03.15	that exceed the normal credit period are regarded as financing. 7. Adopted the proposal to discuss and assess the independence and competency of the certifying CPAs appointed by the Company. 8. Adopted the proposal to appoint the certifying CPAs of the Company. 9. Adopted the 2022 remuneration of directors and compensation of employees of the Company. 10. Adopted the proposal to accept the 2022 Consolidated and Parent Company Only Financial Statements and Business Report. 11. Adopted the Company's 2022 "Internal Control System Effectiveness Assessment" and the "Statement on Internal Control". 12. Adopted the 2022 Earnings Distribution Proposal. 13. Adopted the 2023 Business Plan. 14. Adopted the proposal to formulate plans associated with the 2023 Annual Shareholders' Meeting. 15. Adopted the comprehensive re-election of the company's directors. 16. Adopted the lifting of non-competition restrictions on the company's new directors or their representatives.
2023.05.11	2nd Board Meeting for 2023 1. Ratification of the Company's Q1 2023 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 and accounts receivable that exceed the normal credit period are regarded as financing. 3. Adopted the resolution on the short-term general credit line as well as hedging limit for financial commodity trading granted by financial institutions.
2023.06.21	3rd Board Meeting for 2023(Interim Board of Directors) 1. Adopted the re-election of all directors at the 2023 Annual General Meeting of Shareholders and elected the Chairman of the Board of Directors. 2. Adopted the appointment of the fifth remuneration committee.
2023.08.07	4th Board Meeting for 2023 1. Reported the relevant time schedule and progress in response to the planning of "Sustainable Development Roadmap for Listed Companies". 2. In order to reduce the violations of insider equity transfer, informed the insiders of the common violations issued by the competent authority and urged them to handle the matters in accordance with the regulations. 3. Ratification of the Company's Q2 2023 Consolidated Financial Statements. 4. Adopted the proposal to increase the line of credit for the Company's funds

Date	The 15th Board of Directors - Important Reports or Resolutions
	lending to its reinvested American subsidiary CGI. 5. Adopted the general manager's change case. 6. Adopted of the change case by the finance and accounting supervisor.
2023.11.09	5th Board Meeting for 2023 1. In order to reduce the violations of insider equity transfer, informed the insiders of the common violations issued by the competent authority and urged them to handle the matters in accordance with the regulations. 2. Adopted the proposal on replacement of CPAs since Q3 2022 in accordance with the internal rotation of the CPA firm 3. Ratification of the Company's Q3 2023 Consolidated Financial Statements. 4. Adopted the proposal on the line of credit for the Company's funds lending to the grandson company PROMAX (Kunshan) Co., Ltd. 5. Adopted the proposal to increase the line of credit for the Company's funds lending to its reinvested American subsidiary CGI. 6. Adopted the proposal on the Internal Audit Plan for 2023. 7. Adopted the remuneration package for the general manager, finance and accounting directors.
2023.12.21	6th Board Meeting for 2023 1. Ratification of the 2023 report on Implementation of Ethical Corporate Management. 2. Ratification of the 2023 Cyber Security Governance Report. 3. Ratification of the report on communication between the Company and its stakeholders for 2023. 4. Reported the relevant time schedule and progress in response to the planning of "Sustainable Development Roadmap for Listed Companies". 5. Reported the result of the meeting between the independent directors, CPAs and the chief internal auditor exclusively before the commencement of the Audit Committee on December 21, 2023. There were no opinions between the participants. 6. Adopted the 2022 remunerations to the managers and employees and 2023 end-of-year bonus plan for the managers proposed by the Remuneration Committee and the Audit Committee. 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 the American subsidiary CGI. 9. Adopted the proposal to increase the capital of the Company's American

Date	The 15th Board of Directors - Important Reports or Resolutions
	subsidiary CGI. 10. Adopted the amendment of the Company's "Procedures for Handling Material Inside Information and Preventing Insider Trading" and "Rules of Procedure for Board of Directors Meetings". 11. Adopted the formulation of the company's "Corporate Governance Code of Practice", "Financial Business Related Operations between Relevant Persons", and "Sustainable Development Code of Practice and the Organizational Rules of the Sustainability Development Committee". 12. Adopted members of the company's first sustainable development committee.
2024.03.14	1st Board Meeting for 2024 1. Approved the notes on the Company's ability regarding the in-house preparation for financial reports. 2. Ratification of purchase of liability insurance for directors. 3. Ratification of the report on the results of the performance evaluation for the Board for 2023 (including the Board of Directors, individual directors and functional committees). 4. Ratification of the report on the implementation of the intellectual property management for 2023. 5. Reported the relevant time schedule and progress in response to the planning of "Sustainable Development Roadmap for Listed Companies". 6. Adopted the increase in the loan amount through the company's capital loan and reinvestment in the U.S. subsidiary CGI, and its accounts receivable exceeding the normal credit term shall be regarded as financing and capital increase. 7. Adopted the proposal to discuss and assess the independence and competency of the certifying CPAs appointed by the Company. 8. Adopted the proposal to appoint the certifying CPAs of the Company. 9. Adopted the non-distribution proposal for directors' remuneration and employee remuneration in 2023. 10. Adopted the proposal to accept the 2023 Consolidated and Parent Company Only Financial Statements and Business Report. 11. Adopted the Company's 2023 "Internal Control System Effectiveness Assessment" and the "Statement on Internal Control". 12. Adopted the 2023 Earnings Distribution Proposal. 13. Adopted the 2024 Business Plan. 14. Adopted the proposal on matters related to the convening of the 2024 general meeting of shareholders.

Date	The 15th Board of Directors - Important Reports or Resolutions
2024.05.10	2nd Board Meeting for 2024 1. By cooperating with the internal adjustment of the accounting firm, the accountants have been replaced since the first quarter of 2024. 2. Ratification of the Company's Q1 2024 Consolidated Financial Statements. 3. Adopted the proposal to increase the line of credit for the Company's funds lending to its reinvested American subsidiary CGI and 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. 4. Adopted the resolution on the short-term general credit line as well as hedging limit for financial commodity trading granted by financial institutions.

(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, president, 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:

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
prisedent	Lin, Yu-Hsin		2023.08.08	Adjustment to President
prisedent	Lin, Yi-Hsien	2023.08.08		Adjustment to President
Serving dual roles as the Vice prisedent and director of finance department	Lin, Yi-Hsien		2023.08.08	Adjustments to the positions of financial director also serving as accounting director
Director of Finance Department	Tsai, Fang-Chu	2023.08.08		Adjustments to the positions of financial director also serving as accounting director

V. Information on certifying CPA professional fees

(I) Range of CPA professional fees

Unit: NT$1,000

Name of CPA Firm	Name of the CPA		Audit Period	Audit Fees	Non-audit Fees	Total	Note
Deloitte & Touche	Liu, Li-Wei	Su, Ting-Chien	2023 Q1 ~ Q4 financial statements	2,480	500	2,980	In accordance with the internal rotation of the CPA firm

(II) Please verify the contents of non-audit fees: Tax compliance audit and agreed-upon procedures amounting to NT$500 thousand.

(III) The facts of changing the CPA Firm and the CPA fee paid in the year of change decreased from the preceding year: Not applicable.

(IV) Decrease of CPA fee by more than 10% compared with that in the preceding year: Not applicable.

VI. Information on replacement of CPAs: None.

VII. The Company's Chairman, President, 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.

VIII. 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	2023		For the Current Fiscal Year as of April 27, 2024	
		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 (Note 1)	Lin, Yu-Hsin	0	0	0	0
Director President (Note 1)	Lin, Yi-Hsien	0	0	0	0
Director (Note 2)	Ko Fu Investment Co., Ltd.	0	0	0	0
	Representative: Lin, Chung-Ying	0	0	0	0
Director Senior Manager	Ko Fu Investment Co., Ltd.	0	0	0	0
	Representative: Chu, Ming-Yang	0	0	0	0
Director Manager (Note 2)	Ko Fu Investment Co., Ltd.	0	0	0	0
	Representative: Lee,Yu-Cheng	0	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

Note 1: In order to implement corporate governance and strengthen the organization and operation of the group, the company passed a resolution of the board of directors on August 7, 2023. The chairman of the board was relieved of his position as general manager on August 8, 2023, and Deputy General Manager Lin Yi-Hsien was promoted to general manager to assist in the company's operational strategies and Business promotion.

Note 2: On June 21, 2023, the shareholders' meeting comprehensively re-elected directors. Lin, Chung-Ying, the original representative of the legal person director Ko Fu Investment Co., Ltd was dismissed at the expiration of his term; Lee,Yu-Cheng was elected as the legal person director representative.

(I) Stock transfers with related parties: None

(II) Stock pledges with related parties: None.

IX. 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	9.87%	0	0	0	0	-	-	-
Lee Wong Investment Co., Ltd. Representative: Lin, Yu-Sheng	22,047,000	9.77%	0	0	0	0	Lin, Yi-Hsien Lin, Chung-Ying Lin, Yu-Hsin	Sister and brother Sister and brother Brothers	-
Lin, Yu-Hsin	13,298,760	5.89%	0	0	1,407,000	0.62%	Lin, Yi-Hsien Lin, Chung-Ying Lin, Yu-Sheng	Sister and brother Sister and brother Brothers	-
Lin, Yu-Sheng	9,542,375	4.23%	0	0	0	0	Lin, Yi-Hsien Lin, Chung-Ying Lin, Yu-Hsin	Sister and brother Sister and brother Brothers	-
Lin, Yi-Hsien	9,190,036	4.07%	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	3.99%	0	0	0	0	Lin, Yi-Hsien Lin, Yu-Sheng Lin, Yu-Hsin	Sisters Sister and brother Sister and brother	-
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-Hsin	Sister and brother Sister and brother Brothers	-
Lai, Jun-Hong	1,398,718	0.62%	0	0	0	0	Lai, Ming-Cheng	Brothers	-
Lai, Ming-Cheng	1,350,000	0.60%	0	0	0	0	Lai, Jun-Hong	Brothers	-
Lin, Zhi-Guan	1,242,211	0.55%	69,788	0.03%	0	0	-	-	-

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.

X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors, 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)	23,500	100%	0	0	23,500	100%
Chief Venture Capital Corporation (Note)	11,000	55%	3,500	17.50%	14,500	72.50%
THE Cycle Group, Inc.(Note)	5,000	100%	0	0	5,000	100%

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

Chapter IV. Information on Capital Raising Activities

I. The Company's capital and shares

(I) Sources of capital

(Unit: NT$; Thousand shares)

Year/ Month	Issue price per share (NTD)	Authorized Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Source of equity	Those who use property other than cash to take out the share price	Other
1973.05	1000	0.4	400	0.4	400	Cash creation share capital	None	None
1979.06	1000	1	1,000	1	1,000	Cash increase	None	None
1981.07	1000	5	5,000	5	5,000	Cash increase	None	None
1986.03	1000	35	35,000	35	35,000	Cash increase	None	None
1989.12	10	10,000	100,000	10,000	100,000	Cash increase	None	None
1991.01	10	19,900	199,000	19,900	199,000	Cash increase	None	None
1992.12	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	None	None
1995.02	10	50,000	500,000	44,454	444,544	NT$44,053,900 capital increase by retained earnings	None	None
1995.11	10	51,123	511,225	51,123	511,225	NT$66,681,590 capital increase by retained earnings	None	None
1996.09	10	110,000	1,100,000	66,459	664,593	NT$153,368 thousand capital increase by retained earnings	None	None
1997.01	10	110,000	1,100,000	80,000	800,000	New shares issued for cash NT$135,407 thousands	None	None
1997.09	10	110,000	1,100,000	100,800	1,008,000	NT$208,000 capital increase by retained earnings	None	None
1998.02	10	110,000	1,100,000	110,000	1,100,000	Cash increase NT$92,000 thousand	None	None
1998.09	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	None	None
1999.08	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	None	None
2000.08	10	231,267	2,312,673	231,267	2,312,673	NT$210,243 thousand capital increase by retained earnings	None	None
2005.09	10	236,824	2,368,240	236,824	2,368,240	NT$55,567 thousand capital increase by retained earnings	None	None
2007.10	10	236,824	2,368,240	227,825	2,278,250	Cancellation of treasury shares NT$89,990 thousand	None	None
2022.03	10	236,824	2,368,240	225,685	2,256,850	Cancellation of treasury shares NT$21,400 thousand	None	None

April 27, 2023 Unit: Thousand shares

Type of shares	Authorized Capital			Note
	Shares outstanding (listed)	Unissued Shares	Total	
Registered common shares	225,685	11,139	236,824	None

Information on shelf registration: None.

(II) Shareholder Structure

April 27, 2023

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other legal persons	Foreign Institutions and Natural Persons	Domestic Individuals	Total
Number of Shareholders	0	3	159	45,358	65	45,585
Total Shares Owned	0	22,276,989	26,762,285	172,091,332	4,554,401	225,685,007
%	0.00%	9.87%	11.86%	76.25%	2.02%	100.00%

(III) Distribution of shareholding

Ordinary shares

April 27, 2024

Shareholding Range	Number of Shareholders	Total Shares Owned	%
1 - 999	24,243	2,234,888	0.99%
1,000 - 5,000	16,694	36,161,543	16.02%
5,001 - 10,000	2,661	21,689,132	9.61%
10,001 - 15,000	685	8,756,292	3.88%
15,001 - 20,000	447	8,370,650	3.71%
20,001 - 30,000	363	9,439,730	4.18%
30,001 - 40,000	132	4,836,323	2.14%
40,001 - 50,000	95	4,464,910	1.98%
50,001 - 100,000	159	11,467,371	5.08%
100,001 - 200,000	53	7,432,404	3.29%
200,001 - 400,000	25	6,930,088	3.07%
400,001 - 600,000	10	4,757,743	2.11%
600,001 - 800,000	3	2,133,000	0.95%
800,001 - 1,000,000	3	2,859,022	1.27%
1,000,001 or more	12	94,151,911	41.72%
Total	45,585	225,685,007	100.00%

Shareholding distribution status of preferred share: None

(IV) List of Principal Shareholders

April 27, 2023

Shareholding / Name of major shareholder	Total Shares Owned	%
Special property account of Ye-Jung Lee trusted with UBS Taipei Branch	22,274,684	9.87%
Lee Wong Investment Co., Ltd.	22,047,000	9.77%
Lin, Yu-Hsin	13,298,760	5.89%
Lin, Yu-Sheng	9,542,375	4.23%
Lin, Yi-Hsien	9,190,036	4.07%
Lin, Chung-Ying	9,009,127	3.99%
Ko Fu Investment Co., Ltd.	1,407,000	0.62%
Lai, Jun-Hong	1,398,718	0.62%
Lai, Ming-Cheng	1,350,000	0.60%
Lin, Zhi-Guan	1,242,211	0.55%

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

Unit: NT$ Thousand/Thousand Shares

Item		Year	2022	2023	For the Current Fiscal Year as of May 10, 2024 (Note 8)
Market price per share (Note 1)	The highest		28.3	21.25	19.30
	The lowest		19.85	14.15	14.95
	Average		23.75	18.30	16.93
Net value per share (Note 2)	Before distribution		18.17	16.54	16.63
	After distribution		17.27	(Note 9)	—
Earnings per share	Weighted average number of shares		223,300	223,300	223,300
	Earnings per share (Note 3)		2.55	(0.75)	(0.02)
Dividend per share	Cash dividend		0.9	0.2(Note 9)	—
	Stock dividends	From earnings	—	—	—
		From capital surplus	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Return on investment analysis	Price/earnings ratio (Note 5)		9.18	(23.55)	—
	Price/dividend ratio (Note 6)		26.01	88.3 (Note 9)	—
	Cash dividend yield rate (Note 7)		3.84%	1.13 %(Note 9)	—

*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: Please fill in the information based on the number of issued shares at the end of the year and the distribution according to the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed

Note 4: If the conditions for the issuance of equity securities stipulate that the unpaid dividends in the current year can be accumulated until the surplus is issued in the year, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price/earnings ratio = Average closing price per share for the year/Earnings per share

Note 6: Price to dividend ratio = Average closing price per share for the year / cash dividend per share

Note 7: Cash Dividend Yield = cash dividends per share/average price per share for the year.

Note 8: 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 9: The decision will be finalized after the resolution of 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 earnings distribution for the year 2022 was determined by the shareholders' meeting on June 21, 2023. The dividend per share was NT$ 0.9, totaling NT$200,971 thousand, and the distribution was completed on October 06, 2023.

The Company's earnings distribution for 2023 was proposed by the Board of Directors on March 14, 2024. The earnings will be available for distribution from 2023. Based on the 223,300,007 shares outstanding on the date of the board meeting, the dividend per share is NT$0.2, totaling NT$44,660 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 share, or exercising of stock options by employees, etc., resulting in changes in dividend distribution and the need to make adjustments, the Chairman may be authorized to handle the relevant adjustment matters.

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

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

Unit: NT$

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

Note:

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

Chairman:	President:	Accounting Manager:
Lin, Yu-Hsin	Lin, Yi-Hsien	Tsai, Fang-Chu

(VII) Impact of the Proposed Bonus Shares on the Company's Operating Performance and Earnings per Share: Not applicable

(VIII) Compensation to employees and remuneration to directors and supervisors:

1. Percentage or range of compensation to employees and remuneration to 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' remuneration. Proposals for the distribution of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.

   In case of accumulated loss, the Company shall reserve a specific amount to make up for losses before distributing employees' remuneration and directors' compensation according to aforementioned ratios.
2. The estimation basis of the estimated amount of compensation for employees and remuneration for 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) There is no profit in the 2023 final accounts, the remuneration of directors and employees will not be distributed..

   (2) The Company did not estimate the allotted stock remuneration in 2023.

   (3) Accounting treatment when there is a discrepancy between the actual allotment amount and the estimated amount:

   There was no profit in the 2023 final accounts, so employee remuneration and director remuneration were not estimated.

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

The Company's employees' compensation and directors' remuneration for the year 2023 were approved by the Board of Directors on March 14, 2024.

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

There was no profit in the 2023 final accounts, and employee remuneration and director remuneration were not included.

(2) The differences between the amount of allotted employee cash compensation and the remuneration for directors and supervisors and the estimated amount of recognized expenses in 2022, the reason and the handling situation: not applicable.

4. The actual distribution of compensation to employees and remuneration to 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 2022, the employees' cash compensation was NT$25,073,125, and directors' remuneration was NT$3,318,502.

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

(IX) Share repurchases: None

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):

Major product categories	Proportion in business %
Stem	18.90
Seat post	15.52
Braking system	15.42
Hub	5.22
Others	44.94
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 continuous huge impact to the global economy by COVID-19 epidemic in 2022, with governments of various countries continuing to introduce 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. The overall bicycle industry is expected to create prosperity successively.

In 2023, the discussion topic in the bicycle industry will focus on "destocking". Factors such as the lifting of the epidemic, the easing of material and cabinet shortages, the impact of inflation and war on purchasing power, coupled with optimistic order decisions during the bicycle demand boom, due to unsmooth supply, The stacking effect of repeated orders and other problems has led to excess inventory, and the industry has turned sharply downward. The overall bicycle industry is facing operating headwinds and is shrouded in a pessimistic atmosphere. Looking forward to 2024, it is foreseeable that inventory adjustments have continued in a positive direction, and are expected to eventually drop to a reasonable baseline, gradually return to the normal supply and demand cycle, and stabilize the positive trend of growth.

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
2023	NT$76,819 thousand
As of April 30, 2024	NT$21,890 thousand

2. Technology and Products Successfully Developed

From January 2023 to the end of December 2023, the Company submitted a total of 6 patent applications and was awarded a total of 7 patent licenses. In 2023, the Company completed the development of a total of 95 products (including 5 seat post products, 9 seat tube products, 1 seat clamp and skewer products, 14 frame products, 31 rim products, 4 disc brake products, 21 hub products and 10 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 2024, the Company expects to develop 1 caliper product, 1 handlebar product, 15 seat post products, 15 seat tube products, 6 disc brake products, 20 hub products, 5 seat clamp and skewer products, 20 rim products, 20 frame products and 10 other types of products, a total of 113 products. It is estimated that R&D expenses will be around NT$80 million in 2024.

(2) 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, the 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 continue to strengthen CAE, utilize the computer-aided FEA simulation analysis technology effectively to speed up product development and fulfill the pursuit in lighter weights.
(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.

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 uses 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 Mainland China 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 Mainland

China, 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.

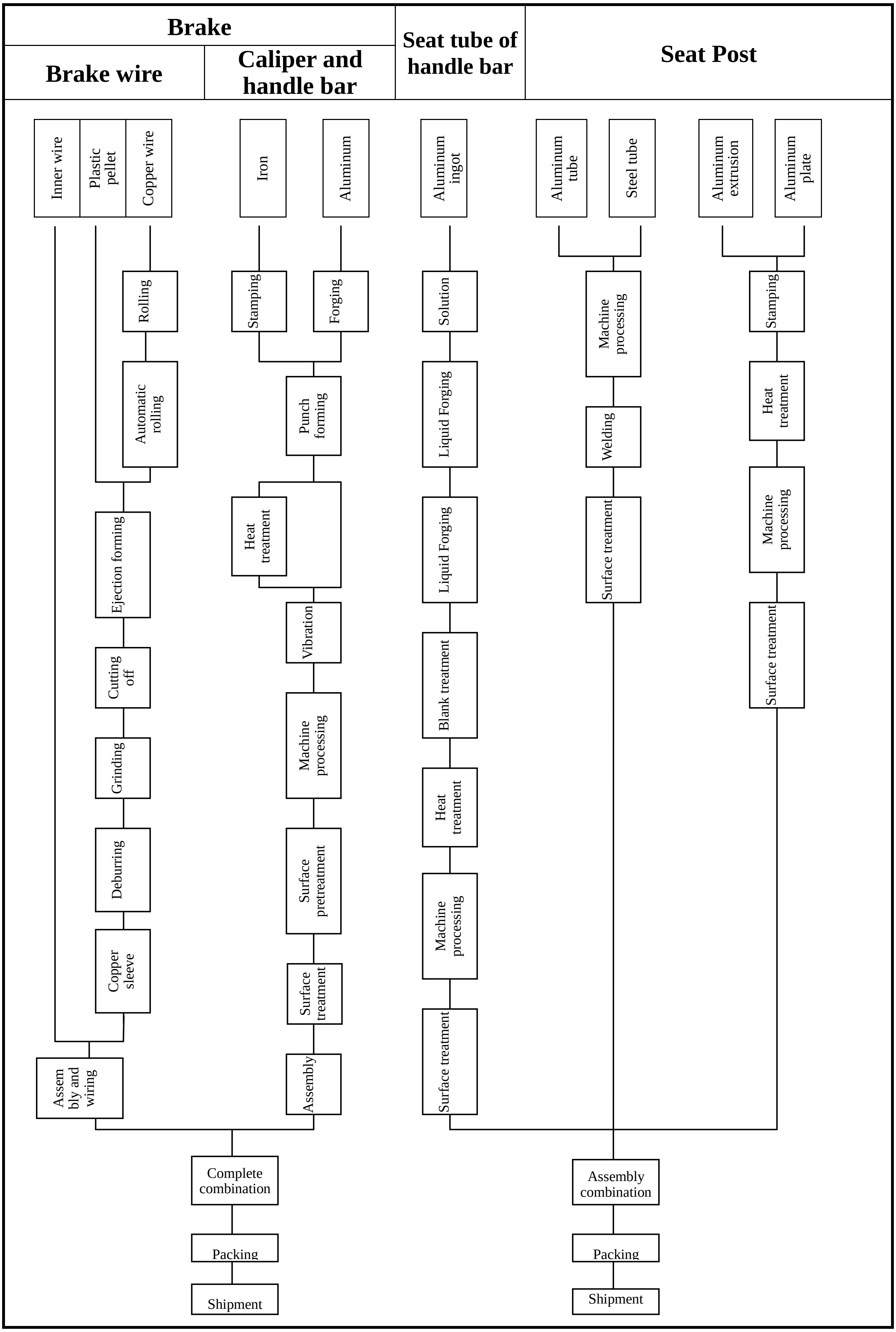
To alleviate the impact from the aforesaid unfavorable factors, the Company will continuously promote automatic equipment to maintain the competitive edges. Moreover, the Company will actively develop new products with high added values to avoid the price competition and earn a bigger profit. In response 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	US, UK, 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
Iron
Aluminum
Aluminum ingot
Aluminum tube
Steel tube
Aluminum extrusion
Aluminum plate
Rolling
Automatic rolling
Ejection forming
Cutting off
Grinding
Deburring
Copper sleeve
Assembly and wiring
Stamping
Forging
Punch forming
Heat treatment
Vibration
Machine processing
Surface pretreatment
Surface treatment
Assembly
Solution
Liquid Forging
Liquid Forging
Blank treatment
Heat treatment
Machine processing
Surface treatment
Machine processing
Welding
Surface treatment
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

	2022				2023				As of the first quarter of 2024 (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	2,064,510	100%	-	Other	611,481	100%	-	Other	188,463	100%	-
2	Net purchase	2,064,510	100%	-	Net purchase	611,481	100%	-	Net purchase	188,463	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

	2022				2023				As of the first quarter of 2024 (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	805,838	16%	Non-related parties	Group A	323,410	17%	Non-related parties	Group A	49,500	13%	Non-related parties
1	Group B	428,129	8%	Non-related parties	Group B	221,386	12%	Non-related parties	Group B	47,680	13%	Non-related parties
1	Other	3,850,597	76%	-	Other	1,347,619	71%	-	Other	276,930	74%	-
2	Net sales	5,084,564	100%	-	Net sales	1,892,415	100%	-	Net sales	374,110	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

Production Value / Main Product \ Year	2022			2023		
	Production capacity	Yield	Output value	Production capacity	Yield	Output value
Braking system	56,000	26,106	870,256	50,500	21,574	260,088
Seat Post	14,000	5,748	645,175	12,500	2,133	260,870
Stem	15,000	6,230	871,812	13,500	1,874	322,308
Hub	700	667	220,749	700	182	78,485
Other (Note 3)	—	—	1,526,936	—	—	838,171
Total	85,700	38,751	4,134,928	77,200	25,763	1,759,922

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.

(VI) Sales value table for the last two years

Consolidated data

Unit: NT$ Thousand; Thousand pieces

Sales Value / Main Product \ Year	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Braking system	9,913	329,558	10,638	735,533	3,972	99,133	3,024	192,619
Seat Post	2,450	265,936	3,273	515,960	1,151	140,776	998	152,893
Stem	3,136	494,406	3,007	561,015	1,011	176,646	930	180,978
Hub	—	89	660	285,991	12	6,888	178	91,904
Other (Note)	—	629,135	—	1,266,941	—	294,411	—	556,167
Total	15,499	1,719,124	17,578	3,365,440	6,146	717,854	5,130	1,174,561

Note: Others include the production/sale of other parts, semi-finished products, machinery and equipment, etc. Since the unit of 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		2022	2023	For the Current Fiscal Year as of May 10, 2024
Number of employees	Management	400	372	358
	R&D (technical) personnel	126	103	103
	Operator	968	728	718
	Total	1,494	1,203	1,179
Average age		41.85	44.15	44.13
Average year of services		11 years	13 years	13.1 years
Educational level (%)	Ph.D.	0	0	0
	Master	1.40	1.65	1.87
	University	20.35	23.11	23.92
	High school	34.54	34.16	34.27
	Below high school	43.71	41.06	39.95

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 1.87%, reaching the annual average of 1% or more stipulated by the Energy Bureau of the Ministry of Economic Affairs. The Company has passed the on-site inspection. 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℃, about 2 ℃ 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.

4. Labor-management agreement and various employee rights protection measures

   The Company attaches great importance to the opinions of employees, regularly holds labor-management meetings, and if necessary, additional ad hoc meetings, invites all employees of the Company to participate and encourages employees to provide suggestions, and set up complaint channels such as employee complaint mailboxes, so that the channels for employee complaints are smooth, so as to understand the opinions of colleagues on the management and welfare system, as a reference for improvement. Therefore, no major labor dispute has occurred. Looking forward to the future, under the condition of good interaction between labor and management, it is estimated that the possibility of future losses due to labor disputes is extremely low

(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. Cyber security management:

(I) Cyber security risk management framework

In order to improve cyber security management, the Company has established the “Cyber Security Management Committee” since October 30, 2020, with the head of the Computer Room serving as the convener. Meetings are held regularly every year or as needed to review the development direction and strategy of cyber security management and related matters. The Computer Room provides information on cyber security and promotes awareness to improve the security of business operations.

The 2023 Cyber Security Governance Report was submitted to the Board of Directors in December 2023.

(II) Cyber security policies

1. Strictly abide by laws and regulations to formulate relevant cyber security management regulations, strengthen cyber security management, and ensure the confidentiality, integrity and availability of the company's information assets
2. Regularly evaluate and conduct internal audits to ensure that the Company's business continues to operate steadily and safely

3. Supervise the employees of the Company to implement and cooperate with cyber security protection, and raise the awareness of cyber security of all departments and personnel
4. Require all employees of the Company and manufacturers who use or connect to the Company's computer system to strictly abide by the Company's cyber security regulations

(III) Concrete management plans and investments in resources for cyber security management

1. For information equipment and network equipment, the Company has implemented security monitoring systems to avoid equipment theft or malicious vandalism.
2. In response to the increasing importance of cyber security, the Company implements security protection mechanisms every year and cooperates with external cyber security vendors to avoid cyber-attacks, ransom ware, computer viruses and other cyber security issues
3. Cyber security incident drills are conducted annually to strengthen the employees’ crisis awareness of cyber security and the resilience of cyber security personnel in order to prevent and stop the spread of the crisis
4. The Company's internal audit cooperates with the annual audit plan to implement the inspection of cyber security as an audit item. In accordance with Articles 8 and 9 of the Internal Control System Processing Guidelines, which are to regulate the management of personal data protection and to regulate the use of computerized information systems, respectively, there should be a clear division of responsibilities between the information department and user department, and the following control operations are to be implemented:
   (1) Division of functions and responsibilities of the information processing department
   (2) Control of system development and program modification
   (3) Control of the preparation of system documents
   (4) Control of program and data access
   (5) Control of data input and output
   (6) Control of data processing
   (7) Control of files and equipment security
   (8) Control of purchase, use and maintenance of hardware and system software
   (9) Control of system recovery plan systems and test procedures
   (10) Control of cyber security inspection
   (11) Control of operations related to disclosure of information to the website designated by the competent authority
5. Concrete implementation status:
   (1) The head of the Computer Room serves as the convener and regularly holds management review meetings, the main content of which is to review information security policies, audit reports, and continuous improvement plans.
   (2) The Computer Room continues to provide information on cyber security and promotes awareness from time to time.
   From time to time, the Computer Room notifies all employees of the latest relevant information and reminders by email, contact list, etc., and make every effort to jointly prevent breaches in cyber security and ensure a safe network environment.
   (3) The internal audit continues to cooperate with the annual audit plan to implement the inspection of cyber security as an audit item, and submits the audit report to the Audit Committee for review.

(4) The Computer Room strengthens the monitoring of firewalls, tracks information security, finds out whether security is abnormal and reports information security incidents in real time

(5) The Company strengthens information security education for information personnel from time to time every year.

(IV) For losses incurred due to major cyber security incident in the most recent year and up to the publication date of the annual report, disclose the possible impact and corresponding measures. If the possible impact could not be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained: None.

VII. Important contracts: None.

Chapter VI. Financial Overview

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, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		2,607,259	3,043,900	4,073,171	3,909,984	3,051,330	3,109,453
Property, plant and equipment		1,249,956	1,216,699	1,175,687	1,197,534	1,095,451	1,077,917
Intangible assets		96,176	90,345	86,721	89,185	86,615	87,943
Other assets		446,318	472,339	344,043	229,515	278,973	281,125
Total assets		4,399,709	4,823,283	5,679,622	5,426,218	4,512,369	4,556,438
Current liabilities	Before distribution	752,037	1,094,290	1,513,513	953,176	451,556	471,843
	After distribution	797,174	1,172,445	1,692,153	1,154,146	(Note 1)	-
Non-current liabilities		424,386	361,614	362,915	306,521	244,830	237,570
Total liabilities	Before distribution	1,176,423	1,455,904	1,876,428	1,259,697	696,386	709,413
	After distribution	1,221,560	1,534,059	2,055,068	1,460,667	(Note 1)	-
Equity attributable to owners of the parent		3,124,358	3,261,307	3,656,367	4,056,648	3,694,221	3,712,641
Share capital common stock		2,278,250	2,278,250	2,278,250	2,256,850	2,256,850	2,256,850
Capital reserve		60,505	64,235	64,235	67,084	67,084	67,084
Retained earnings	Before distribution	968,355	1,081,932	1,452,761	1,874,647	1,507,546	1,502,834
	After distribution	923,218	1,003,777	1,274,121	1,673,677	(Note 1)	-
Other equity		(161,516)	(123,883)	(99,652)	(121,257)	(116,583)	(93,451)
Treasury share		(21,236)	(39,227)	(39,227)	(20,676)	(20,676)	(20,676)
Non-controlling interests		98,928	106,072	146,827	109,873	121,762	134,384
Total equity	Before distribution	3,223,286	3,367,379	3,803,194	4,166,521	3,815,983	3,847,025
	After distribution	3,178,149	3,289,224	3,624,554	3,965,551	(Note 1)	-

Note 1: Earnings distribution proposal for 2023 is yet to be approved by the shareholders’ meeting.
Note 2: Consolidated Financial Data for the Current Fiscal Year as of March 31, 2024 has been reviewed 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, 2024 (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	2,999,007	3,383,919	4,879,953	5,084,564	1,892,415	374,110
Gross profit	329,908	520,849	914,233	1,004,947	50,790	(11,156)
Operating profit (loss)	(83,234)	136,845	455,533	597,955	(308,510)	(91,538)
Non-operating income and expenses	108,997	125,190	147,078	101,900	135,699	91,737
Net income (loss) before tax	25,763	262,035	602,611	699,855	(172,811)	199
Net income (loss) from continuing operations	15,965	202,305	494,023	555,205	(158,341)	5,144
Loss of discontinued operating units	-	-	-	-	-	-
Net profit (loss) for the period	15,965	202,305	494,023	555,205	(158,341)	5,144
Other comprehensive income (after tax)	(41,218)	32,802	33,447	4,762	8,774	25,898
Total comprehensive income (loss)	(25,253)	235,107	527,470	559,967	(149,567)	31,042
Net income attributable to shareholders of the Company	12,421	169,303	447,359	568,713	(166,734)	(4,820)
Net income attributable to non-controlling interests	3,544	33,002	46,664	(13,508)	8,393	9,964
Total comprehensive income attributable to shareholders of the Company	(28,878)	199,740	473,215	578,921	(161,456)	18,420
Total comprehensive income attributable to non-controlling interests	3,625	35,367	54,255	(18,954)	11,889	12,622
Earnings per share	0.06	0.76	2.00	2.55	(0.75)	(0.02)

Note 1: Consolidated Financial Data for the Current Fiscal Year as of March 31, 2024 has been reviewed and approved by the CPA.

Condensed balance sheet (individual financial report)

Unit: NT$ Thousand

Item \ Year		Financial Information of the Most Recent Five Years				
		2019	2020	2021	2022	2023
Current assets		1,749,021	2,113,020	2,823,380	3,023,913	2,200,670
Property, plant and equipment		782,856	802,216	822,780	865,459	812,136
Intangible assets		39,394	37,168	35,207	31,724	29,393
Other assets		1,443,309	1,300,775	1,401,946	1,387,193	1,230,200
Total assets		4,014,580	4,253,179	5,083,313	5,308,289	4,272,399
Current liabilities	Before distribution	530,014	635,442	1,064,522	894,191	279,020
	After distribution	575,151	713,597	1,243,162	1,095,161	(Note)
Non-current liabilities		360,208	356,430	362,424	357,450	299,158
Total liabilities	Before distribution	890,222	991,872	1,426,946	1,251,641	578,178
	After distribution	935,359	1,070,027	1,605,586	1,452,611	(Note)
Share capital common stock		2,278,250	2,278,250	2,278,250	2,256,850	2,256,850
Capital reserve		60,505	64,235	64,235	67,084	67,084
Retained earnings	Before distribution	968,355	1,081,932	1,452,761	1,874,647	1,507,546
	After distribution	923,218	1,003,777	1,274,121	1,673,677	(Note)
Other equity		(161,516)	(123,883)	(99,652)	(121,257)	(116,583)
Treasury share		(21,236)	(39,227)	(39,227)	(20,676)	(20,676)
Total equity	Before distribution	3,124,358	3,261,307	3,656,367	4,056,648	3,694,221
	After distribution	3,079,221	3,183,152	3,477,727	3,855,678	(Note)

Note: Earnings distribution proposal for 2023 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				
	2019	2020	2021	2022	2023
Operating revenue	2,017,452	2,176,121	3,286,536	3,851,621	1,363,624
Gross profit	296,097	330,580	700,259	841,191	102,506
Operating profit (loss)	99,767	163,739	491,116	635,517	(79,539)
Non-operating income and expenses	(78,665)	65,115	60,050	72,918	(105,180)
Net income (loss) before tax	21,102	228,854	551,166	708,435	(184,719)
Net income from continuing operations	12,421	169,303	447,359	568,713	(166,734)
Loss of discontinued operating units	-	-	-	-	-
Net profit (loss) for the period	12,421	169,303	447,359	568,713	(166,734)
Other comprehensive income (after tax)	(41,299)	30,437	25,856	10,208	5,278
Total comprehensive income (loss)	(28,878)	199,740	473,215	578,921	(161,456)
Net income attributable to shareholders of the Company	12,421	169,303	447,359	568,713	(166,734)
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to shareholders of the Company	(28,878)	199,740	473,215	578,921	(161,456)
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	0.06	0.76	2.00	2.55	(0.75)

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

Year	CPA	Audit Opinion
2019	Su ,Ting-Chien, Tseng, Done-Yuin	Unqualified opinion
2020	Su ,Ting-Chien, Tseng, Done-Yuin	Unqualified opinion
2021	Yang, Chi-Sheng, Su ,Ting-Chien	Unqualified opinion
2022	Liu, Li-Wei, Su ,Ting-Chien	Unqualified opinion
2023	Liu, Li-Wei, Su ,Ting-Chien	Unqualified opinion

II. Financial analyses for the past 5 fiscal years

(1) Financial analysis (consolidated financial report)

Item		Financial analyses for the past 5 fiscal years (Year)					As of March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Financial structure (%)	Liability to asset ratio	26.73	30.18	33.03	23.21	15.43	15.56
	Long-term capital to PP&E ratio	291.82	306.48	354.35	373.52	370.69	378.93
Debt service ability (%)	Current ratio	346.69	278.16	269.12	410.20	675.73	659.00
	Quick ratio	261.17	198.77	162.18	262.24	456.49	452.73
	Interest coverage ratio	-	-	-	-	—	—
Operating efficiency	Receivables turnover rate (times)	3.85	3.5	3.79	4.16	2.62	3.45
	Average collection days	94.8	104.28	96.30	87.74	139.31	105.79
	Inventory turnover rate (times)	3.77	3.63	3.12	2.64	1.49	1.53
	Payables turnover rate (times)	2.57	2.71	2.98	2.67	1.65	2.98
	Average inventory turnover days	96.81	100.55	116.98	138.25	244.96	238.56
	Turnover rate for property, plant and equipment (times)	2.4	2.74	4.07	4.28	1.65	1.30
	Total asset turnover (times)	0.66	0.73	0.92	0.91	0.38	0.33
Profitability	Return on assets (%)	0.35	4.38	9.41	10.00	(3.18)	(0.45)
	Ratio of return on stockholders' equity (%)	0.48	6.13	13.77	13.93	(3.96)	(0.53)
	Ratio of income before tax to paid in capital (%)	1.13	11.5	26.45	31.01	(7.65)	(0.03)
	Profit margin ratio (%)	0.53	5.97	10.12	10.91	(8.36)	(1.37)
	Earnings per share (NT$)	0.06	0.76	2.00	2.55	(0.75)	(0.02)
Cash flow	Cash flow ratio (%)	9.36	1.01	(2.22)	88.06	96.40	4.98
	Allowable cash flow ratio (%)	53.03	34.3	9.91	53.39	68.17	69.58
	Cash reinvestment rate (%)	0.3	(0.72)	(2.38)	11.31	4.41	0.10
Leverage	Operating leverage	(1.05)	2.23	1.37	1.29	0.46	0.58
	Financial leverage	0.99	1.00	1.00	1.00	0.99	0.99

Description:
1. Decrease in liability to asset ratio: Mainly due to excess inventory in 2023, market demand has been significantly reduced compared to the previous year, and the industry has turned downward, resulting in a significant decrease in operating income (accounts receivable in 2023 has decreased). Inventory has been reduced due to a reduction in sales orders, and the inventory removal speed is slow. , the purchase amount of raw materials decreased (accounts payable and inventory decreased in 2023), and the economies of scale were not effective, resulting in after-tax profit and loss in 2023. Therefore, relevant ratios such as operating ability and profitability will have an adverse impact.
2. Increase in current ratio and quick ratio: Mainly due to the decrease in current liabilities due to the decrease in accounts payable in 2023.
3. Changes in allowable cash flow ratio and cash reinvestment rate: Mainly due to the significant decrease in net cash inflow from operating activities and current liabilities payable in 2023, resulting in a large difference from the previous year's amount, and the related ratio is also different.

Note 1: Consolidated Financial Data for the Current Fiscal Year as of March 31, 2024 has been reviewed 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 share 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		2019	2020	2021	2022	2023
Year		Financial analyses for the past 5 fiscal years				
Financial structure (%)	Liability to asset ratio	22.17	23.32	28.07	23.57	13.53
	Long-term capital to PP&E ratio	445.1	450.96	488.44	510.02	491.71
Solvency (%)	Current ratio	329.99	332.52	265.22	338.17	788.71
	Quick ratio	262.14	256.29	157.80	225.32	532.09
	Interest coverage ratio	—	—	—	—	—
Operating efficiency	Receivables turnover rate (times)	4.06	3.79	4.22	4.55	2.60
	Average collection days	89.9	96.3	86.49	80.21	140.38
	Inventory turnover rate (times)	4.65	4.22	3.13	2.75	1.42
	Payables turnover rate (times)	2.95	2.9	3.34	2.58	1.43
	Average inventory turnover days	78.49	86.49	116.61	132.72	257.04
	Turnover rate for property, plant and equipment (times)	2.71	2.74	4.04	4.56	1.62
	Total asset turnover (times)	0.49	0.52	0.70	0.74	0.28
Profitability	Return on assets (%)	0.3	4.09	9.58	10.95	(3.47)
	Ratio of return on stockholders' Equity (%)	0.39	5.3	12.93	14.74	(4.3)
	Ratio of income before tax to paid in capital (%)	0.92	10.04	24.19	31.39	(8.18)
	Profit margin ratio (%)	0.61	7.78	13.61	14.76	(12.22)
	Earnings per share (NT$)	0.06	0.76	2.00	2.55	(0.75)
Cash flow	Cash Flow Ratio (%)	28.2	16.98	(1.87)	85.48	101.56
	Allowable cash flow ratio (%)	66.96	55.47	35.98	71.92	75.64
	Cash reinvestment rate (%)	2.63	1.26	(2.17)	11.84	1.81
Leverage	Operating leverage	1.91	1.57	1.19	1.16	(0.35)
	Financial leverage	1.00	1.00	1.00	1.00	0.99

Description:

1. Decrease in current ratio and quick ratio: Mainly due to excess inventory in 2023, the market demand has decreased significantly compared with the previous year, and the industry has turned downward, resulting in a significant decrease in operating income (decrease in accounts receivable in 2023), inventory due to a decrease in sales orders, a slower inventory depletion, a decrease in the purchase amount of raw materials (a decrease in accounts payable and inventory in 2023), and a lack of economies of scale, resulting in after-tax profit and loss in 2023. As a result, the ratios related to operating capacity and profitability have an adverse impact.
2. Increased in current ratio and quick ratio: This was mainly due to the decrease in current liabilities due to the decrease in payables in 2023.
3. Changes in allowable cash flow ratio and cash reinvestment rate: This is mainly due to the significant decrease in net cash inflows from operating activities and current liabilities payable in 2023, resulting in a large difference in amounts and differences in the previous year's amounts and in related proportions.

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 2023 (including individual and consolidated), and they have been audited by certified public accountants, Li-Wei Liu and Ting-Chien Su of Deloitte & Touche Tohmatsu Limited. The Audit Committee has reviewed the above statements, 2023 Business Report and the earnings distribution proposal, and did not find any instances of non-compliance. In accordance with Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act, the report is hereby presented.

Yours faithfully,

The Company's 2024 Annual General Meeting

Lee Chi Enterprises Co., Ltd.
Convener of the Audit Committee: Chen, Kuei-Tuan

March 14, 2024

IV. Auditor's Report and 2023 Financial Statements

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

<u>Revenue Recognition</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are

responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD.

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

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

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

LEE CHI ENTERPRISES COMPANY LTD.

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

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

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

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

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

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

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD.

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

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

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

LEE CHI ENTERPRISES COMPANY LTD.

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

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

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

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

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

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

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

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

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

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

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

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

j. Financial instruments

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

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

<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 investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

b) Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii. Breach of contract, such as a default;

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

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

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

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

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

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

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

3) Derecognition of financial assets

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

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

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.

k. Provisions

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

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

l. Revenue recognition

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

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

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

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

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

m. Leases

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

The Company as lessee

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

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

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

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

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

n. Governments grants

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL ASSETS AT FVTPL - CURRENT

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

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

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

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

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

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

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

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31 2023	December 31 2022
Notes receivable		
Notes receivable - operating	$ 12,643	$ 37,448
Less: Allowance for impairment loss	-	-
	$ 12,643	$ 37,448

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

a. Notes receivable

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

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

b. Trade receivables

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

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

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

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

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

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

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

11. INVENTORIES

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

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

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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

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

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

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

In addition, the land in Shipai Section, Changhua City is registered under the name of the chairman of the Company, Lin, Yu-Hsin due to law restrictions. The Company has signed an agreement with him that he is not allowed to transfer or set other rights without the Company's consent. As of December 31, 2023 and 2022, the carrying amount of land registered under the name of other individuals were $145,689 thousand.

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

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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

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

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

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

b. Lease liabilities

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

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.82%	2.82%

c. Material leasing activities and terms

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

d. Other lease information

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

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

15. OTHER INTANGIBLE ASSETS

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

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

Patents	20 years
Computer software	2-10 years

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

16. OTHER LIABILITIES

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

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

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

Movements in net defined benefit liabilities (assets) were as follows:

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

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

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

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

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

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

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

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

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

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

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 6,945	$ 8,219
Average duration of the defined benefit obligation	7.8 years	8.2 years

18. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	236,824	236,824
Shares authorized (in thousands of dollars)	$ 2,368,240	$ 2,368,240
Shares issued and fully paid (in thousands of shares)	225,685	225,685
Shares issued and fully paid (in thousands of dollars)	$ 2,256,850	$ 2,256,850

b. Capital surplus

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

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

c. Retained earnings and dividends policy

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

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

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

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

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings in June 2023 and June 2022, respectively, were as follows:

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

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

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

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

d. Treasury Shares

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

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

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

19. REVENUE

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

a. Contract balances

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

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

b. Disaggregation of revenue

Details of disaggregation of revenue were disclosed in Statement 9.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Employee benefits expense, depreciation and amortization expenses

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

(Continued)

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

(Concluded)

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

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

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

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

b. Employees' compensation and remuneration of directors

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

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

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

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

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

c. Other income

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

d. Gain or loss on foreign currency exchange

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

21. INCOME TAXES

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

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

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

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

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

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

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

c. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised of:

Unused Amount	Expiry Year
$ 16,545	2033

d. Income tax assessments

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

22. EARNINGS (LOSS) PER SHARE

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

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

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Because of the net loss after tax in 2023, they are anti-dilutive and excluded from the computation of diluted earnings per share if employee compensation is added potential common stock impact.

23. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

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

24. CAPITAL MANAGEMENT

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

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

25. FINANCIAL INSTRUMENTS

a. Fair value information

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

a) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets at FVTPL				
Mutual funds	$ 109,475	$ -	$ -	$ 109,475
Financial assets at FVTOCI				
Listed shares	$ 64,516	$ -	$ -	$ 64,516
December 31, 2022				
Financial assets at FVTPL				
Mutual funds	$ 98,469	$ -	$ -	$ 98,469
Financial assets at FVTOCI				
Listed shares	$ 51,303	$ -	$ -	$ 51,303

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

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

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

b. Categories of financial instruments

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

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

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

c. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

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

<u>Sensitivity analysis</u>

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

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

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

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

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

c) Other price risk

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

2022 would have increased/decreased by $645 thousand and $513 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

3) Liquidity risk

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

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

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

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

26. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and categories

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

b. Sales

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

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

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

c. Purchases of goods

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

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

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

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

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

The outstanding trade receivables from related parties are unsecured.

e. Other receivables

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

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

f. Payables to related parties

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

The outstanding trade payables to related parties are unsecured.

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

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

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

h. Remuneration of key management personnel

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

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

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

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

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held: Table 2

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

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

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

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

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

9) Trading in derivative instruments: None

b. Information on investees: Table 6

c. Information on investments in mainland China

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

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

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

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

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

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

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

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance (Note 3)	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		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	$ 7,130 (USD 220)	$ 6,756 (USD 220)	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 738,844	$ 1,477,688
		CGI	Other receivables	Yes	330,800 (USD 9,524) (NTD 22,143)	313,775 (USD 9,496) (NTD 22,143)	301,491 (USD 9,096) (NTD 22,143)	-	Short-term financing	-	Operating capital	-	-	-	738,844	1,477,688
1	Lee Chi International	Ever Glory	Receivables from related parties	Yes	7,130 (USD 220)	6,756 (USD 220)	6,268 (USD 204)	-	Short-term financing	-	Operating capital	-	-	-	360,843 (USD 11,750)	360,843 (USD 11,750)

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

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

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

TABLE 2

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary shares						
	CTBC Financial Holding Co., Ltd	-	Financial assets at FVTOCI - current	2,143,455	$ 60,767	-	$ 60,767
	CHINA STEEL CORPORATION	-	Financial assets at FVTOCI - current	106,000	2,862	-	2,862
	YIEH PHUI ENTERPRISE CO., LTD.	-	Financial assets at FVTOCI - current	27,983	499	-	499
	YEM CHIO CO., LTD.	-	Financial assets at FVTOCI - current	20,615	365	-	365
	YANG MING MARINE TRANSPORT CORPORATION	-	Financial assets at FVTOCI - current	442	23	-	23
	Mutual funds						
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	3,477,714	49,735	-	49,735
	Allianz Taiwan Money Market Fund	-	Financial assets at FVTPL - current	963,575	12,419	-	12,419
	Fidelity Funds - Global Dividend Fund	-	Financial assets at FVTPL - current	13,427	11,960	-	11,960
	Eastspring Investments-US High Investment Grade Bond Fund	-	Financial assets at FVTPL - current	16,815	7,401	-	7,401
	JPM China Income Fund CNH Acc	-	Financial assets at FVTPL - current	115,465	7,095	-	7,095
	FUH HWA CSI 300 A SHARES EXCHANGE TRADED FUND	-	Financial assets at FVTPL - current	120,000	2,545	-	2,545
	Allianz Global Investors Taiwan Technology Fund	-	Financial assets at FVTPL - current	12,116	2,095	-	2,095
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	140,810	2,082	-	2,082
	PineBridge Technology Multi-Asset Fund	-	Financial assets at FVTPL - current	200,000	2,016	-	2,016
	PineBridge ESG Quantitative Global Equity Fund	-	Financial assets at FVTPL - current	45,000	2,005	-	2,005
	Cathay High Dividend Taiwan Equity Fund	-	Financial assets at FVTPL - current	81,047	1,976	-	1,976
	Nomura Global Dyn Multi	-	Financial assets at FVTPL - current	29,963	1,888	-	1,888
	Cathay China Domestic Demand Growth Fund USD	-	Financial assets at FVTPL - current	109,870	1,713	-	1,713
	PineBridge China A-Shares Quantitative Equity Fund	-	Financial assets at FVTPL - current	25,000	1,041	-	1,041
	Cathay China Emerging Industries Fund	-	Financial assets at FVTPL - current	66,708	967	-	967
	Yuanta Great China TMT Fund	-	Financial assets at FVTPL - current	16,116	894	-	894
	Fuh Hwa China New Economy A Shares Eq	-	Financial assets at FVTPL - current	25,126	851	-	851
	Yuanta MSCI China A ETF	-	Financial assets at FVTPL - current	40,000	792	-	792
Ever Glory	Ordinary shares						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	38,250	-	38,250

(Continued)

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

(Concluded)

TABLE 3

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTD 300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
	Mutual funds													
The Company	Fuh Hwa Money Market Fund	FVTPL- current	-	-	3,626,408	$ 53,045	17,804,846	$ 260,980	21,290,444	$ 312,210	$ 311,943	$ 267	140,810	$ 2,082

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
The Company	Ever Glory	(Note)	Purchases	$ 217,865	43	T/T 150 days after the transaction date	The purchases are primarily by means of trilateral trades. The prices of these purchases were based on specific diversity of products and related market trends. There were no unrelated parties with similar trade.	There were no significant differences between other parties.	$ (59,380)	(37)	
Ever Glory	The Company	(Note)	Sales	(217,865)	(33)	T/T 150 days after the transaction date	Selling prices were lower than those of unrelated parties.	There were no significant differences between other parties.	59,380	30	

Note: See Note 26.

TABLE 5

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

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

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

Note 2: See Note 12.

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Company	Lee Chi International	British Virgin Islands	Operating holding company and international investments	$ 667,823	$ 667,823	23,500,000	100	$ 994,001	$ (176,153)	$ (176,153)	Subsidiary
	Chief Venture	Taipei	Investment	107,886	107,886	11,000,000	55	148,821	18,651	10,258	Subsidiary
	CGI	California, USA	Development, manufacture and sale of high-class bikes and bike components	152,965	122,395	5,000,000	100	(197,552)	(10,766)	(10,766)	Subsidiary

TABLE 7

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net (Loss) Income of the Investee	% Ownership of Direct or Indirect Investment	Investment (Loss) Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Ever Glory	Manufacture and sale of cars, bikes, bike components and related machine elements.	RMB 83,240 (USD 10,000)	The reinvestment was made through Lee Chi International	$ 472,610 (USD 16,190)	$ -	$ -	$ 472,610 (USD 16,190)	$ (165,186)	100%	$ (165,186)	$ 960,763	$ 300,781

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

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

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

TABLE 8

LEE CHI ENTERPRISES COMPANY LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023
(In Shares)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Trust property account of Lee, Ye-Jung at the Taipei Branch of the United Bank of Switzerland	22,274,684	9.86
Le Wong Investment Co., Ltd.	22,047,000	9.76
Lin, Yu-Hsin	13,298,760	5.89

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

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

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, 2023, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. and Subsidiaries. Consequently, we did not prepare a separate set of combined financial statements..

Very truly yours,

Lee Chi Enterprises Company Ltd.

By:

____

Lin, Yu-Hsin
Chairman

March 14, 2024

VI. Auditor's Report and 2023 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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

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

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

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

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

Other Matter

We have also audited the parent company only financial statements of Lee Chi Enterprises Company Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 19)	$ 1,892,415	100	$ 5,084,564	100
OPERATING COSTS (Notes 11 and 20)	1,841,625	97	4,079,617	80
GROSS PROFIT	50,790	3	1,004,947	20
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	122,773	6	156,096	3
General and administrative expenses	162,127	9	182,765	4
Research and development expenses	76,819	4	69,088	1
Expected credit gain (Notes 4 and 10)	(2,419)	-	(957)	-
Total operating expenses	359,300	19	406,992	8
PROFIT (LOSS) FROM OPERATIONS	(308,510)	(16)	597,955	12
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs	(264)	-	(343)	-
Interest income (Note 20)	31,073	2	8,114	-
Dividend income	5,806	-	11,824	-
Other income (Notes 16 and 20)	52,779	3	61,670	1
Foreign exchange gain, net (Note 20)	19,886	1	113,847	2
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss	27,051	1	(57,425)	(1)
Other expenses (Note 20)	(632)	-	(35,787)	-
Total non-operating income and expenses	135,699	7	101,900	2
PROFIT (LOSS) BEFORE INCOME TAX	(172,811)	(9)	699,855	14
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 21)	(14,470)	(1)	144,650	3
NET PROFIT (LOSS) FOR THE YEAR	(158,341)	(8)	555,205	11
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company(Note 18)										
			Retained Earnings			Other Equity					
	Share Capitals	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Note 4)	Treasury Shares	Total	Non-controlling Interests (Note 12)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 2,278,250	$ 64,235	$ 284,080	$ 123,882	$ 1,044,799	$ (138,101)	$ 38,449	$ (39,227)	$ 3,656,367	$ 146,827	$ 3,803,194
Appropriation of 2021 earnings											
Legal reserve	-	-	44,898	-	(44,898)	-	-	-	-	-	-
Special reserve reversed	-	-	-	(24,230)	24,230	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(178,640)	-	-	-	(178,640)	-	(178,640)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	568,713	-	-	-	568,713	(13,508)	555,205
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	29,906	(705)	(18,993)	-	10,208	(5,446)	4,762
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	598,619	(705)	(18,993)	-	578,921	(18,954)	559,967
Cancelation of treasury shares	(21,400)	2,849	-	-	-	-	-	18,551	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,907	-	(1,907)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(18,000)	(18,000)
BALANCE AT DECEMBER 31, 2022	2,256,850	67,084	328,978	99,652	1,446,017	(138,806)	17,549	(20,676)	4,056,648	109,873	4,166,521
Appropriation of 2022 earnings											
Legal reserve	-	-	60,053	-	(60,053)	-	-	-	-	-	-
Special reserve	-	-	-	21,605	(21,605)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(200,971)	-	-	-	(200,971)	-	(200,971)
Net loss for the year ended December 31, 2023	-	-	-	-	(166,734)	-	-	-	(166,734)	8,393	(158,341)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(1,061)	(16,789)	23,128	-	5,278	3,496	8,774
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(167,795)	(16,789)	23,128	-	(161,456)	11,889	(149,567)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,665	-	(1,665)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	$ 2,256,850	$ 67,084	$ 389,031	$ 121,257	$ 997,258	$ (155,595)	$ 39,012	$ (20,676)	$ 3,694,221	$ 121,762	$ 3,815,983

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

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

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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 14, 2023.

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

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

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

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

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

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 -Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. 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 (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

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 25.

   b) Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii. Breach of contract, such as a default;

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

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

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

c) Investments in equity instruments at FVTOCI

On initial recognition, the 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.

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. Transaction price received is recognized as a contract liability until performance obligations are satisfied. Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and other allowances are generally made and adjusted based on historical experience and the consideration of varying contractual terms.

The 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.

<u>The Group as lessee</u>

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

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

2) Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the 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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 1,207	$ 1,499
Checking accounts and demand deposits	156,566	366,530
Cash equivalents		
Time deposits	1,163,536	845,616
	$ 1,321,309	$ 1,213,645

Interest rate per annum (%)		
Demand deposits	0.00-1.45	0.00-1.05
Time deposits	0.015-5.44	0.002-5.00

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets - current		
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 109,475	$ 98,469
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	104,446	108,373
	$ 213,921	$ 206,842
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 30,874	$ 39,157
Overseas unlisted shares	4,593	-
	$ 35,467	$ 39,157

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
Investments in Equity Instruments	2023	2022
Current		
Domestic listed shares	$ 103,113	$ 58,678
Non-current		
Overseas limited partnership	$ 38,250	$ 36,860
Domestic unlisted shares	6,890	32,483
	$ 45,140	$ 69,343

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.

In accordance with the Q&A issued by the FSC, for the investments in the limited partnership held before June 30, 2023 in which the investment contract stipulates that the limited partnership has a limited duration and whether the duration can be extended is subject to the resolution of partners in the partners' meeting, the Group elected not to retrospectively apply the Q&A "Classification of Investments in a Limited Partnership" issued by the Accounting Research and Development Foundation (ARDF), and therefore the abovementioned investments are still classified as investments in equity instruments at FVTOCI.

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Pledged time deposits	$ 7,792	$ -
Non-current		
Time deposits with original maturities of more than 12 months	$ 64,935	$ -
Pledged time deposits	6,015	6,082
	$ 70,950	$ 6,082
Interest rate per annum (%)		
Current	1.50	-
Non-current	0.02-3.58	0.01-3.58

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

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
Notes receivable - operating	$ 72,830	$ 110,614
Less: Allowance for impairment loss	-	-
	$ 72,830	$ 110,614
Trade receivables		
At amortized cost		
Gross carrying amount	$ 342,979	$ 916,382
Less: Allowance for impairment loss	(10,308)	(13,024)
	$ 332,671	$ 903,358

a. Notes receivable

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

	December 31	
	2023	2022
Not past due	$ 72,830	$ 110,614
Past due	-	-
	$ 72,830	$ 110,614

b. Trade receivables

The average credit period of sales of goods is 90 to 150 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the 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 150 Days	Total
December 31, 2023					
Expected credit loss rate	0%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	$ 324,771	$ 6,046	$ 3,387	$ 8,775	$ 342,979
Loss allowance (Lifetime ECLs)	(51)	(125)	(1,357)	(8,775)	(10,308)
Amortized cost	$ 324,720	$ 5,921	$ 2,030	$ -	$ 332,671

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 150 Days	Total
December 31, 2022					
Expected credit loss rate	0%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	$ 836,199	$ 64,886	$ 5,980	$ 9,317	$ 916,382
Loss allowance (Lifetime ECLs)	(1,561)	(1,359)	(787)	(9,317)	(13,024)
Amortized cost	$ 834,638	$ 63,527	$ 5,193	$ -	$ 903,358

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 13,024	$ 13,916
Impairment loss reversed	(2,419)	(957)
Less: Amounts written off	(217)	(20)
Foreign exchange gains and losses	(80)	85
Balance at December 31	$ 10,308	$ 13,024

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 113,450	$ 125,513
Work in progress	424,118	619,113
Semi-finished goods	291,664	423,492
Finished goods	120,130	209,392
Inventory in transit	6,680	3,268
	$ 956,042	$ 1,380,778

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 1,693,399	$ 4,040,900
Unallocated production overhead	142,396	37,867
Inventory write-downs	5,830	850
	$ 1,841,625	$ 4,079,617

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Proportion of Ownership (%) December 31 2023	2022
The Company	Lee Chi International Holding Limited (B.V.I.) ("Lee Chi International")	100	100
	Chief Venture Capital Corp. ("Chief Venture")	55	55
	THE Cycle Group, Inc. ("CGI")	100	100
Lee Chi International	Ever Glory Machinery (K.S.) Co., Ltd. ("Ever Glory")	100	100

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

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 2023	2022
Chief Venture	45	45

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

	December 31 2023	2022
Current assets	$ 249,888	$ 187,785
Non-current assets	42,358	71,639
Current liabilities	(21,663)	(15,262)
Equity	$ 270,583	$ 244,162
Equity attributable to:		
Owners of Chief Venture	$ 148,821	$ 134,289
Non-controlling interests of Chief Venture	121,762	109,873
	$ 270,583	$ 244,162

	For the Year Ended December 31	
	2023	2022
Net income (loss) for the year	$ 18,651	$ (30,017)
Other comprehensive income for the year	7,770	(12,103)
Total comprehensive income for the year	$ 26,421	$ (42,120)
Net income (loss) attributable to:		
Owners of Chief Venture	$ 10,258	$ (16,509)
Non-controlling interests of Chief Venture	8,393	(13,508)
	$ 18,651	$ (30,017)
Total comprehensive income (loss) attributable to:		
Owners of Chief Venture	$ 14,532	$ (23,166)
Non-controlling interests of Chief Venture	11,889	(18,954)
	$ 26,421	$ (42,120)
Cash inflow (outflow) from:		
Operating activities	$ 783	$ (16,438)
Investing activities	34,010	(11,076)
Financing activities	-	(40,000)
Net cash inflow (outflow)	$ 34,793	$ (67,514)
Dividends paid to non-controlling interests Chief Venture	$ -	$ 18,000

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Cost								
Balance at January 1,2023	$ 258,793	$ 15,277	$ 952,546	$ 967,065	$ 27,278	$ 171,080	$ 14,341	$ 2,406,380
Additions	-	336	265	14,829	348	13,990	17,541	47,309
Disposals	-	-	(2,804)	(86,222)	(885)	(17,366)	-	(107,277)
Reclassification	-	-	-	10,636	-	3,198	(25)	13,809
Effects of foreign currency exchange differences	-	-	(9,424)	(6,852)	(96)	(1,353)	-	(17,725)
Balance at December 31, 2023	$ 258,793	$ 15,613	$ 940,583	$ 899,456	$ 26,645	$ 169,549	$ 31,857	$ 2,342,496
Accumulated depreciation								
Balance at January 1,2023	$ -	$ 6,358	$ 490,279	$ 606,181	$ 11,554	$ 94,474	$ -	$ 1,208,846
Disposals	-	-	(2,804)	(85,020)	(885)	(17,357)	-	(106,066)
Depreciation expense	-	1,335	42,764	81,995	4,121	26,492	-	156,707
Effects of foreign currency exchange differences	-	-	(5,473)	(5,888)	(74)	(1,007)	-	(12,442)
Balance at December 31, 2023	$ -	$ 7,693	$ 524,766	$ 597,268	$ 14,716	$ 102,602	$ -	$ 1,247,045
Carrying amount at December 31, 2023	$ 258,793	$ 7,920	$ 415,817	$ 302,188	$ 11,929	$ 66,947	$ 31,857	$ 1,095,451

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Cost								
Balance at January 1,2022	$ 216,900	$ 15,277	$ 931,685	$ 913,293	$ 21,884	$ 158,049	$ 9,246	$ 2,266,334
Additions	-	-	570	48,897	5,088	19,548	7,117	81,220
Disposals	-	-	(1,589)	(42,634)	(1,345)	(15,694)	-	(61,262)
Reclassification	41,893	-	14,594	39,830	1,587	7,794	(2,022)	103,676
Effects of foreign currency exchange differences	-	-	7,286	7,679	64	1,383	-	16,412
Balance at December 31, 2022	$ 258,793	$ 15,277	$ 952,546	$ 967,065	$ 27,278	$ 171,080	$ 14,341	$ 2,406,380
Accumulated depreciation								
Balance at January 1,2022	$ -	$ 5,120	$ 444,029	$ 549,394	$ 8,786	$ 83,318	$ -	$ 1,090,647
Disposals	-	-	(1,589)	(41,888)	(1,345)	(15,694)	-	(60,516)
Depreciation expense	-	1,238	44,336	92,712	4,068	25,759	-	168,113
Effect of foreign currency exchange differences	-	-	3,503	5,963	45	1,091	-	10,602
Balance at December 31, 2022	$ -	$ 6,358	$ 490,279	$ 606,181	$ 11,554	$ 94,474	$ -	$ 1,208,846
Carrying amount at December 31, 2022	$ 258,793	$ 8,919	$ 462,267	$ 360,884	$ 15,724	$ 76,606	$ 14,341	$ 1,197,534

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

In addition, the land in Shipai Section, Changhua City is registered under the name of the chairman of the Company, Lin, Yu-Hsin due to law restrictions. The Company has signed an agreement with him that he is not allowed to transfer or set other rights without the Company’s consent. As of December 31, 2023 and 2022, the carrying amount of land registered under the name of other individuals were $145,689 thousand.

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

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

Land improvements	5-20 years
Buildings	
Main buildings	16-36 years
Others	2-20 years
Machinery and equipment	1-10 years
Transportation equipment	3-6 years
Other equipment	1-16 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 35,470	$ 37,528
Buildings	7,401	10,375
	$ 42,871	$ 47,903

	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use assets		
Land	$ 1,399	$ 1,407
Buildings	2,964	2,964
	$ 4,363	$ 4,371

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, 2023 and 2022.

b. Lease liabilities

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

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.82%	2.82%

c. Material leasing activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 63	$ 63
Expenses relating to low-value asset leases	$ 840	$ 688
Total cash outflow for leases	$ (4,061)	$ (3,886)

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

	Patents	Computer Software	Others	Total
Cost				
Balance at January 1, 2023	$ 41,273	$ 17,361	$ 1,582	$ 60,216
Additions	-	1,230	-	1,230
Reclassification	-	474	-	474
Effect of foreign currency exchange differences	-	1	1	2
Balance at December 31, 2023	$ 41,273	$ 19,066	$ 1,583	$ 61,922
Accumulated amortization				
Balance at January 1, 2023	$ 14,102	$ 12,308	$ 633	$ 27,043
Amortization expenses	2,063	2,127	107	4,297
Effect of foreign currency exchange differences	-	(1)	(1)	(2)
Balance at December 31, 2023	$ 16,165	$ 14,434	$ 739	$ 31,338
Carrying amount at December 31, 2023	$ 25,108	$ 4,632	$ 844	$ 30,584
Cost				
Balance at January 1, 2022	$ 41,273	$ 15,632	$ 1,426	$ 58,331
Additions	-	1,311	-	1,311
Effect of foreign currency exchange differences	-	418	156	574
Balance at December 31, 2022	$ 41,273	$ 17,361	$ 1,582	$ 60,216

(Continued)

	Patents		Computer Software		Others		Total	
Accumulated amortization								
Balance at January 1, 2022	$	12,038	$	9,580	$	476	$	22,094
Amortization expenses		2,064		2,330		102		4,496
Effects of Foreign Currency Exchange Differences		-		398		55		453
Balance at December 31, 2022	$	14,102	$	12,308	$	633	$	27,043
Carrying amount at December 31,2022	$	27,171	$	5,053	$	949	$	33,173

(Concluded)

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

Patents	20 years
Computer software	2-10 years
Others	15 years

	For the Year Ended December 31			
	2023		2022	
An analysis of amortization by function				
Operating costs	$	387	$	461
Selling and marketing expenses		30		32
General and administrative expenses		1,172		1,226
Research and development expenses		2,708		2,777
	$	4,297	$	4,496

16. OTHER LIABILITIES

	December 31			
	2023		2022	
Other payables				
Payables for salaries	$	54,167	$	78,179
Payables for purchases of equipment		10,868		14,098
Payables for commission		6,814		8,066
Payables for remuneration of directors		580		3,319
Payables for compensation of employees		19		25,073
Payables for indemnifications		-		35,226
Others		86,203		103,151
	$	158,651	$	267,112

	December 31	
	2023	2022
Other current liabilities		
Provisions	$ 1,775	2,291
Others	11,071	11,400
	$ 12,846	$ 13,691

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

	December 31	
	2023	2022
Deferred revenue		
Current	$ 20,436	$ 20,814
Non-current	143,618	167,085
	$ 164,054	$ 187,899

The movements of deferred revenue were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 187,899	$ 205,814
Additions	122	-
Reclassified as other revenue	(20,885)	(20,998)
Foreign exchange gains and losses	(3,082)	3,083
Balance at December 31	$ 164,054	$ 187,899

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

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

CGI has not established a retirement plan.

b. Defined benefit plans

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

The amounts included in the consolidated balance sheets with respect to the Group's defined benefit plan were as follows:

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

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2023	$ 145,822	$ (156,706)	$ (10,884)
Service cost			
Current service cost	422	-	422
Net interest expense (income)	1,822	(2,010)	(188)
Recognized in profit or loss	2,244	(2,010)	234
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,286)	(1,286)
Actuarial loss			
- Experience adjustments	2,612	-	2,612
Recognized in other comprehensive income	2,612	(1,286)	1,326
Contributions from the employer	-	(7,051)	(7,051)
Benefits paid	(7,469)	7,469	-
Balance at December 31, 2023	$ 143,209	$ (159,584)	$ (16,375)
Balance at January 1, 2022	$ 173,356	$ (136,994)	$ 36,362
Service cost			
Current service cost	664	-	664
Net interest expense (income)	1,084	(893)	191
Recognized in profit or loss	1,748	(893)	855

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (10,627)	$ (10,627)
Actuarial gain			
- Changes in financial assumptions	(7,787)	-	(7,787)
- Experience adjustments	(18,969)	-	(18,969)
Recognized in other comprehensive income	(26,756)	(10,627)	(37,383)
Contributions from the employer	-	(10,718)	(10,718)
Benefits paid	(2,526)	2,526	-
Balance at December 31, 2022	$ 145,822	$ (156,706)	$ (10,884)

(Concluded)

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

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

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

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

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

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

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

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

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

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 6,945	$ 8,219
Average duration of the defined benefit obligation	7.8 years	8.2 years

18. EQUITY

a. Ordinary shares

	December 31	
	2023	**2022**
Shares authorized (in thousands of shares)	236,824	236,824
Shares authorized (in thousands of dollars)	$ 2,368,240	$ 2,368,240
Shares issued and fully paid (in thousands of shares)	225,685	225,685
Shares issued and fully paid (in thousands of dollars)	$ 2,256,850	$ 2,256,850

b. Capital surplus

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

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

c. Retained earnings and dividends policy

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

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

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

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

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings in June 2023 and June 2022, respectively, were as follows:

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

The appropriation of earnings for 2023, which was proposed by the Company's board of directors in March 2024 was as follows:

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

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

d. Treasury shares

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

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

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

19. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 1,892,415	$ 5,084,564

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract balances			
Notes receivable and trade receivables	$ 405,501	$ 1,013,972	$ 1,400,417
Contract liabilities			
Sale of goods	$ 8,581	$ 16,550	$ 31,762

The changes in the contract balances primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment. Revenue that was recognized from the contract liability balance at the beginning of the year was $9,538 thousand and $28,882 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Disaggregation of revenue

Details of disaggregation of revenue were disclosed in Note 31.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2023			
Employee benefits			
Salaries and wages	$ 289,267	$ 114,941	$ 404,208
Post-employment benefits			
Defined contribution plans	30,917	6,153	37,070
Defined benefit plans	176	58	234
Other employee benefits	71,008	25,542	96,550
Depreciation expenses	129,248	31,822	161,070
Amortization expenses	387	3,910	4,297
For the Year Ended December 31, 2022			
Employee benefits			
Salaries and wages	471,242	142,318	613,560
Post-employment benefits			
Defined contribution plans	38,878	6,769	45,647
Defined benefit plans	704	151	855
Other employee benefits	92,358	31,065	123,423
Depreciation expenses	139,816	32,668	172,484
Amortization expenses	461	4,035	4,496

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

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

If there is a change in the amounts after the annual 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, 2022 and 2021.

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

c. Interest income

	For the Year Ended December 31	
	2023	**2022**
Bank deposits	$ 29,179	$ 6,592
Financial assets at amortized cost	1,894	1,522
	$ 31,073	$ 8,114

d. Other income

	For the Year Ended December 31	
	2023	**2022**
Government grants	$ 20,885	$ 20,998
Sale of samples	7,198	3,738
Scrap income	2,984	6,395
Others	21,712	30,539
	$ 52,779	$ 61,670

e. Other expenses

	For the Year Ended December 31	
	2023	**2022**
Losses on indemnifications	$ -	$ 35,226
Others	632	561
	$ 632	$ 35,787

f. Gain or loss on foreign exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 105,976	$ 204,513
Foreign exchange losses	(86,090)	(90,666)
Net gains	$ 19,886	$ 113,847

21. INCOME TAXES

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 2,133	$ 124,935
Income tax on unappropriated earnings	9,260	8,919
Adjustments for prior years	14,153	(546)
	25,546	133,308
Deferred tax		
In respect of the current year	(40,016)	9,693
Adjustments for prior years	-	1,649
	(40,016)	11,342
Income tax expense (benefit) recognized in profit or loss	$ (14,470)	$ 144,650

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

	For the Year Ended December 31	
	2023	2022
Income tax expense (benefit) calculated at the statutory rate	$ (34,562)	$ 145,342
Nondeductible expenses in determining taxable income		
Tax-exempt income	2,958	16,957
Unrecognized deductible temporary differences and loss carryforwards	39,395	(8,137)
Usage of investment credit	-	(10,163)
Deferred tax effect of earnings of subsidiaries	(33,828)	-
Additional income tax under the Alternative Minimum Tax Act	72	-
Income tax on unappropriated earnings	9,260	8,919
Adjustments for prior years' tax	14,153	1,103
Income tax expense (benefit) recognized in profit or loss	$ (14,470)	$ 144,650

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

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

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

c. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31 2023	December 31 2022
Loss carryforwards		
Expiry in 2024	$ 36,827	$ 37,827
Expiry in 2028	180,264	-
Expiry in 2031	7,006	7,006
Expiry in 2033	5,652	-
	$ 229,749	$ 44,833

d. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised of:

Unused Amount	**Expiry Year**
$ 36,827	2024
180,264	2028
7,006	2031
22,197	2033
$ 246,294	

e. Income tax assessments

Income tax returns through 2021 of the Company and Chief Venture have been assessed by the tax authorities.

22. EARNINGS (LOSS) PER SHARE

	Net profit (Loss)	Number of Shares Denominator (In Thousands)	Earnings (Loss) Per Share (NTD)
For the year ended December 31, 2023			
Basic and Diluted loss per share			
Net loss available to ordinary shareholders of the parent	$ (166,734)	223,300	$ (0.75)
For the year ended December 31, 2022			
Basic EPS			
Net income available to ordinary shareholders of the parent	$ 568,713	223,300	$ 2.55
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	1,444	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 568,713	224,744	$ 2.53

The 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 will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Because of the net loss after tax in 2023, they are anti-dilutive and excluded from the computation of diluted earnings per share if employee compensation is added potential common stock impact.

23. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

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

24. CAPITAL MANAGEMENT

The 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.

25. FINANCIAL INSTRUMENTS

a. Fair value information

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

a) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets at FVTPL				
Domestic listed shares	$ 104,446	$ -	$ -	$ 104,446
Mutual funds	109,475	-	-	109,475
Domestic unlisted shares	-	-	30,874	30,874
Overseas unlisted shares	-	-	4,593	4,593
	$ 213,921	$ -	$ 35,467	$ 249,388
Financial assets at FVTOCI				
Domestic listed shares	$ 103,113	$ -	$ -	$ 103,113
Overseas limited partnership	-	-	38,250	38,250
Domestic unlisted shares	-	-	6,890	6,890
	$ 103,113	$ -	$ 45,140	$ 148,253
December 31, 2022				
Financial assets at FVTPL				
Domestic listed shares	$ 108,373	$ -	$ -	$ 108,373
Mutual funds	98,469	-	-	98,469
Domestic unlisted shares	-	-	39,157	39,157
	$ 206,842	$ -	$ 39,157	$ 245,999
Financial assets at FVTOCI				
Domestic listed shares	$ 58,678	$ -	$ -	$ 58,678
Overseas limited partnership	-	-	36,860	36,860
Domestic unlisted shares	-	-	32,483	32,483
	$ 58,678	$ -	$ 69,343	$ 128,021

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

b) 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, 2023			
Balance at January 1, 2023	$ 39,157	$ 69,343	$ 108,500
Recognized in profit or loss	(2,952)	-	(2,952)
Recognized in other comprehensive income	-	9,399	9,399
Reclassification	(5,371)	(17,734)	(23,105)
Purchases	4,634	-	4,634
Sales	(1)	(11,614)	(11,615)
Capital reduction	-	(3,552)	(3,552)
Effects on exchange rate changes	-	(702)	(702)
Balance at December 31, 2023	$ 35,467	$ 45,140	$ 80,607
For the Year Ended December 31, 2022			
Balance at January 1, 2022	$ 75,093	$ 81,401	$ 156,494
Recognized in profit or loss	(6,425)	-	(6,425)
Recognized in other comprehensive income	-	(11,522)	(11,522)
Reclassification	(36,392)	-	(36,392)
Purchases	6,881	465	7,346
Capital reduction	-	(1,558)	(1,558)
Effects on exchange rate changes	-	557	557
Balance at December 31, 2022	$ 39,157	$ 69,343	$ 108,500

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

The fair values of equity investments were determined by using market approach and asset-based approach. The significant unobservable inputs were the discount rate for lack of marketability. If the discount rate for lack of marketability to the valuation model increased to reflect reasonably possible alternative assumptions while all other variables held constant, the fair value of the abovementioned investments would have decreased.

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

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

b. Categories of financial instruments

	December 31	
	2023	**2022**
Financial assets		
Financial assets at amortized cost (1)	$ 1,819,378	$ 2,241,008
Financial assets at FVTPL	249,388	245,999
Financial assets at FVTOCI	148,253	128,021
Financial liabilities		
Financial liabilities at amortized cost (2)	344,410	658,984

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.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, debt and equity investments, mutual funds, 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 29.

Sensitivity analysis

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

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

Functional Currency	For the Year Ended December 31 2023	2022
USD	$ 8,972	$ 12,487
EUR	3,211	2,239
RMB	138	141

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

b) Interest rate risk

The Group is exposed to interest rate risk because of deposits at both fixed and floating interest rates, 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 2023	2022
Fair value interest rate risk		
Financial assets	$ 1,142,036	$ 765,334
Financial liabilities	7,766	10,670
Cash flow interest rate risk		
Financial assets	250,967	451,187

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, which was mainly attributable to the Group’s exposure to interest rates on its variable-rate bank deposits, for the years ended December 31, 2023 and 2022 would have increased by $627 thousand and $1,128 thousand, respectively. The Group’s sensitivity to interest rates decreased during the current year mainly due to the decrease in variable-rate bank deposits.

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 (loss) for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,494 thousand and $2,460 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,483 thousand and $1,280 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 management.

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized bank loans facilities of $400,000 thousand.

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

Non-derivative Financial Liabilities	**On Demand or Less than 3 Month**	**3 Months to 1 Year**	**1-5 Years**
December 31, 2023			
Non-interest bearing	$ 344,238	$ -	$ 172
Lease liabilities	796	2,403	4,854
	$ 345,034	$ 2,403	$ 5,026

Non-derivative Financial Liabilities	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years
December 31, 2022			
Non-interest bearing	$ 658,852	$ -	$ 132
Lease liabilities	789	2,379	8,053
	$ 659,641	$ 2,379	$ 8,185

26. 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	
	2023	2022
Short-term employee benefits	$ 9,296	$ 12,436
Post-employment benefits	133	131
	$ 9,429	$ 12,567

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as security for the use of vapour performance bonds and banker’s acceptances:

	December 31	
	2023	2022
Financial assets at amortized cost - current	$ 7,792	$ -
Financial assets at amortized cost - non-current	6,015	6,082
	$ 13,807	$ 6,082

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 29,235	30.71 (USD:NTD)	$ 897,807
USD	2,466	7.094 (USD:RMB)	75,731
EUR	9,627	34.01 (EUR:NTD)	327,414
RMB	3,182	4.329 (RMB:NTD)	13,775
Financial liabilities			
Monetary items			
USD	1,859	30.71 (USD:NTD)	57,090
USD	628	7.094 (USD:RMB)	19,286
EUR	187	34.01 (EUR:NTD)	6,360

	December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 41,926	30.70 (USD:NTD)	$ 1,287,128
USD	10,599	6.963 (USD:RMB)	325,389
EUR	7,309	32.74 (EUR:NTD)	239,297
RMB	3,200	4.409 (RMB:NTD)	14,109
Financial liabilities			
Monetary items			
USD	10,100	30.70 (USD:NTD)	310,070
USD	1,751	6.963 (USD:RMB)	53,756
EUR	471	32.74 (EUR:NTD)	15,421

The realized and unrealized net foreign exchange gains were $19,886 thousand and $113,847 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the various functional currencies of the foreign currency transactions and group entities.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries and associates): Table 2

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

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

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

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

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

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 6

b. Information on investees: Table 7

c. Information on investments in mainland China

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

d. Information of major shareholders：List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

31. 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 America.

4. Others - investment in domestic and international business, venture capital business.

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	
	2023	2022	2023	2022
Domestic operations	$ 1,353,556	$ 3,763,309	$ (79,538)	$ 635,517
Operations in Asia	444,987	1,192,277	(200,391)	(22,503)
Operations in America	93,872	128,978	(18,513)	(12,526)
Others	-	-	14,188	(48,640)
Total from continuing operations	$ 1,892,415	$ 5,084,564	(284,254)	551,848
Interest income			31,073	8,114
Dividend income			5,806	11,824
Gain (loss) on fair value changes of financial assets and liabilities at FVTPL			2,795	(11,318)
Finance costs			(264)	(343)
Foreign exchange gain (loss), net			19,886	113,847
Other revenue and gain			52,779	61,670
Other expenses and loss			(632)	(35,787)
Profit (loss) before tax			$ (172,811)	$ 699,855

Segment profit represented the profit before tax earned by each segment without interest income, dividend income, foreign exchange gain or loss, gain or loss on fair value changes of financial assets at FVTPL, finance costs 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	
	2023	2022
Segment assets		
Continuing operations		
Domestic operations	$ 2,778,923	$ 3,598,695
Asia operations	1,281,990	1,417,464
America operations	117,431	113,966
Others	292,246	259,424
	4,470,590	5,389,549
Unallocated assets	41,779	36,669
Consolidated total assets	$ 4,512,369	$ 5,426,218
Segment liabilities		
Continuing operations		
Domestic operations	$ 224,773	$ 615,746
Asia operations	342,831	481,855
America operations	10,751	15,296
Others	21,664	15,262
	600,019	1,128,159
Unallocated liabilities	96,367	131,538
Consolidated total liabilities	$ 696,386	$ 1,259,697

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	
	2023	2022
Stem	$ 357,624	$ 954,453
Seat post	293,669	882,864
Braking system	291,752	1,065,091
Hub	98,792	286,080
Others	850,578	1,896,076
	$ 1,892,415	$ 5,084,564

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			
	2023		2022	
	Amount	%	Amount	%
Customer A	$ 323,410	17	$ 805,838	16
Customer B	221,386	12	428,129	8

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance (Note 3)	Actual Borrowing Amount (Note 4)	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	$ 7,130 (USD 220)	$ 6,756 (USD 220)	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 738,844	$ 1,477,688
		CGI	Other receivables	Yes	330,800 (USD 9,524) (NTD 22,143)	313,775 (USD 9,496) (NTD 22,143)	301,491 (USD 9,096) (NTD 22,143)	-	Short-term financing	-	Operating capital	-	-	-	738,844	1,477,688
1	Lee Chi International	Ever Glory	Receivables from related parties	Yes	7,130 (USD 220)	6,756 (USD 220)	6,268 (USD 204)	-	Short-term financing	-	Operating capital	-	-	-	360,843 (USD 11,750)	360,843 (USD 11,750)

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

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

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

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

TABLE 2

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary shares						
	CTBC Financial Holding Co., Ltd	-	Financial assets at FVTOCI - current	2,143,455	$ 60,767	-	$ 60,767
	CHINA STEEL CORPORATION	-	Financial assets at FVTOCI - current	106,000	2,862	-	2,862
	YIEH PHUI ENTERPRISE CO., LTD.	-	Financial assets at FVTOCI - current	27,983	499	-	499
	YEM CHIO CO., LTD.	-	Financial assets at FVTOCI - current	20,615	365	-	365
	YANG MING MARINE TRANSPORT CORPORATION	-	Financial assets at FVTOCI - current	442	23	-	23
	Mutual funds						
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	3,477,714	49,735	-	49,735
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at FVTPL - current	963,575	12,419	-	12,419
	Fidelity Funds - Global Dividend Fund	-	Financial assets at FVTPL - current	13,427	11,960	-	11,960
	Eastspring Investments-US High Investment Grade Bond Fund	-	Financial assets at FVTPL - current	16,815	7,401	-	7,401
	JPM China Income Fund CNH Acc	-	Financial assets at FVTPL - current	115,465	7,095	-	7,095
	FUH HWA CSI 300 A SHARES EXCHANGE TRADED FUND	-	Financial assets at FVTPL - current	120,000	2,545	-	2,545
	Allianz Global Investors Taiwan Technology Fund	-	Financial assets at FVTPL - current	12,116	2,095	-	2,095
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	140,810	2,082	-	2,082
	PineBridge Technology Multi-Asset Fund	-	Financial assets at FVTPL - current	200,000	2,016	-	2,016
	PineBridge ESG Quantitative Global Equity Fund	-	Financial assets at FVTPL - current	45,000	2,005	-	2,005
	Cathay High Dividend Taiwan Equity Fund	-	Financial assets at FVTPL - current	81,047	1,976	-	1,976
	Nomura Global Dyn Multi	-	Financial assets at FVTPL - current	29,963	1,888	-	1,888
	Cathay China Domestic Demand Growth Fund USD	-	Financial assets at FVTPL - current	109,870	1,713	-	1,713
	PineBridge China A-Shares Quantitative Equity Fund	-	Financial assets at FVTPL - current	25,000	1,041	-	1,041
	Cathay China Emerging Industries Fund	-	Financial assets at FVTPL - current	66,708	967	-	967
	Yuanta Great China TMT Fund	-	Financial assets at FVTPL - current	16,116	894	-	894
	Fuh Hwa China New Economy A Shares Eq	-	Financial assets at FVTPL - current	25,126	851	-	851
	Yuanta MSCI China A ETF	-	Financial assets at FVTPL - current	40,000	792	-	792
Ever Glory	Ordinary shares						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	38,250	-	38,250

(Continued)

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

(Concluded)

TABLE 3

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTD 300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
	Mutual funds													
The Company	Fuh Hwa Money Market Fund	FVTPL- current	-	-	3,626,408	$ 53,045	17,804,846	$ 260,980	21,290,444	$ 312,210	$ 311,943	$ 267	140,810	$ 2,082

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
The Company	Ever Glory	(Note 1)	Purchases	$ 217,865	43	T/T 150 days after the transaction date	The purchases are primarily by means of trilateral trades. The prices of these purchases were based on specific diversity of products and related market trends. There were no unrelated parties with similar trade.	There were no significant differences between other parties.	$ (59,380)	(37)	
Ever Glory	The Company	(Note 1)	Sales	(217,865)	(33)	T/T 150 days after the transaction date	Selling prices were lower than those of unrelated parties.	There were no significant differences between other parties.	59,380	30	

Note 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 NTD 100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

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

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

Note 2: See Note 12.

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

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, 2023
(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	$ 294	-	-
		Ever Glory	1	Sales	7,424	T/T 120 days after the transaction date	-
				Purchases	217,865	T/T150 days after the transaction date	12
				Trade receivables	3,980	T/T 120 days after the transaction date	-
				Trade payables	59,380	T/T 150 days after the transaction date	1
				Other receivables	263	-	-
		CGI	1	Sales	2,644	T/T 150 days after the transaction date	1
				Purchases	755	T/T 60 days after the transaction date	-
				Trade receivables	1,716	T/T 150 days after the transaction date	-
				Trade payables	105	T/T 60 days after the transaction date	-
				Other receivables	302,622	-	7
1	Ever Glory	Lee Chi International	2	Other payables	8,999	-	-
				Payables to related parties	6,268	-	-

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Company	Lee Chi International	British Virgin Islands	Operating holding company and international investments	$ 667,823	$ 667,823	23,500,000	100	$ 994,001	$ (176,153)	$ (176,153)	Subsidiary
	Chief Venture	Taipei	Investment	107,886	107,886	11,000,000	55	148,821	18,651	10,258	Subsidiary
	CGI	California, USA	Development, manufacture and sale of high-class bikes and bike components	152,965	122,395	5,000,000	100	(197,552)	(10,766)	(10,766)	Subsidiary

Note : Significant intercompany accounts and transactions have been eliminated.

TABLE 8

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Ever Glory	Manufacture and sale of cars, bikes, bike components and related machine elements.	RMB 83,240 (USD 10,000)	The reinvestment was made through Lee Chi International	$ 472,610 (USD 16,190)	$ -	$ -	$ 472,610 (USD 16,190)	$ (165,186)	100%	$ (165,186)	$ 960,763	$ 300,781

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

Note 1: 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, 2023.

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, 2023
(In Shares)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Trust property account of Lee, Ye-Jung at the Taipei Branch of the United Bank of Switzerland	22,274,684	9.86
Le Wong Investment Co., Ltd.	22,047,000	9.76
Lin, Yu-Hsin	13,298,760	5.89

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

I. Comparative analysis of financial position

(I) Comparative analysis table of consolidated financial position

Unit: NT$ Thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	$ 3,051,330	$ 3,909,984	(858,654)	(22)
Non-current assets	1,461,039	1,516,234	(55,195)	(4)
Total assets	4,512,369	5,426,218	(913,849)	(17)
Current liabilities	451,556	953,176	(501,620)	(53)
Non-current liabilities	244,830	306,521	(61,691)	(20)
Total liabilities	696,386	1,259,697	(563,311)	(45)
Share capital common stock	2,256,850	2,256,850	—	0
Capital reserve	67,084	67,084	—	0
Retained earnings	1,507,546	1,874,647	(367,101)	(20)
Other equity	(116,583)	(121,257)	4,674	(4)
Treasury share	(20,676)	(20,676)	—	0
Non-controlling interests	121,762	109,873	11,889	11
Total equity	$ 3,815,983	$ 4,166,521	(350,538)	(8)

Description:

1. The decrease in current assets, current liabilities and liabilities was mainly due to excess inventory in 2023, market demand has been significantly reduced compared to the previous year, the industry has been heading downwards, and operating income has been significantly reduced, resulting in a relative decrease in accounts receivable, inventory, and payables..
2. The decrease in non-current liabilities was mainly due to the decrease in deferred income tax liabilities in 2023 compared with 2022..
3. The decrease in retained earnings was mainly due to the poor profitability of the company and its mainland subsidiaries in 2023, which was lower than that in 2022.

II. Comparative analysis of financial performance

(I) Comparative analysis table of consolidated financial performance

Unit: NT$ Thousand

Item	2023	2022	Increase (decrease) amount	Percentage of change (%)
Operating revenue	$ 1,892,415	$ 5,084,564	(3,192,149)	(63)
Operating costs	1,841,625	4,079,617	(2,237,992)	(55)
Gross profit	50,790	1,004,947	(954,157)	(95)
Operating expenses	359,300	406,992	(47,692)	(12)
Net operating profit (loss)	(308,510)	597,955	(906,465)	(152)
Non-operating income and expenses	135,699	101,900	33,799	33
Pre-tax net profit (loss) of continuing operating unit	(172,811)	699,855	(872,666)	(125)
Income tax benefits (expenses)	(14,470)	144,650	(159,120)	(110)
After-tax net profit (loss) of continuing operating unit	(158,341)	555,205	(713,546)	(129)
Loss of discontinued operating units	0	0	0	-
Net profit (loss) for the year	($ 158,341)	$ 555,205	(713,546)	(129)

Increase or decrease of change analysis:

1. Mainly due to excess inventory in 2023, market demand has been significantly reduced compared to the previous year, the industry has been heading downwards, operating income has been significantly reduced, and economies of scale have not been effective, resulting in a relative decrease in operating gross profit, operating net profit, and current year's profit and loss..
2. Increase in non-operating income: Mainly due to the increase in interest income from time deposits due to global monetary policy and the reduction in other losses..

Expected sales volume and its basis: please refer to Chapter I. Letter to Shareholders on page 1

(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

Item \ Year	2023	2022	Increase (decrease) ratio
Cash Flow Ratio (%)	96.40	88.06	9.47
Allowable cash flow ratio (%)	68.17	53.39	27.68
Cash reinvestment rate (%)	4.41	11.31	61.01
Increase or decrease of change analysis: Changes in allowable cash flow ratio and cash reinvestment rate: Mainly due to the significant decrease in net cash inflow from operating activities and current liabilities payable in 2023, resulting in a large difference from the previous year's amount, and the related ratio is also different.			

(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
$1,321,309	$ 320,000	$360,000	$1,281,309	Not applicable	Not applicable

Description:

1. Analysis of changes in consolidated cash flow this year (in the coming year)

(1) Operating activities: In the first half of 2024, the bicycle industry keeping adjusted inventory, affecting sales orders and shipments, and the collection and payment policies and safety inventory will be relatively decreased, with the net cash flow of operating activities approximately NT$ 320,000 thousand.

(2) Investment activities: The Company will mainly continue the investment strategy for 2023, with plans to invest in the stock and bond markets, purchase additional machinery and equipment, expand plants, reinvest in subsidiaries, etc., in cooperation with the Company’s estimated capital needs. The annual investment activities in 2024 will be carefully evaluated.

(3) Financing activities: It is estimated that cash dividends will be distributed in 2024.

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: None

(I) The use of capital expenditures and sources of funds:

In 2023, in response to the needs of future expansion of operations, combined with intelligent production line planning, the Company invested about NT$71,800 thousand in the expansion of production plants and the purchase of new production equipment, smart machinery in order to facilitate the Company's future overall planning and operation development. The above sources of funds are all financed by the Company's equity fund.

(II) Expected benefits:

Expected benefits include: expansion of production plants and intelligentization of 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; improve in management and decision-making efficiency in response to market demand, in order 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 reinvests for the purpose of long-term investment. Among all, Ever Glory Machinery (Kun Shan) Co., Ltd. in China, In 2023, due to the weak economic recovery after the epidemic in China, sales and profits were not as good as expected. The US subsidiary is committed to high-end bicycle products and the expansion of channels, 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.

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 2023, the foreign currency exchange gains in consolidated statement was about NT$19,886 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 2023 to the publication date of the annual report (May 10, 2024).
(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 Chapter V. Operational Overview on page 94; the estimated R&D expense in 2024 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 2023, changes in relevant laws and regulations did not have a significant impact on the Company’s operations.

(V)The impact of changes in technology (including cyber security risks) and industry on the Company’s financial operations and the countermeasures:

(1) The Company has not been subject to changes in technology (including cyber security risks) 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 cyber security, and plans related management measures for various cyber 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% of 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.

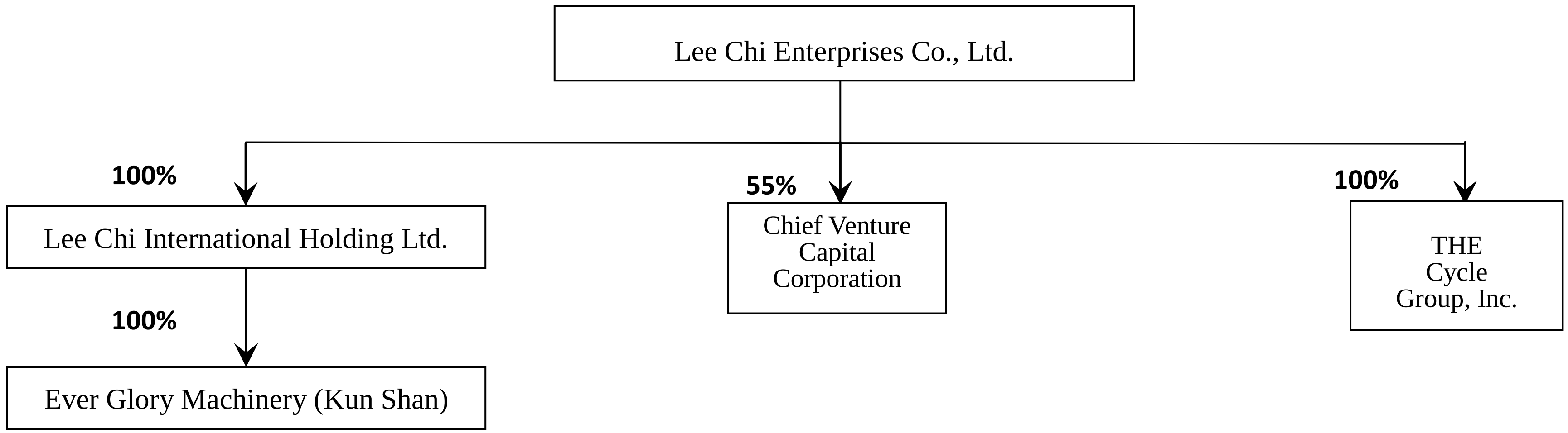
Chapter VIII. Special Items to be Included

I. Information related to the affiliates

(I) Consolidated financial statements covering related companies (see Financial Overview - VI on page 178)

(II) Consolidated business report of affiliated companies

1. Organizational chart of affiliated companies



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.	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, Inc.	2014.07	2981 Lakeview Way Fullerton California 92835	US$5,000 thousand	Development, design and sale of high-end bicycle related products

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, Inc.	Development, design and sale of high-end bicycle related products

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 (Loss) (After-tax)	Earnings per share (NT$) (After-tax)
Lee Chi International Holding Ltd.	USD	23,500	32,403	36	32,367	—	(275)	(5,654)	—
Ever Glory Machinery (Kun Shan) Co., Ltd	RMB	83,240	292,508	83,515	208,993	150,785	(43,639)	(36,293)	—
Chief Venture Capital Corporation (Note 2)	NT	200,000	292,246	21,664	270,582	3,519	17,709	18,651	0.93
THE Cycle Group, Inc.	USD	5,000	3,827	10,260	(6,433)	3,013	(594)	(346)	—

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	100.00%	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	Hsieh, Kuo-Liang	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	Chu, Ming-Yang	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	1,750,000	8.75%	-
	Director	Lee, Yu-Cheng	11,000,000	55.00%	Representative of Lee Chi Enterprises Co., Ltd.
	Director	Lin, Yi-Hsien	1,750,000	8.75%	-
	Director	Lin, Yu-Sheng	1,750,000	8.75%	-
	Director	Lin, Kun-Ming	500,000	2.50%	Representative of Huiyu Investment Co., Ltd.
	Supervisors	Lin, Yi-Jiing	1,000,000	5.00%	Representative of Premier Capital Management Corp.
	Supervisors	Lin, Ling-Yu	0	0.00%	-
THE Cycle Group, Inc.	Chairman	Lin, Yu-Hsin	5,000,000	100.00%	Representative of Lee Chi Enterprises Co., Ltd.

(III) The affiliation 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