

Stock Code: 1444



**LEALEA ENTERPRISE CO., LTD.**

**Handbook of 2022**

**Annual General Shareholders' Meeting**

Date: June 24, 2022

Address: No. 38, Gongye Rd., Fangyuan Industrial Area,  
Fangyuan, Changhua County  
(Polyester Fiber Factory)



# LEALEA ENTERPRISE CO., LTD.

## Handbook of 2022 Annual General Shareholders' Meeting (Translation)

### Table of Contents

I. Meeting Procedure -----	1
II. Meeting Agenda -----	2
III. Report Items -----	3
IV. Matters for Ratification-----	9
V. Matters for Discussion and Election Matters -----	11
VI. Extemporary Motion-----	13
VII. Attachments	
1. 2021 CPAs' Audit Report and Financial Statements-----	14
2. Comparison table of provisions before and after the amendment and the full text before amendment of the “Articles of Incorporation” -----	35
3. Comparison table of provisions before and after the amendment and the full text before amendment of the “Procedures for Asset Acquisition & Disposal” -----	42
4. Rules of Procedure for Shareholders' Meeting -----	79
5. Director election method -----	82
6. Shareholding Information of All Directors-----	83

#### Notice to readers

This is a translation of the Handbook of 2022 Annual General Shareholders' Meeting. The translation is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

# **LEALEA ENTERPRISE CO., LTD.**

## **2022 Annual General Shareholders' Meeting Procedures**

1. Commencement of Meeting
2. Chairman's Statement
3. Report Items
4. Matters for Ratification
5. Matters for Discussion and Election Matters
6. Extemporaneous Motion
7. Meeting Adjourned

**LEALEA ENTERPRISE CO., LTD.**  
**2022 Annual General Shareholders' Meeting Agenda**

Convention Method: Physical shareholders meeting

Time: June 24, 2022 (Friday) 11:00AM

Address: No. 38, Gongye Rd., Fangyuan Industrial Area, Fangyuan, Changhua County (Polyester Fiber Factory)

Meeting Procedures:

1. Commencement of Meeting ( Report on the number of attended shares )
2. Chairman 's Statement
3. Report Items:
  - (1) 2021 business report.
  - (2) 2021 audit committee's audit report.
  - (3) 2021 report on remuneration distribution for employees and directors.
4. Matters for Ratification:
  - (1) Motion of 2021 business report and financial statement.
  - (2) Motion of 2021 earnings distribution.
5. Matters for Discussion and Election Matters:
  - (1) Motion of partial provisions amendment of the "Articles of Incorporation".
  - (2) Motion of partial provisions amendment of the "Procedures for Asset Acquisition & Disposal".
  - (3) Election of new directors.
  - (4) Discussion to approve the lifting of non-competition restrictions for directors.
6. Extemporary Motion
7. Meeting Adjourned

## Report Items

### I. Please check the 2021 business report.

**Explanatory Notes:** The 2021 business report is as follows:

### Business Report

#### 1. 2021 Business Results

##### (1) Project Implementation Results :

After the devastation of Covid-19, the global economy and society are heading towards the post-epidemic era after the great turmoil and devastation, and the global economy is slowly moving from recession to recovery and growth as countries gradually unblocked. The health and safety of our employees is a priority in our operations. We have taken appropriate measures to prevent the epidemic and ensure the normal operation and production line with the efforts of all employees.

Over the past year, it was a year of growth and challenges for Lealea. With the high price of raw materials such as PTA and EG, the selling price of polyester yarn and processed yarn has increased, which has positively contributed to the growth of profitability. While pursuing fundamental growth, we also attach great importance to corporate social responsibility. With the rising global demand for environmental protection and carbon reduction, we have already been a leader in the industry in terms of environmental protection products, and we have a complete blueprint for green energy construction and carbon neutral layout. Lealea is ready for sustainable corporate development.

The Company's consolidated operating revenue in 2021 was NT\$10.878 billion, an increase of 29.91% from 2020; the net profit after tax was NT\$0.652 billion. The major sales products include 73,951 tons of processed silks, 77,930 tons of ester granules for bottles, 57,731 tons of polyester chip, and 6,548 tons of polyester raw silks, 304,102 tons of coal and 18.34 million yards of long-fiber fabrics.

##### (2) Budget Execution Status :

None, the Company only set internal budget targets for 2021 and did not disclose financial forecasts to the public.

##### (3) The Analysis of Financial Income and Expenses and Profitability:

The company's 2021 operating revenue that without subsidiaries is NT\$9.295 billion; net profit after tax is NT\$0.649 billion; net profit ratio after tax is 6.98%, an increase of 11.86% from 2020; earnings per share is NT\$0.68, an increase of NT\$1.06 from 2020. The 2021 and 2020 unconsolidated subsidiaries of various financial income and expenses and profitability of the Company are shown in the following table.

Unit : In Thousands of New Taiwan Dollars

Item		2020	2021	Increase (Decrease) Amount and Ratio
Financial Income and Expenses	Operating Revenues	7,322,391	9,295,108	1,972,717
	Operating Cost	7,021,196	8,189,102	1,167,906
	Net Profit before Tax	-409,193	694,951	1,104,144
	Net Income	-357,444	648,800	1,006,244
Profitability	Return on Assets (%)	-2.07	3.93	6.00
	Return on Shareholders' Equity (%)	-3.48	6.17	9.65
	Pre-Tax Profit to Paid-in Capital Ratio (%)	-4.27	7.25	11.52
	Net Profit Rate (%)	-4.88	6.98	11.86
	Earnings per Share (NT\$)	-0.38	0.68	1.06

(4) Status of Research and Development :

Recently, Lealea has focused on developing a variety of high-value eco-friendly textile products, such as eco-friendly recycled polyester fiber (RePET), eco-friendly dope dyed fiber (Ecoya) and eco-friendly recycled dope dyed fiber (ReEcoya), etc. Our products have been highly evaluated by our brand customers. In addition to the advantages of high-quality and high-profitability products, in terms of friendly environment, they also have the functions of recycling, waste reduction, energy saving and water saving. Our CRZ System (Closed loop Recycling Zero System) is a product that recycles off-cuts of yarns, off-cuts of fabrics, and used garments back into production by physical means. It is currently being actively promoted and will contribute to new profitability in the future. The Company's mass-produced products are listed in the following table :

Type of Yarn	Application	Characteristics
ReEcoya	Upholstery, curtain, interior of automotive, garment	Eco-friendly and high fastness
Barcode, Barcode II	Weaving, Knitting, Upholstery, Sportswear, Casualwear	To have the trend of fashion of garment and upholstery. Each yarn has several dark and light stripes to reach the unique beauty for high-end fabrics.
Crystalea	Knitting, Upholstery, Sportswear, Casualwear	Bling appearance with natural touch to reach the attraction of fashion
Oceaya	Sportswear, casualwear, garment	Eco-friendly, anti-static, odorizing, anti-bacterial, keep warm
Thousand feather yarn	Knitting, sportswear, casualwear, pants	Cotton-like appearance and hand touch
Eco recycle low-melting fiber	Sportswear, casualwear, garment	Eco-friendly, low melting and applied to laminated material
Bio-degradable fiber	Knitted, Woven, Warp knitting, Sportswear, Casualwear	Effect of Bio-degradable
TPEE (Thermoplastic Polyester Elastomer)		Effect of waterproof and ventilation
CRZ Eco Fiber		Made of recycled material without petrochemical, Saving natural resource and reduce environmental burden, Excellent quality and used for any applications

Type of Yarn	Application	Characteristics
High Stretch Yarn	Weaving, Knitting, Sportswear, Casualwear	Good stretch, bulky hand touch, abrasion resistance
Wooly High-stretch yarn	Weaving, Knitting, Sportswear, Suits and pants	Cotton-like appearance and hand touch, good stretch
Lucus	Weaving, Knitting, Upholstery, Sportswear, Casualwear	Linen-like appearance and hand touch, light weight and dry

## 2. Summary of 2022 Business Plan :

This year, the Company defines its operational policy as the year of refinement. The company has always been committed to the mission and goal of green energy textile, environmental sustainability and corporate sustainability. The business philosophy of the founder, Mr. Kuo Mu-sheng, is "thrifty, pragmatic, active, and innovative". We are moving steadily into the global market. In the future, we will continue to promote green products, reduce energy waste through process improvement, and minimize waste to achieve a circular economy. The overseas production sites - Libolon, Indonesia, weaving and dyeing plants are gradually on track to contribute more operational benefits to the company.

## 3. The Future Development Strategy of the Company, the Impact of the External Competitive Environment, the Regulatory Environment and the Macroeconomic Conditions :

### (1) International situation

After last year's manufacturing expansion, the global economy is facing a crisis of high inflation and currency deflation at the beginning of 2022. The war between Russia and Ukraine at the beginning of the year impacted the supply of energy and other raw materials, while the resurgence of the epidemic in China and the closure of major cities caused the deterioration of the supply chain for the global industry. Being accompanied by geopolitical conflicts in the US, China and Europe. The successive international events have exacerbated the problem of inflation, which is bound to have an impact on the global consumer market and demand. It is predictable that we will face more uncertainty, instability and high-risk external environment this year.

### (2) Regional economy

The Regional Comprehensive Economic Partnership (RCEP) will take effect on January 1, 2022, and Taiwan is currently unable to join, which will definitely affect all textile exports. Indonesia, the production base of Lealea in Southeast Asia, is expected to be allowed to join this year. In addition, the momentum of global apparel manufacturers placing orders in Southeast Asia has become stronger in recent years, and it is expected that Indonesia's Libolon will provide Lealea with better operating results. About the Japan-led Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), our government applied to join it last year, and we hope that the government will vigorously promote it to enhance the competitiveness of Taiwan's textile industry in the international arena.

### (3) Regulatory environment

Taiwan's government is expected to introduce a carbon tax in 2024, and the European Union plans to impose a comprehensive carbon tariff in 2026. International tariff barriers and national regulatory requirements will accelerate carbon reduction efforts in the future. The Group has launched the "Circular Economy of Green Energy, LIBOLON", which covers a

series of green design → green process → green products (including the promotion of RePET, Ecoya, ReEcoya, and CRZ System), the planning and construction of wind power and solar energy, and solid recovery fuel (SRF), etc. In the future, Lealea has full confidence and assurance in the competition of external environment.

In the face of the unstable international environment and external and industrial competition, we will continue to improve our manufacturing processes, stabilize quality, enhance efficiency, and revamp processes, optimize our product portfolio, and work on the “Circular Economy of Green Energy, LIBOLON” to strengthen our competitive edge. We will continue to improve our operational performance and fulfill our corporate social responsibility by combining the strengths of our affiliated companies as a one-stop shop with a sound financial foundation.

We sincerely hope that all shareholders will continue to support and encourage the Company. We would like to express our highest gratitude to you and wish you all good health and all the best!

Chairman: Kuo, Shao-Yi    Managerial officer: Kuo, Sha-Yi    Accounting supervisor: Hsu, Li, Hsueh



**II. Please check the 2021 Audit Committee's audit report.**

**Explanatory Notes:** Audit Committee's audit report is as follows:

**Audit Committee's Audit Report**

The company's 2021 financial statements prepared by the board of directors, completed the review and concluded the audit report by CPAs Chiu, Ming-Yu and Wu, Ke-Chang of Deloitte Touche Tohmatsu Limited, together with the business report and the motion of Earnings Distribution, the audit committee has reviewed that there are no discrepancies in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. Please verify.

Sincerely to

2022 Regular Shareholders' Meeting of the Company

LEALEA ENTERPRISE CO., LTD.

Convener of Audit Committee : LEE, DAW-MING

April 26, 2022

**III. Please check the status report on the remuneration distribution for employees and directors in 2021.**

**Explanatory Notes:** 2021 employees' remuneration was NT\$ 9,072,489, directors' remuneration was NT\$ 9,072,489, and both were paid by cash.

## Matters for Ratification

### Item 1

Proposed by the Board of Directors

**Proposal:** Please ratify the motion of 2021 business report and financial statement.

### Explanatory Notes:

- (1) The 2021 financial statements have been reviewed and verified by CPAs Chiu, Ming-Yu and Wu, Ke-Chang of Deloitte Touche Tohmatsu Limited, together with the business report have been reviewed by the Audit Committee, and the audit report has been issued.
- (2) For business report, balance sheet, comprehensive income statements, equity change statements, cash flow statements and accountant's audit report, please refer to p.3 to p.6 and Appendix 1 (p.14 to p.34 of the handbook).

### Resolution:

**Item 2**

Proposed by the Board of Directors

**Proposal:** Please ratify the motion of earnings distribution in 2021.**Explanatory Notes:**

- (1) 2021 net profit after tax of business final accounts was NT\$ 648,800,461, 2021 earnings distribution statement was made as follows.
- (2) Appropriated distributable earning was NT\$ 287,190,883, according to shareholders' holding ratios specified in the roster of shareholders on ex-dividend date, bonus allotment per thousand shares was NT\$ 300, and distributed cash dividend was NT\$ 0.3 per share.
- (3) After this proposal was approved by a resolution of the annual shareholders' meeting, the meeting of board of directors was additionally convened to set dividend record date.
- (4) Amounts of less than NT\$ 1.00 unconditionally rounded down, fractional sum of less than NT\$ 1.00, decimal point numbers shall be adjusted by descending order, and account numbers shall be adjusted in sequence, to meet the cash dividends total.
- (5) If the number of the Company's outstanding common stocks changes afterward, and it causes that the payout ratio of shareholder, after approved by a resolution of shareholders' meeting, the board of directors will be authorized to conduct with full discretion.

**LEALEA ENTERPRISE CO., LTD.**

## Earnings Distribution Statement

**2021**

Unit : New Taiwan Dollars

Item	Amount		Remark
Beginning accumulated deficit		(259,472,368)	
Actuarial gain (loss) on Defined Benefit Plans	(33,687,545)		
Using equity method to recognize in disposal of equity instruments at fair value through other profit or loss	15,569,958		
Plus: net income	648,800,461		
Net profit (loss) after tax added up items other than net profit (loss), and included in amount of unappropriated earnings		630,682,874	
Deduct: designated legal reserve (note 1)		(37,121,051)	
Distributable net profit		334,089,455	
Deduct: distributable items			
Cash dividends (note 2)		(287,190,883)	
Unappropriated retained earnings		46,898,572	

Note 1: net profit added up items other than net profit, and included in amount of unappropriated earnings x 10% (designated in accordance with letter no. 10802432410 of Ching Shang Tzu issued by Ministry of Economic Affairs in 2020).

Note 2: distributed cash dividend was NT\$ 0.3 per share (calculated with issuing share number of 957,302,942).

Chairman: Kuo, Shao-Yi

Managerial officer: Kuo, Sha-Yi

Accounting supervisor: Hsu, Li, Hsueh

**Resolution:**

## Matters for Discussion and Election Matters

### Item 1

Proposed by Board of Directors

**Proposal:** Please resolve the motion of partial provisions amendment of the “Articles of Incorporation”

**Explanation:**

In response to regulations and practical needs, partial articles were amended, comparison table of provisions before and after the amendment and the full text before amendment, please refer to attachment 2 (P.35 – 41 of the meeting agenda)

**Resolution:**

### Item 2

Proposed by Board of Directors

**Proposal:** Please resolve the motion of partial provisions amendment of the “Procedures for Asset Acquisition & Disposal”.

**Explanation:**

In response to amended partial articles of regulations, comparison table of provisions before and after the amendment and the full text before amendment, please refer to attachment 3 (P.42 – 81 of the meeting agenda)

**Resolution:**

### Item 3

Proposed by Board of Directors

**Proposal:** election of new directors proposal, for your election.

**Explanation:**

- (1) The term of office of 17th directors expired on June 11, 2022, according to laws and the Company’s Articles of Corporation, new directors will be elected in the annual shareholders’ meeting.
- (2) According to Article 15 of Articles of Corporation, nine directors (including three independent directors) shall be elected, and a candidates nomination system is adopted, the candidate list was approved by a resolution of board of directors on May.11 ,2022, and relevant information was specified as follows:

Director candidates	1	2	3	4	5	6
Name	Kuo, Shao-yi	Hung, Tsung-chi	Li Peng Enterprise Co., Ltd. Representative:Kuo, Shu-chen	Tung Ting Investment Co., Ltd. Representative: Chen, Han-ching	Li Zan Investment Co., Ltd. Representative: Kuo, Chi-an	ShunYu Investment Co., Ltd. Representative: Kuo,Ko-chung
Main Experience (Education)	National Taiwan University EMBA, College of Management, International Business, Lealea Enterprise, Li peng Enterprise	Feng Chia University Department of Industrial and Engineering and Systems Management, Director Pt. Indonesia Hwalin	Yale University Master of Business Management, Master of Public Health, Lealea Hotels Li peng Enterprise Director	Nanya Industrial College Department of Fiber and Industry, Lealea Enterprise Vice President/Director	Fort Hays State University Department of Business Management Rich Development Lealea Hotels	San Maring High School Lealea Enterprise, Li peng Enterprise Rich Development Director

Director candidates	1	2	3	4	5	6
	Chairman/President. Lealea Technology, Liling Technology, Lea Jie Energy, Apex Fong Yi Technology, Tung Ting Investment, Libolon Energy, Eton Petrochemical, Pt. Indonesia Libolon Fiber System Pt. Indonesia Hwalin Knitting Chairman	Knitting Pt. Indonesia Libolon Fiber System Vice President	Rich Development Forest Water Environment Chairman		Forest Water Environment Director	
Current Shareholding	14,663,114	3,031,920	71,743,197	76,336,784	6,101,375	15,359,913

Independent director candidates	1	2	3
Name	Lee, Daw-ming	Lu, Chi-chant	Ou, Yu-lun
Main Experience (Education)	Asia University Department of Business Administration Japan Yakult Honsha Company, Limited Sino-Ryukyuan Cultural Economic Association, Chairperson of Youth Department Taibei Senior High School, Director Yakult Honsha Cultural and Educational Foundation, Director Yakult Co., Ltd, Managing Director/President	National Taiwan University Department of Mechanical Engineering Formosa Plastics Corporation, Mechanical engineer Deloitte Taiwan, Partner accountant	National Taiwan University Department of Law Taiwan Shilin District Court, Judge Chinese Arbitration Association, Arbitrator Cheng Yang International Law Group Partner and Lawyer
Current Shareholding	0	0	0

Note: when the preceding candidates were elected as directors, drafted to lift restrictions of non-compete prohibition of new-elected directors.

(3) New-elected director's term of office shall not exceed three years, from June 24, 2022 to June 23, 2025, and the term of office of existing directors expired until completion of the annual shareholders' meeting.

(4) The election shall be conducted in accordance with "Procedures for Election of Directors", please refer to attachment 5 (P.82 of the meeting agenda).

### Result of the election:

#### Item 4

Proposed by Board of Directors

**Proposal:** To approve the lifting of non-competition restrictions for new directors and their representative.

#### Explanation:

- (1) According to Article 209 of Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
- (2) With the help of director's profession and relevant experiences, submitted to a shareholders' meeting for approval in accordance with regulations, and lifted restrictions of non-compete prohibition of directors elected in the annual shareholders' meeting and the representatives. The list of lifting of non-compete restrictions is as follows:

Director	Name of the company	Position
Kuo, Shao-yi	Li Peng Enterprise Co., Ltd. Lealea Technology Co., Ltd. Apex Fong Yi Technology Co., Ltd. Tung Ting Investment Co., Ltd. Eton Petrochemical Co., Ltd. Pt.Indonesia Libolon Fiber System Pt.Indonesia Hwalin Knitting Liling Technology Film Co., Ltd. Lea Jie Energy Co., Ltd. Libolon Energy Co., Ltd. In Talent Investment Limited	Chairman/President Chairman Chairman Chairman Chairman Chairman Chairman Chairman-Tung Ting Investment Co., Ltd. Representative Chairman-Lealea Enterprise Co., Ltd. Representative Chairman-Li Peng Enterprise Co., Ltd. Representative Chairman-Li Peng Enterprise Co., Ltd. Representative
Li Peng Enterprise Co., Ltd.	Hung Shing Investment Co., Ltd. Li Muo Investment Co., Ltd. Li Shing Investment Co., Ltd. Libolon Energy Co., Ltd. In Talent Investment Limited.	Chairman Chairman Chairman Chairman Chairman
Representative: Kuo, Shu-chen	Rich Development Co., Ltd. Lea Ming Construction Co., Ltd. Lea He Investment Co. Ltd. Ho Ching Enterprises Co., Ltd. Taiwan Green Power Co., Ltd. Forest Water Environmental Engineering Co., Ltd. Lijing Enterprise Co., Ltd. Green Forest Development Enterprise Co., Ltd. Orient Forest Development Enterprise Co., Ltd. Li Peng Enterprise Co., Ltd. Lealea Hotels & Resorts Co., Ltd	Chairman Chairman Chairman Chairman Chairman Chairman-Rich Development Co., Ltd. Representative Chairman- Rich Development Co., Ltd. Representative Chairman- Forest Water Environmental Engineering Co., Ltd. Representative Chairman- Forest Water Environmental Engineering Co., Ltd. Representative Director- Li Muo Investment Co., Ltd. Representative Director
Shun Yu Investment Co., Ltd	Li Peng Enterprise Co., Ltd. Rich Development Co., Ltd.	Director Director
Representative: Kuo, Ko-chung	Li Peng Enterprise Co., Ltd. Rich Development Co., Ltd.	Director-ShunYu Investment Co., Ltd. Representative Director-ShunYu Investment Co., Ltd. Representative
Tung Ting Investment Co., Ltd.	Liling Technology Film Co., Ltd	Chairman
Representative: Chen, Han-ching	Pt.Indonesia Libolon Fiber System Lea Jie Energy Co., Ltd	Director Director-Lealea Enterprise Co., Ltd. Representative
Hung, Tsung-chi	Pt.Indonesia Hwalin Knitting Pt.Indonesia Libolon Fiber System	Director Vice President
Kuo, Chi-an	Orient Forest Environmental Technology Co., Ltd. Green Forest Green Energy Co., Ltd. Lilixing Environmental Co., Ltd. Re-use Environmental Co., Ltd. Howsler Foods Co., Ltd. Forest Water Environmental Engineering Co., Ltd. Ho Ching Enterprises Co., Ltd Lijing Enterprise Co., Ltd Orient Forest Development Enterprise Green Forest Development Enterprise Rich Development Co., Ltd. Lealea Hotels & Resorts Co., Ltd Lea He Investment Co. Ltd.	Chairman-Forest Water Environmental Engineering Co., Ltd. Representative Chairman-Forest Water Environmental Engineering Co., Ltd. Representative Chairman-Forest Water Environmental Engineering Co., Ltd. Representative Chairman-Forest Water Environmental Engineering Co., Ltd. Representative Chairman Director-Rich Development Co., Ltd. Representative Director-Rich Development Co., Ltd. Representative Director-Rich Development Co., Ltd. Representative Director-Forest Water Environmental Engineering Co., Ltd. Representative Director-Forest Water Environmental Engineering Co., Ltd. Representative Director Director Director
<b>Independent director</b>	<b>Name of the company</b>	<b>Position</b>
Lee, Daw-ming	Yakult Co., Ltd.	Managing Director/President
Ou, Yu-lun	Zig Sheng Industrial Co., Ltd.	Independent Director
Lu, Chi-chant	Global Brands Manufacture Ltd. HannStar Board Corporation. Natural Beauty Bio-TECHNOLOGY LIMITED (Hong Kong) Eagle Nice (International) Holdings Limited (Hong Kong)	Independent Director Independent Director Independent Director Independent non-executive director

**Resolution:**

**Extemporary Motion**

**Meeting Adjourned**

## Attachments 1

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
LEALEA ENTERPRISE CORPORATION Limited:

#### **Opinion**

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

Per opinions of our accountants, the consolidated financial statements mentioned in paragraph one have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and interpretations and announcements endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China in all material aspects, and can be reasonably assessed to present the consolidated financial conditions of the Company and its subsidiaries as of December 31, 2021 and 2020, as well as the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2021 and 2020.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

#### The authenticity of sales revenue of polyester chip product

LEALEA ENTERPRISE Company and subsidiaries are mainly engaged in the manufacturing and sales of polyester fully oriented yarn, draw textured yarn and polyester chip. The sales revenue and gross profit margin of polyester chip increased in 2021 compared to previous years. Since there are inherent significant risks in revenue recognition, and the true occurrence of sales



income will be relevant to income recognition and the fair expression of financial reports. As a result, the accountant listed the authenticity of customer sales revenue of polyester chip as the key audit items for this year. For accounting policies and relevant disclosure information related to the recognition of sales revenue, please refer to Note 4.

The main auditing procedures adopted by the accountants with regard to the issues described above are to understand the effectiveness of internal controls concerning sales management procedures related to the revealed sales revenue, test the effectiveness of design and execution related to internal control, execute test of details of revenue, take random inspections on customer orders as well as relevant documents and certificates of shipment and payment collection and raise requests for confirmation letters in order to assure the authenticity of sales revenue.

### **Other Matter**

We have also audited the individual financial statements of LEALEA ENTERPRISE CORPORATION Limited as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 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 members of the Audit Committee) are responsible for overseeing the Company'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

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

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the evaluated risks; obtained sufficient and appropriate evidence as the basis for the audit opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
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 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 Company 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 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 whether applicable, related safeguards.

In the communications between us and the Company's governing body, we have determined the key audit items from 2021 consolidated financial statements of the Company and its subsidiaries. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audit resulting in this independent auditors' report are Chiu, Ming-Yu and Wu, Ke-Chang.

---

Chiu, Ming-Yu  
Deloitte & Touche  
Taipei, Taiwan  
Republic of China

Financial-Supervisory-Securities-  
VI-0930160267 of the Financial  
Supervisory Commission

---

Wu, Ke-Chang  
Deloitte & Touche  
Taipei, Taiwan  
Republic of China

Financial-Supervisory-Securities-  
Auditing-1000028068 of the  
Financial Supervisory Commission

March 28, 2022

**LEALEA ENTERPRISE CORPORATION Limited and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Note 4, 6)	\$ 1,743,244	8	\$ 1,232,398	7
1110	Financial assets at fair value through profit or loss— Current (Note 4, 7)	150,755	1	296,315	2
1150	Notes receivable, net (Note 4, 8)	130,709	1	60,891	-
1160	Notes Receivable from related parties, net (Note 4, 8, 24)	125,459	1	12,833	-
1170	Accounts receivable, net (Note 4, 8)	820,362	4	563,488	3
1180	Accounts Receivable from related parties, net (Note 4, 8, 24)	162,147	1	141,084	1
1210	Advance loans to related parties (Note 24)	153,000	1	135,000	1
1310	Inventories— Manufacturing & Merchandising businesses (Note 4, 9)	3,084,610	15	2,053,510	12
1320	Inventories – construction (Note 4, 9)	896,305	4	-	-
1410	Prepayments	271,664	1	105,909	1
1476	Other financial assets— Current (Note 6)	507,112	2	386,330	2
1479	Other current assets (Note 12)	109	-	64,010	-
11XX	Total current assets	<u>8,045,476</u>	<u>39</u>	<u>5,051,768</u>	<u>29</u>
	<b>NONCURRENT ASSETS</b>				
1510	Financial assets at fair value through profit or loss— Noncurrent (Note 4, 7)	1,347	-	1,347	-
1550	Investments accounted for using equity method (Note 4, 11)	5,012,541	24	4,974,450	29
1600	Property, plant and equipment (Note 4, 12)	7,090,773	34	7,011,274	40
1755	Right-of-use assets (Note 4, 13)	9,341	-	13,272	-
1760	Investment property (Note 4, 14)	269,813	1	-	-
1780	Other intangible assets	2,658	-	1,865	-
1805	Goodwill	63,337	1	63,337	-
1840	Deferred income tax assets (Note 4, 19)	129,128	1	160,139	1
1915	Prepayments for business facilities	60,010	-	93,489	1
1990	Other noncurrent assets— Others	20,105	-	27,805	-
15XX	Total noncurrent assets	<u>12,659,053</u>	<u>61</u>	<u>12,346,978</u>	<u>71</u>
1XXX	<b>TOTAL ASSETS</b>	<u>\$ 20,704,529</u>	<u>100</u>	<u>\$ 17,398,746</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term loans (Note 15)	\$ 3,605,737	17	\$ 1,750,000	10
2110	Short-term bills payable (Note 15)	1,260,000	6	770,000	4
2150	Notes payable	105,926	1	8,733	-
2160	Notes payables to related parties (Note 24)	58,428	-	730	-
2170	Accounts payable	844,460	4	504,725	3
2180	Accounts payables to related parties (Note 24)	105,122	1	99,021	-
2219	Other payables	582,577	3	447,424	3
2220	Advance loans to related parties (Note 24)	589,865	3	502,794	3
2230	Current income tax liabilities (Note 19)	13,587	-	6,124	-
2280	Lease liabilities— Current (Note 4, 13)	4,136	-	4,203	-
2320	Long-term liabilities— Current portion (Note 15)	175,000	1	474,667	3
2399	Other current liabilities (Note 12)	308,186	1	326,916	2
21XX	Total current liabilities	<u>7,653,024</u>	<u>37</u>	<u>4,895,337</u>	<u>28</u>
	<b>NONCURRENT LIABILITIES</b>				
2540	Long-term borrowings (Note 15)	650,000	3	520,000	3
2570	Deferred income tax liabilities— Noncurrent (Note 4, 19)	97,828	-	112,403	1
2580	Lease liabilities— Noncurrent (Note 4, 13)	5,130	-	8,584	-
2640	Net defined liabilities— Noncurrent (Note 4, 16)	351,441	2	383,494	2
2645	Guarantee deposits	2,357	-	1,657	-
2670	Other noncurrent liabilities	794	-	794	-
25XX	Total noncurrent liabilities	<u>1,107,550</u>	<u>5</u>	<u>1,026,932</u>	<u>6</u>
2XXX	Total liabilities	<u>8,760,574</u>	<u>42</u>	<u>5,922,269</u>	<u>34</u>
	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (NOTE 17)</b>				
	Capital stock				
3110	Capital— Common stock	9,573,029	46	9,573,029	55
3200	Capital surplus	92,954	-	78,422	-
	Retained earnings				
3310	Appropriated as legal capital reserve	530,980	3	530,980	3
3320	Appropriated as special capital reserve	40,464	-	40,464	-
3350	Unappropriated earnings	371,211	2	(259,472)	(1)
3300	Total retained earnings	<u>942,655</u>	<u>5</u>	<u>311,972</u>	<u>2</u>
3400	Others	176,663	1	322,967	2
3500	Treasury stock	(28,470)	-	(28,470)	-
31XX	Equity attributable to shareholders of the parent	<u>10,756,831</u>	<u>52</u>	<u>10,257,920</u>	<u>59</u>
36XX	NON-CONTROLLING INTERESTS (Note 17)	<u>1,187,124</u>	<u>6</u>	<u>1,218,557</u>	<u>7</u>
3XXX	Total equity	<u>11,943,955</u>	<u>58</u>	<u>11,476,477</u>	<u>66</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 20,704,529</u>	<u>100</u>	<u>\$ 17,398,746</u>	<u>100</u>

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

Chairman: KUO, SHAO YI

Manager: KUO, SHAO YI

Accounting Supervisor: Hsu, Li Hsueh

**LEALEA ENTERPRISE CORPORATION Limited and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2021		2020	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Note 4, 24, 30)	\$ 10,878,183	100	\$ 8,373,609	100
5000	COST OF REVENUE (Note 9, 24)	<u>9,572,963</u>	<u>88</u>	<u>7,994,807</u>	<u>95</u>
5900	GROSS PROFIT	1,305,220	12	378,802	5
5910	GROSS PROFIT BEFORE UNREALIZED WITH ASSOCIATES	( <u>716</u> )	<u>-</u>	( <u>918</u> )	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>1,304,504</u>	<u>12</u>	<u>377,884</u>	<u>5</u>
	OPERATING EXPENSE (Note 24)				
6100	Marketing expenses	818,121	8	389,742	5
6200	General and administrative	221,218	2	193,680	2
6300	Research and development	36,236	-	44,591	1
6450	Expected credit impairment loss	<u>19,298</u>	<u>-</u>	<u>31</u>	<u>-</u>
6000	Total operating expenses	<u>1,094,873</u>	<u>10</u>	<u>628,044</u>	<u>8</u>
6900	OPERATING INCOME (LOSS)	<u>209,631</u>	<u>2</u>	( <u>250,160</u> )	( <u>3</u> )
	NON-OPERATING INCOME AND EXPENSE (Note 18, 24)				
7100	Interest income	23,913	-	31,622	-
7140	Gain recognized in bargain purchase transaction – Affiliated associations acquisition	13,471	-	52,560	1
7190	Other income	82,670	1	133,702	2
7020	Other gains and losses	282,123	2	( 248,881 )	( 3 )
7050	Finance costs	( 38,136 )	-	( 59,742 )	( 1 )
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>117,761</u>	<u>1</u>	( <u>118,796</u> )	( <u>1</u> )
7000	Total non-operating income and expenses	<u>481,802</u>	<u>4</u>	( <u>209,535</u> )	( <u>2</u> )
7900	INCOME (LOSS) BEFORE INCOME TAX	691,433	6	( 459,695 )	( 5 )
7950	INCOME TAX EXPENSE (Note 19)	( <u>38,876</u> )	<u>-</u>	<u>34,867</u>	<u>-</u>
8200	NET INCOME (LOSS)	<u>652,557</u>	<u>6</u>	( <u>424,828</u> )	( <u>5</u> )

Code		2021		2020	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation	(\$ 26,478)	-	\$ 12,312	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	( 106,397)	( 1)	443,618	5
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	( 61,276)	( 1)	( 96,553)	( 1)
8300	Other comprehensive loss for the year, net of income tax	( 194,151)	( 2)	359,377	4
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 458,406</u>	<u>4</u>	<u>(\$ 65,451)</u>	<u>( 1)</u>
	NET INCOME (LOSS) ATTRIBUTABLE TO:				
8610	Shareholders of the parent	\$ 648,800	6	(\$ 357,444)	( 4)
8620	Non-controlling interests	<u>3,757</u>	-	<u>( 67,384)</u>	<u>( 1)</u>
8600		<u>\$ 652,557</u>	<u>6</u>	<u>(\$ 424,828)</u>	<u>( 5)</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	\$ 484,379	4	\$ 1,447	-
8720	Non-controlling interests	<u>( 25,973)</u>	-	<u>( 66,898)</u>	<u>( 1)</u>
8700		<u>\$ 458,406</u>	<u>4</u>	<u>(\$ 65,451)</u>	<u>( 1)</u>
	EARNINGS (LOSS) PER SHARE (Note 20) FROM CONTINUING OPERATION				
9710	Basic earnings per share	<u>\$ 0.68</u>		<u>(\$ 0.38)</u>	
9810	Diluted earnings per share	<u>\$ 0.68</u>			

The accompanying notes are an integral part of the consolidated financial statements.  
Chairman: KUO, SHAO YI    Manager: KUO, SHAO YI    Accounting Supervisor: Hsu, Li Hsueh

**LEALEA ENTERPRISE CORPORATION Limited and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY**  
**Years Ended December 31, 2021 and 2020**  
**(In Thousands of New Taiwan Dollars)**

C o d e		Equity Attributable to Shareholders of the Parent						Equity Adjustments			Total Equity Attributable To Shareholders Of The Parent	Non-controlling Interests	Total Equity
		Capital Stock-Common Stock		Capital Surplus	Retained Earnings			Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock			
		Shares (In Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings						
A1	BALANCE JANUARY 1, 2020	957,303	\$ 9,573,029	\$ 83,024	\$ 528,650	\$ 40,464	\$ 62,527	( \$ 48,179 )	\$ 50,030	( \$ 28,470 )	\$ 10,261,075	\$ 1,025,635	\$ 11,286,710
B1	2019 Appropriation of earnings Legal capital reserve	-	-	-	2,330	-	( 2,330 )	-	-	-	-	-	-
O1	Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	( 4,166 )	( 4,166 )
C7	Adjustments to other capital surplus: Adjustments to share of changes in equities of associates	-	-	( 4,602 )	-	-	-	-	-	-	( 4,602 )	( 3,727 )	( 8,329 )
O1	Non-controlling interests (Note 17)	-	-	-	-	-	-	-	-	-	-	267,713	267,713
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method	-	-	-	-	-	23,992	-	( 23,992 )	-	-	-	-
D1	Net income (loss) in 2020	-	-	-	-	-	( 357,444 )	-	-	-	( 357,444 )	( 67,384 )	( 424,828 )
D3	Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	-	13,783	( 67,996 )	413,104	-	358,891	486	359,377
D5	Total comprehensive income (loss) in 2020	-	-	-	-	-	( 343,661 )	( 67,996 )	413,104	-	1,447	( 66,898 )	( 65,451 )
Z1	BALANCE DECEMBER 31, 2020	957,303	9,573,029	78,422	530,980	40,464	( 259,472 )	( 116,175 )	439,142	( 28,470 )	10,257,920	1,218,557	11,476,477
O1	Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	( 7,200 )	( 7,200 )
C7	Adjustments to other capital surplus: Adjustments to share of changes in equities of associates	-	-	14,532	-	-	-	-	-	-	14,532	1,740	16,272
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method	-	-	-	-	-	15,570	-	( 15,570 )	-	-	-	-
D1	Net income (loss) in 2021	-	-	-	-	-	648,800	-	-	-	648,800	3,757	652,557
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	( 33,687 )	( 43,343 )	( 87,391 )	-	( 164,421 )	( 29,730 )	( 194,151 )
D5	Total comprehensive income (loss) in 2021	-	-	-	-	-	615,113	( 43,343 )	( 87,391 )	-	484,379	( 25,973 )	458,406
Z1	BALANCE DECEMBER 31, 2021	957,303	\$ 9,573,029	\$ 92,954	\$ 530,980	\$ 40,464	\$ 371,211	( \$ 159,518 )	\$ 336,181	( \$ 28,470 )	\$ 10,756,831	\$ 1,187,124	\$ 11,943,955

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

Chairman: KUO, SHAO YI

Manager: KUO, SHAO YI

Accounting Supervisor: Hsu, Li Hsueh

**LEALEA ENTERPRISE CORPORATION Limited and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)

Code	CASH FLOWS FROM OPERATING ACTIVITIES	2021	2020
A10000	Income (loss) before income tax	\$ 691,433	(\$ 459,695)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	656,674	732,992
A20200	Amortization expense	58,012	57,020
A20300	Expected credit impairment losses	19,298	31
A20900	Finance costs	38,136	59,742
A21200	Interest income	( 23,913 )	( 31,622 )
A21300	Dividend income	( 2,188 )	( 3,920 )
A20400	Loss (gain) on financial assets or liabilities at fair value through profit or loss, net	94	( 33,423 )
A22300	Share of profits of associates & joint ventures	( 117,761 )	118,796
A22500	Loss (gain) on disposal or retirement of property, plant and equipment	( 354,028 )	2,049
A23100	Disposal of loss (gain) on investment	( 14,977 )	22,267
A23700	Loss for market price decline and obsolete and slow-moving inventories or gain from price recovery of inventory	23,182	( 30,169 )
A23700	Impairment losses of property, plant and equipment	391	-
A23900	Unrealized gain from inter-affiliated accounts	716	918
A24100	Loss (gain) on foreign exchange	21,596	7,353
A29900	Gain recognized in bargain purchase transaction	( 13,471 )	( 52,560 )
A29900	Gain on disposal of subsidiaries	-	( 64 )
A30000	CHANGES IN OPERATING ASSETS AND LIABILITIES		
A31115	Financial assets mandatorily measured at fair value through profit or loss	155,345	( 83,356 )
A31130	Notes receivable	( 183,046 )	82,010
A31150	Accounts receivable	( 275,375 )	260,005
A31200	Inventories	( 1,948,955 )	458,078
A31230	Prepayments	( 356,527 )	( 58,210 )
A31240	Other current assets	9,646	7,069
A31250	Other financial assets	( 137,844 )	( 340,363 )
A31990	Other assets	( 15,005 )	36
A32130	Notes and bills payable	154,891	130

(Continued)



Code		2021	2020
A32150	Accounts payable	\$ 343,784	\$ 42,523
A32180	Other payables	127,387	( 22,996 )
A32230	Other current liabilities	105,483	( 101,357 )
A32240	Net defined benefit liability	( 58,530 )	( 19,488 )
A33000	Net cash generated by operating activities	( 1,095,552 )	613,796
A33100	Interest received	23,439	31,541
AC0200	Dividend received	2,188	3,920
A33200	Dividends received from associates	35,423	42,835
A33300	Interest paid	( 37,812 )	( 62,058 )
A33500	Income tax received (paid)	<u>7,298</u>	<u>( 10,923 )</u>
AAAA	Net cash flows from operating activities	<u>( 1,065,016 )</u>	<u>619,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B01800	Acquisition of long-term equity investment using the equity method	( 57,734 )	( 62,693 )
B01900	Disposal of long-term equity investments using the equity method	26,398	138,263
B02300	Net cash flows from disposal of subsidiaries	-	( 392 )
B02700	Acquisition of property, plant and equipment	( 645,747 )	( 543,406 )
B02800	Disposal of property, plant and equipment	292,567	127,797
B03800	Increase (decrease) in guarantee deposits paid	566	( 691 )
B04300	Increase (decrease) in refundable guarantee deposits	( 18,000 )	( 15,000 )
B04500	Increase (decrease) in advance loans from related parties	( 3,001 )	( 1,684 )
B05400	Acquisition of Intangible Assets		
B05400	Purchase of investment property	<u>( 269,964 )</u>	<u>-</u>
BBBB	Net cash used in investing activities	<u>( 674,915 )</u>	<u>( 357,806 )</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase (decrease) in short-term loans	1,855,737	( 416,402 )
C00500	Increase in short-term bills payable	490,000	660,000
C01600	Long-term borrowings	1,000,000	-
C01700	Repayment of long-term borrowings	( 1,169,667 )	( 1,265,286 )
C03100	Increase (decrease) in guarantee deposits received	866	( 354 )
C03700	Increase in advance loans payable to related parties	78,903	344,937
C04020	Repayment of the principal portion of lease liabilities	( 4,607 )	( 9,840 )
C05800	Cash dividends to non-controlling interests	( 7,200 )	( 4,166 )
C05800	Non-controlling interests change	<u>-</u>	<u>268,110</u>
CCCC	Net cash used in financing activities	<u>2,244,032</u>	<u>( 423,001 )</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>6,745</u>	<u>( 7,261 )</u>

(Continued)

<u>Code</u>		<u>2021</u>	<u>2020</u>
E0000	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 510,846	(\$ 168,957)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,232,398</u>	<u>1,401,355</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,743,244</u>	<u>\$ 1,232,398</u>

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

Chairman: KUO, SHAO YI Manager: KUO, SHAO YI Accounting Supervisor: Hsu, Li Hsueh

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
LEALEA ENTERPRISE CORPORATION Limited:

### Opinion

We have audited the accompanying individual financial statements of LEALEA ENTERPRISE CORPORATION Limited (the "Company"), which comprise the individual balance sheets as of December 31, 2021 and 2020, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies.

Per opinions of our accountants, the individual financial statements mentioned in paragraph one have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and can be reasonably assessed to present the individual financial conditions of the Company as of December 31, 2021 and 2020, as well as the individual financial performance and individual cash flow from January 1 to December 31, 2021 and 2020.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual 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 individual financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and do not provide a separate opinion on these matters.

Key audit matters for the Company's individual financial statements for the year ended December 31, 2021 are stated as follows:

#### The authenticity of sales revenue of polyester chip product

LEALEA ENTERPRISE CORPORATION Limited is mainly engaged in the manufacturing and sales of polyester fully oriented yarn, draw textured yarn and polyester chip. The sales revenue and gross profit margin of polyester chip increased in 2021 compared to previous years. Since there are inherent significant risks in revenue recognition, and the true occurrence of sales

income will be relevant to income recognition and the fair expression of financial reports. As a result, the accountant listed the authenticity of customer sales revenue of polyester chip as the key audit items for this year. For accounting policies and relevant disclosure information related to the recognition of sales revenue, please refer to Note 4.

The main auditing procedures adopted by the accountants with regard to the issues described above are to understand the effectiveness of internal controls concerning sales management procedures related to the revealed sales revenue, test the effectiveness of design and execution related to internal control, execute test of details of revenue, take random inspections on customer orders as well as relevant documents and certificates of shipment and payment collection and raise requests for confirmation letters in order to assure the authenticity of sales revenue.

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

Management is responsible for the preparation and fair presentation of the individual 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Individual Financial Statements**

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

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

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Individual Financial Statements; designed and carried out appropriate countermeasures for the evaluated risks; obtained sufficient and appropriate evidence as the basis for the audit opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error.

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 individual 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 individual d financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our 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 whether applicable, related safeguards.

In the communications between us and the Company's governing body, we have determined the key audit items from 2021 individual financial statements of the Company and its subsidiaries. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audit resulting in this independent auditors' report are Chiu, Ming-Yu and Wu, Ke-Chang.

---

Chiu, Ming-Yu  
Deloitte & Touche  
Taipei, Taiwan  
Republic of China

Financial-Supervisory-Securities-  
VI-0930160267 of the Financial  
Supervisory Commission

---

Wu, Ke-Chang  
Deloitte & Touche  
Taipei, Taiwan  
Republic of China

Financial-Supervisory-Securities-  
Auditing-1000028068 of the  
Financial Supervisory Commission

March 28, 2022

**LEALEA ENTERPRISE CORPORATION Limited**  
**INDIVIDUAL BALANCE SHEETS**  
Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)

Code	ASSETS	2021		2020	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Note 4, 6)	\$ 1,579,162	8	\$ 1,124,927	7
1110	Financial assets at fair value through profit or loss – Current (Note 4, 7)	71,403	-	67,305	-
1150	Notes receivable, net (Note 4, 8)	108,857	1	49,352	-
1160	Notes Receivable from related parties, net (Note 4,8, 23)	102,213	-	12,833	-
1170	Accounts receivable, net (Note 4, 8)	618,953	3	418,133	3
1180	Accounts Receivable from related parties, net (Note 4,8, 23)	186,936	1	198,627	1
1210	Advance loans to related parties (Note 23)	490,553	3	583,840	4
1310	Inventories – Textile business (Note 4, 9)	2,347,403	13	1,514,587	10
1320	Inventories - Construction ( Note 4, 9 )	896,305	5	-	-
1410	Prepayments	126,709	1	82,992	1
1476	Other financial assets – Current(Note 6)	505,989	3	306,802	2
1479	Other current assets (Note 11)	-	-	54,255	-
11XX	Total current assets	<u>7,034,483</u>	<u>38</u>	<u>4,413,653</u>	<u>28</u>
	<b>NONCURRENT ASSETS</b>				
1510	Financial assets at fair value through profit or loss – Noncurrent (Note 4, 7)	1,347	-	1,347	-
1550	Investments accounted for using equity method (Note 4, 10)	6,050,211	32	6,102,266	39
1600	Property, plant and equipment (Note 4, 11)	5,151,173	28	4,933,893	31
1755	Right-of-use assets (Note 4, 12)	539	-	720	-
1760	Investment property (Note 4, 13)	269,813	1	-	-
1780	Other intangible assets	2,506	-	1,599	-
1840	Deferred income tax assets (Note 4, 18)	97,181	1	133,187	1
1915	Prepayments for business facilities	60,010	-	93,489	1
1990	Other noncurrent assets – Others	3,391	-	5,782	-
15XX	Total noncurrent assets	<u>11,636,171</u>	<u>62</u>	<u>11,272,283</u>	<u>72</u>
1XXX	<b>TOTAL ASSETS</b>	<u>\$ 18,670,654</u>	<u>100</u>	<u>\$ 15,685,936</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term loans (Note 14)	\$ 3,450,000	18	\$ 1,750,000	11
2110	Short-term bills payable (Note 14)	1,260,000	7	770,000	5
2150	Notes payable	105,457	1	7,796	-
2160	Notes payables to related parties (Note 23)	58,349	-	730	-
2170	Accounts payable	552,266	3	375,669	2
2180	Accounts payables to related parties (Note 23)	75,264	-	89,142	1
2200	Other payables	568,559	3	391,307	3
2220	Advance loans to related parties (Note 23)	346,000	2	331,000	2
2280	Lease liabilities – Current (Note 4, 12)	177	-	107	-
2320	Long-term liabilities – Current portion (Note 14)	175,000	1	474,667	3
2399	Other current liabilities (Note 11)	299,877	2	312,708	2
21XX	Total current liabilities	<u>6,890,949</u>	<u>37</u>	<u>4,503,126</u>	<u>29</u>
	<b>NONCURRENT LIABILITIES</b>				
2540	Long-term borrowings (Note 14)	650,000	3	520,000	3
2570	Deferred income tax liabilities – Noncurrent (Note 4, 18)	96,653	1	96,653	1
2580	Lease liabilities – Noncurrent (Note 4, 12)	363	-	541	-
2640	Net defined liabilities – Noncurrent (Note 4, 15)	273,501	1	306,039	2
2645	Guarantee deposits	2,357	-	1,657	-
25XX	Total noncurrent liabilities	<u>1,022,874</u>	<u>5</u>	<u>924,890</u>	<u>6</u>
2XXX	Total liabilities	<u>7,913,823</u>	<u>42</u>	<u>5,428,016</u>	<u>35</u>
	<b>EQUITY (NOTE 16)</b>				
	Capital stock				
3110	Capital – Common stock	<u>9,573,029</u>	<u>51</u>	<u>9,573,029</u>	<u>61</u>
3200	Capital surplus	<u>92,954</u>	<u>1</u>	<u>78,422</u>	<u>-</u>
	Retained earnings				
3310	Appropriated as legal capital reserve	530,980	3	530,980	4
3320	Appropriated as special capital reserve	40,464	-	40,464	-
3350	Unappropriated earning ( Loss to be recovered )	<u>371,211</u>	<u>2</u>	<u>( 259,472 )</u>	<u>( 2 )</u>
3300	Total retained earnings	<u>942,655</u>	<u>5</u>	<u>311,972</u>	<u>2</u>
3400	Others	<u>176,663</u>	<u>1</u>	<u>322,967</u>	<u>2</u>
3500	Treasury stock	<u>( 28,470 )</u>	<u>-</u>	<u>( 28,470 )</u>	<u>-</u>
3XXX	Total equity	<u>10,756,831</u>	<u>58</u>	<u>10,257,920</u>	<u>65</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 18,670,654</u>	<u>100</u>	<u>\$ 15,685,936</u>	<u>100</u>

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

Chairman: KUO, SHAO YI

Manager: KUO, SHAO YI

Accounting Supervisor: Hsu, Li Hsueh

**LEALEA ENTERPRISE CORPORATION Limited**  
**INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME**  
Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2021		2020	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Note 4, 23)	\$ 9,295,108	100	\$ 7,322,391	100
5000	COST OF REVENUE (Note 9, 23)	<u>8,189,102</u>	<u>88</u>	<u>7,021,196</u>	<u>96</u>
5900	GROSS PROFIT	1,106,006	12	301,195	4
5910	GROSS PROFIT BEFORE UNREALIZED WITH SUBSIDIARIES AND ASSOCIATES	( <u>318</u> )	<u>-</u>	( <u>119</u> )	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>1,105,688</u>	<u>12</u>	<u>301,076</u>	<u>4</u>
	OPERATING EXPENSE (Note 23)				
6100	Marketing expenses	688,791	8	300,036	4
6200	General and administrative	137,640	2	113,117	1
6300	Research and development	36,236	-	44,591	1
6450	Expected credit loss (gain) on reversal of impairment loss	<u>19,668</u>	<u>-</u>	( <u>180</u> )	<u>-</u>
6000	Total operating expenses	<u>882,335</u>	<u>10</u>	<u>457,564</u>	<u>6</u>
6900	OPERATING INCOME (LOSS)	<u>223,353</u>	<u>2</u>	( <u>156,488</u> )	( <u>2</u> )
	NON-OPERATING INCOME AND EXPENSE (Note 17, 23)				
7100	Interest income	29,248	-	42,691	-
7140	Gain recognized in bargain purchase transaction — subsidiary acquired	9,594	-	-	-
7010	Other income	75,361	1	124,910	2
7020	Other gains and losses	292,437	3	( 215,112 )	( 3 )
7050	Finance costs	( 34,215 )	-	( 39,987 )	( 1 )
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>99,173</u>	<u>1</u>	( <u>165,207</u> )	( <u>2</u> )
7000	Total non-operating income and expenses	<u>471,598</u>	<u>5</u>	( <u>252,705</u> )	( <u>4</u> )



Code		2021		2020	
		Amount	%	Amount	%
7900	INCOME (LOSS) BEFORE INCOME TAX	\$ 694,951	7	(\$ 409,193)	( 6)
7950	INCOME TAX( EXPENSE) PROFIT (Note 18)	( 46,151)	-	51,749	1
8200	NET INCOME (LOSS)	648,800	7	( 357,444)	( 5)
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation	( 30,947)	-	1,834	-
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	( 90,131)	( 1)	425,053	6
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	( 43,343)	( 1)	( 67,996)	( 1)
8300	Other comprehensive loss for the year, net of income tax	( 164,421)	( 2)	358,891	5
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 484,379	5	\$ 1,447	-
	EARNINGS (LOSS) PER SHARE (Note 19) FROM CONTINUING OPERATION				
9710	Basic earnings per share	\$ 0.68		(\$ 0.38)	
9810	Diluted earnings per share	\$ 0.68			

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

Chairman: KUO, SHAO YI    Manager: KUO, SHAO YI    Accounting Supervisor: Hsu, Li Hsueh

**LEALEA ENTERPRISE CORPORATION Limited**  
**INDIVIDUAL STATEMENTS OF CHANGE IN EQUITY**  
Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)

Code		Capital Stock-Common Stock		Capital Surplus	Retained Earnings			Equity Adjustments		Treasury Stock	Total Equity
		Shares (In Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
A1	BALANCE JANUARY 1, 2020	957,303	\$ 9,573,029	\$ 83,024	\$ 528,650	\$ 40,464	\$ 62,527	(\$ 48,179)	\$ 50,030	(\$ 28,470)	\$ 10,261,075
B1	2019 Appropriation of earnings Legal capital reserve	-	-	-	2,330	-	( 2,330)	-	-	-	-
C7	Adjustments to other capital surplus: Adjustments to share of changes in equities of associates	-	-	( 4,602)	-	-	-	-	-	-	( 4,602)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method	-	-	-	-	-	23,992	-	( 23,992)	-	-
D1	Net income (loss) in 2020	-	-	-	-	-	( 357,444)	-	-	-	( 357,444)
D3	Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	-	13,783	( 67,996)	413,104	-	358,891
D5	Total comprehensive income (loss) in 2020	-	-	-	-	-	( 343,661)	( 67,996)	413,104	-	1,447
Z1	BALANCE DECEMBER 31, 2020	957,303	9,573,029	78,422	530,980	40,464	( 259,472)	( 116,175)	439,142	( 28,470)	10,257,920
C7	Adjustments to other capital surplus: Adjustments to share of changes in equities of associates	-	-	14,532	-	-	-	-	-	-	14,532
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method	-	-	-	-	-	15,570	-	( 15,570)	-	-
D1	Net income (loss) in 2021	-	-	-	-	-	648,800	-	-	-	648,800
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	( 33,687)	( 43,343)	( 87,391)	-	( 164,421)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	-	615,113	( 43,343)	( 87,391)	-	484,379
Z1	BALANCE DECEMBER 31, 2021	957,303	\$ 9,573,029	\$ 92,954	\$ 530,980	\$ 40,464	\$ 371,211	(\$ 159,518)	\$ 336,181	(\$ 28,470)	\$ 10,756,831

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

Chairman: KUO, SHAO YI

Manager: KUO, SHAO YI

Accounting Supervisor: Hsu, Li Hsueh

**LEALEA ENTERPRISE CORPORATION Limited**  
**INDIVIDUAL STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)

Code		2021	2020
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income (loss) before income tax	\$ 694,951	( \$ 409,193 )
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	551,564	612,378
A20200	Amortization expense	57,802	56,558
A20300	Expected credit loss (gain) on reversal of impairment loss	19,668	( 180 )
A20900	Finance costs	34,215	39,987
A21200	Interest income	( 29,248 )	( 42,691 )
A21300	Dividend income	( 1,511 )	( 1,547 )
A20400	Loss (gain) on financial assets or liabilities at fair value through profit or loss, net	( 4,098 )	( 30,867 )
A22300	Share of profits (loss) of subsidiaries, associates and joint ventures accounted for using equity method	( 99,173 )	165,207
A22500	Loss (gain) on disposal or retirement of property, plant and equipment	( 353,932 )	2,051
A23100	Disposal of loss (gain) on investment	-	( 62 )
A23700	Loss for market price decline and obsolete and slow-moving inventories or gain from price recovery of inventory	5,813	( 31,586 )
A23700	Impairment loss on Property, plant and equipment	391	-
A23900	Unrealized (realized) gain from inter-affiliated accounts	318	119
A24100	Loss (gain) on foreign exchange	( 33,552 )	14,110
A29900	Gain recognized in bargain purchase transaction	( 9,594 )	-
A30000	<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>		
A31130	Notes receivable	( 149,487 )	83,191
A31150	Accounts receivable	( 187,426 )	162,012
A31200	Inventories	( 1,734,934 )	444,018
A31230	Prepayments	( 236,662 )	( 79,704 )
A31240	Other current assets	-	( 461 )
A31250	Other financial assets	( 216,416 )	( 261,403 )
A31990	Other assets	( 18,099 )	( 63 )
A32130	Notes and bills payable	155,280	( 85 )
A32150	Accounts payable	162,737	49,372
A32180	Other payables	169,206	( 42,629 )
A32230	Other current liabilities	111,527	( 82,922 )
A32240	Net defined benefit liability	( 63,484 )	( 14,193 )

Code		2021	2020
A33000	Net cash generated by operating activities	( \$ 1,174,144 )	\$ 631,417
A33100	Interest received	28,980	43,501
A33200	Dividend received	1,511	1,547
A33200	Dividends received from associates	52,223	51,236
A33300	Interest paid	( 34,142 )	( 40,628 )
A33500	Income tax received (paid)	<u>9,550</u>	<u>( 7,465 )</u>
AAAA	Net cash flows from operating activities	<u>( 1,116,022 )</u>	<u>679,608</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B01800	Acquisition of long-term equity investment using the equity method	( 10,661 )	( 625,090 )
B01900	Disposal of long-term equity investments using the equity method	-	15,648
B02700	Acquisition of property, plant and equipment	( 598,771 )	( 395,156 )
B02800	Disposal of property, plant and equipment	292,383	127,795
B03700	Increase (decrease) in refundable guarantee deposits	193	( 215 )
B04300	Decrease in advance loans from related parties	116,143	14,109
B04500	Acquisition of Intangible assets	( 3,001 )	( 1,445 )
B05400	Purchase of investment property	<u>( 269,964 )</u>	<u>-</u>
BBBB	Net cash used in investing activities	<u>( 473,678 )</u>	<u>( 864,354 )</u>
CASH FLOWS FROM FINANCIING ACTIVITIES			
C00100	Increase (decrease) in short-term loans	1,700,000	( 170,000 )
C00500	Increase in short-term bills payable	490,000	660,000
C01600	Long-term borrowings	1,000,000	-
C01700	Repayment of long-term borrowings	( 1,169,667 )	( 474,667 )
C03100	Increase (decrease) in guarantee deposits received	927	( 592 )
C03700	Increase in advance loans payable to related parties	15,000	72,000
C04020	Repayment of the principal portion of lease liabilities	<u>( 106 )</u>	<u>( 236 )</u>
CCCC	Net cash used in financing activities	<u>2,036,154</u>	<u>86,505</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>7,781</u>	<u>( 9,292 )</u>
EEEE	NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS	454,235	( 107,533 )
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,124,927</u>	<u>1,232,460</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,579,162</u>	<u>\$ 1,124,927</u>

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

Chairman: KUO, SHAO YI    Manager: KUO, SHAO YI    Accounting Supervisor: Hsu, Li Hsueh

**Attachments 2**

**LEALEA ENTERPRISE CO., LTD.**

Comparison Table of Provisions Before and After Amendment of  
“Articles of Incorporation”

Original Provision	Amended Provision	Reason for Amendment
<p>Article 9 The company’s shareholders meeting is divided into two types: The regular shareholders meeting is held within six months after the end of each fiscal year; The extraordinary shareholders meeting shall be convened in accordance with relevant laws and regulations when necessary.</p>	<p>Article 9 The company’s shareholders meeting is divided into two types: The regular shareholders meeting is held within six months after the end of each fiscal year; The extraordinary shareholders meeting shall be convened in accordance with relevant laws and regulations when necessary. <u>A shareholders’ meeting may be convened by the way of a virtual meeting or other methods announced by central authority.</u></p>	<p>Cooperate with the amendment of the law</p>
<p>Article 15 There are nine directors (including three independent directors) with a term of three years, and they may be re-elected. The election of directors adopts a candidate nomination system, and the shareholders choose from the list of director candidates.</p>	<p>Article 15 A company may have <u>nine to eleven</u> directors (including <u>at least</u> three independent directors), and the term of office of a director shall not exceed three years, but he/she may be eligible for re-election. The election of directors adopts a candidate nomination system, and the shareholders choose from the list of director candidates.</p>	<p>In response to practical needs, it was amended.</p>
<p>Article 32 This charter was established on December 8, 1978 The first amendment was made on December 29, 1980 . . . The twenty-sixth amendment was on June 18, 2020 The twenty-seventh amendment was on August 18, 2021</p>	<p>Article 32 This charter was established on December 8, 1978 The first amendment was made on December 29, 1980 . . . The twenty-seventh amendment was on August 18, 2021 <u>Twenty-eighth amendment was on June 24, 2022</u></p>	<p>Update the amended date and frequency</p>

# **LEALEA ENTERPRISE CO., LTD.**

## **Articles of Incorporation**

### **Chapter I General Principles**

- Article 1 The company was organized in accordance with the provisions of the Company Act and was named LEALEA ENTERPRISE CO., LTD.
- Article 2 The Company's businesses are as follows :
1. A102060 Grain Commerce
  2. A401020 Animal Husbandry
  3. C301010 Yarn Spinning Mills
  4. C302010 Knit Fabric Mills
  5. C399990 Other Textile Products Manufacturing
  6. C601990 Other Paper Products Manufacturing
  7. C701010 Printing
  8. C702010 Platemaking Manufacturing
  9. C801100 Synthetic Resin & Plastic Manufacturing
  10. C801120 Manmade Fiber Manufacturing
  11. D101050 Steam and Electricity Paragenesis
  12. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
  13. F108040 Wholesale of Cosmetics
  14. F208040 Retail Sale of Cosmetics
  15. F208050 Retail Sale of the Second Type Patent Medicine
  16. F111090 Wholesale of Building Materials
  17. F113010 Wholesale of Machinery
  18. F114010 Wholesale of Automobiles
  19. F114030 Wholesale of Motor Vehicle Parts and Supplies
  20. F201010 Retail sale of Agricultural Products
  21. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
  22. F211010 Retail Sale of Building Materials
  23. F213080 Retail Sale of Machinery and Equipment
  24. F214010 Retail Sale of Automobiles
  25. F214030 Retail Sale of Motor Vehicle Parts and Supplies
  26. F301010 Department Stores
  27. F301020 Supermarkets
  28. F401010 International Trade
  29. F501030 Coffee/Tea Shops and Bars
  30. F501060 Restaurants
  31. G202010 Parking Garage Business

- 32. H701040 Specialized Field Construction and Development
- 33. H701060 New County and Community Construction and Investment
- 34. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
- 35. J701020 Amusement Parks
- 36. J701040 Recreational Activities grounds and Facilities
- 37. J801030 Athletics and Recreational Sports Stadium
- 38. JA01010 Automotive Repair and Maintenance
- 39. JE01010 Rental and Leasing Business
- 40. IG01010 Biotechnology Services
- 41. IG02010 Research Development Service
- 42. H701010 Residence and Buildings Lease Construction and Development
- 43. H701020 Industrial Factory Buildings Lease Construction and Development
- 44. H703090 Real Estate Commerce
- 45. H703100 Real Estate Rental and Leasing
- 46. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 2-1 Based on the business needs, the Company may provide external guarantees.
- Article 2-2 The Company's investment in other businesses may not be restricted by the Company Law related to the total amount of investment, but the investment in long-term equity shall be approved by the board of directors.
- Article 3 The company set up a head office in Taipei City, and if necessary, through the resolution of the board of directors, it may establish branches at home and abroad.
- Article 4 The company's announcement method shall be handled in accordance with Article 28 of the Company Law.

### **Chapter II Shares**

- Article 5 The total capital is rated at twelve billion New Taiwan dollars, divided into 1.2 billion shares, each with a denomination of ten New Taiwan dollars per share, and is issued in multiples. Unissued shares are authorized to be issued by the board of directors based on actual needs.
- Article 6 The transfer to employees at a price lower than the average price of the actual shares bought back should be submitted to the latest shareholders meeting to represent more than half of the total issued shares before the transfer, and with more than two-thirds of the voting rights of present shareholders agree.
- Article 7 In accordance with the laws and regulations the stocks are delivered in the form of account book transfer instead of printing the physical stocks; the same applies to the issuance of other securities.
- Article 8 Changes to the record in the shareholder register shall not be made within 60 days before the regular shareholders meeting, 30 days before the extraordinary shareholders meeting, or within 5 days before the base date of the company's decision to distribute dividends, bonuses or other benefits.

### **Chapter III Shareholders' Meeting**

- Article 9 The company's shareholders meeting is divided into two types: The regular shareholders meeting is held within six months after the end of each fiscal year; The extraordinary shareholders meeting shall be convened in accordance with relevant laws and regulations when necessary.
- Article 9-1 The company's shareholders meeting should be convened 30 days before, and the convening of the extraordinary shareholders meeting should be held 15 days before. The date, place and reason for the meeting should be notified to all shareholders and announced.
- The notice of the convening of the shareholders meeting may be carried out electronically if the shareholders agree.
- Article 10 When a shareholder is unable to attend the shareholders meeting for some reason, a letter of attorney issued by the company shall be issued, stating the scope of authorization. An agent will attend the meeting.
- Article 10-1 The chairman of the shareholders meeting shall be the chairman of the board of directors. If the chairman is absent, the vice chairman shall act as the deputy chairman of the board of directors when there is a vice chairman; When the vice chairman is also absent for some reason, the chairman shall appoint a director to act as his agent; If the chairman of the board does not appoint a person, one of the directors will recommend each other as an agent; If it is convened by a convener other than the board of directors, the chairman shall be the convener. If there are two or more conveners, one of the other conveners shall be elected.
- Article 11 Shareholders of the company have one voting right per share; however, those who are restricted or have no voting rights listed in Paragraph 2, Article 179 of the Company Law shall not be subject to this restriction.
- Article 12 The resolutions of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of shares issued, unless otherwise provided by relevant laws and regulations, and shall be executed with the approval of more than half of the voting rights of the shareholders present. When the number of shareholders present is less than the amount specified in the preceding paragraph, it is understood that the relevant provisions of the Company Law shall be followed.
- Article 13 The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting.
- The production and distribution of the proceedings can be done electronically, and the method of distribution can be announced.
- The minutes of the proceedings should record the year, month, day, venue, chairman's name and resolution method of the meeting, and should record the essentials and results of the proceedings.
- The minutes of the proceedings, the attendance card of the attending shareholders, and the proxy attendance letter of attorney shall be properly kept in accordance with the regulations of the competent authority.



Article 14 The shareholders' meeting may check the schedules and reports of the audit committee submitted by the board of directors, and decide on the distribution of surplus or compensation of losses.

#### **Chapter IV Directors and Supervisors**

Article 15 There are nine directors (including three independent directors) with a term of three years, and they may be re-elected. The election of directors adopts a candidate nomination system, and the shareholders choose from the list of director candidates.

Article 16 The directors organize the board of directors. Two-thirds or more of the directors present and more than half of the directors' present agree to elect one of them as the chairman of the board, and a vice chairman may be appointed by the directors in the same way to perform all the affairs of the company. The president represents the company externally.

Article 17 When the vacancy of directors reaches one-third or all independent directors are dismissed, the board of directors shall convene an interim meeting of shareholders within 60 days to elect them.

Article 18 When the chairman of the board asks for leave or is unable to exercise his powers for some reason, his agency shall be handled in accordance with Article 208 of the Company Law.

When a director entrusts other directors to attend a meeting as an agent, he shall issue a power of attorney each time and list the authorized scope of the reason for the convening.

The notice of the convocation of the board of directors can be notified in writing, fax, e-mail, etc.

When the board of directors is meeting, if a video conference is used, the directors who participate in the meeting on the video screen shall be deemed to have attended the meeting in person.

Article 19 The resolution of the board of directors, unless otherwise stipulated by the Company Law, should be attended by more than half of the directors, and more than half of the directors present should agree to it.

Article 20 Delete

Article 21 Delete

Article 22 Delete

Article 23 Delete

Article 24 Delete

Article 25 Delete

Article 26 The remuneration of the chairman and directors shall be authorized by the board of directors to determine the extent of their participation in the operation of the company and the value of their contribution to the usual standards of the industry.

#### **Chapter V Managers**

Article 27 The company may have one general manager and several managers, and their appointment, dismissal and remuneration shall be handled in accordance with the relevant provisions of the Company Law.

## **Chapter VI Accounting**

- Article 28 At the end of each fiscal year, the board of directors shall prepare: (1) Business report (2) Financial statements (3) Proposals for surplus distribution or loss allowances, etc. After 30 days before the meeting of the regular shareholders meeting, it is submitted to the audit committee for verification, and then submitted to the regular shareholders meeting to request recognition.
- Article 29 If there is a profit in the year, at least 2% should be allocated for employee compensation, and no more than 5% for directors' compensation. However, when there are accumulated losses, the compensation amount shall be reserved, and then the remuneration of employees and directors shall be allocated in accordance with the aforementioned proportion. The remuneration of employees shall be determined by the board of directors in stock or cash, and the payment objects may include employees of affiliated companies who meet the conditions set by the board of directors.
- Article 30 If there is a surplus in the annual final accounts, the accumulated losses shall be made up first, and then 10% shall be allocated as the statutory surplus reserve according to law; However, when the statutory surplus reserve has reached the total paid-in capital, it is exempted to continue to be listed. The special surplus reserve shall be allocated or transferred in the second time according to laws or regulations or regulations of the competent authority. If there is a balance, add the accumulated undistributed surplus at the beginning of the period as the distributable surplus, and allocate 0% to 100% of the distributable surplus, which shall be distributed after the board of directors drafts a distribution proposal and submits it to the shareholders meeting for resolution. Among the shareholder dividends decided by the board of directors, the cash dividend shall not be less than 5% of the total dividends. However, if the cash dividend per share does not reach 0.1 yuan, it may be paid as a stock dividend.
- Due to the changeable industrial environment and the development of diversification, the board of directors may change the payment of stock dividends in accordance with the capital budget and capital status.

## **Chapter VII Supplementary Provisions**

- Article 31 Matters not stipulated in this Articles of Association shall be handled in accordance with the Company Law and relevant laws and regulations.
- Article 32 This charter was established on December 8, 1978  
The first amendment was made on December 29, 1980  
The second amendment was made on February 24, 1981  
The third amendment was on February 21, 1982  
The fourth amendment was on September 8, 1984  
The fifth amendment was on September 4, 1988  
The sixth amendment was made on September 25, 1988  
The seventh amendment was made on November 28, 1988  
The eighth amendment was made on April 15, 1989  
The ninth amendment was on June 7, 1989  
The tenth amendment was on February 23, 1990  
The eleventh amendment was made on April 24, 1991  
The twelfth amendment was made on March 27, 1992

The thirteenth amendment was made on May 19, 1993  
The fourteenth amendment was made on April 26, 1994  
The fifteenth amendment was on May 10, 1995  
The sixteenth amendment was made on June 5, 1996  
The seventeenth amendment was made on May 7, 1997  
The eighteenth amendment was on April 23, 1998  
The nineteenth amendment was on May 27, 1999  
The twentieth amendment was on April 26, 2000  
The twenty-first amendment was made on June 13, 2001  
The twenty-second revision was made on June 12, 2002  
The twenty-third revision was on June 3, 2004  
The twenty-fourth amendment was made on June 10, 2005  
The twenty-fifth amendment was made on June 14, 2006  
The twenty-sixth amendment was on June 13, 2008  
The twenty-seventh amendment was on June 19, 2009  
The twenty-eighth amendment was on June 17, 2010  
The twenty-ninth amendment was on June 15, 2011  
The thirtieth amendment was on June 6, 2012  
The thirty-first amendment was made on June 13, 2013  
The thirty-second amendment was made on June 11, 2014.  
The thirty-third revision was on June 10, 2015  
The thirty-fourth amendment was made on June 8, 2016  
The thirty-fifth amendment was made on June 12, 2018  
The twenty-sixth amendment was on June 18, 2020  
The twenty-seventh amendment was on August 18, 2021

LEALEA ENTERPRISE CO., LTD.  
Chairman KUO, SHAO-YI

### Attachments 3

## LEALEA ENTERPRISE CO., LTD.

### Comparison Table of Provisions Before and After Amendment of “Procedures for Asset Acquisition & Disposal”

Original Provision	Amended Provision	Reason for Amendment
<p>Article 4: Definition of terms</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly</p>	<p>Article 4: Definition of terms</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly</p>	<p>Cooperate with the amendment of the law</p>

Original Provision	Amended Provision	Reason for Amendment
<p>authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p><u>8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the</u></p>	

Original Provision	Amended Provision	Reason for Amendment
	<p><u>competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	
<p>Article 6: Appraisal report or opinion from an accountant, lawyer or securities underwriter. The professional appraiser and its appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> <li>2. May not be a related party or de facto related party of any party to the transaction.</li> <li>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different</li> </ol>	<p>Article 6: Appraisal report or opinion from an accountant, lawyer or securities underwriter. The professional appraiser and its appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> <li>2. May not be a related party or de facto related party of any party to the transaction.</li> <li>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different</li> </ol>	<p>Cooperate with the amendment of the law</p>

Original Provision	Amended Provision	Reason for Amendment
<p>professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</li> </ol>	<p>professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of the industry associations to which they belong</u> and with the following provisions:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</li> </ol>	
<p>Article 9: Procedures for acquiring or disposing of real property, equipment or its right to use assets</p> <ol style="list-style-type: none"> <li>1. Evaluation and operating procedures</li> </ol>	<p>Article 9: Procedures for acquiring or disposing of real property, equipment or its right to use assets</p> <ol style="list-style-type: none"> <li>1. Evaluation and operating procedures</li> </ol>	<p>Cooperate with the amendment of the law</p>

Original Provision	Amended Provision	Reason for Amendment
<p>Follow the internal control system real estate, plant and equipment cycle procedures.</p> <p>Except for transactions with domestic government agencies, self-local construction, lease construction, or acquisition and disposal of equipment for business use or its right to use assets, the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the appraisal report issued by the professional appraiser should be obtained before the occurrence of the fact and meet the following requirements:</p> <p>A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No.</u></p>	<p>Follow the internal control system real estate, plant and equipment cycle procedures.</p> <p>Except for transactions with domestic government agencies, self-local construction, lease construction, or acquisition and disposal of equipment for business use or its right to use assets, the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the appraisal report issued by the professional appraiser should be obtained before the occurrence of the fact and meet the following requirements:</p> <p>A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness</p>	



Original Provision	Amended Provision	Reason for Amendment
<p><u>20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>2. Procedures for determining trading conditions and authorization limits The current value of the announcement, the assessed value, the actual transaction price of the neighboring real estate, etc. should be referred to, and the transaction conditions and transaction prices should be determined to prepare an analysis report, or choose one of them by inquiry, price comparison, price negotiation or bidding. If the transaction amount exceeds NT\$500 million, it must be reported to the board of directors for approval.</p> <p>3. Execution unit After the approval is submitted in accordance with the approval authority,</p>	<p>of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>2. Procedures for determining trading conditions and authorization limits The current value of the announcement, the assessed value, the actual transaction price of the neighboring real estate, etc. should be referred to, and the transaction conditions and transaction prices should be determined to prepare an analysis report, or choose one of them by inquiry, price comparison, price negotiation or bidding. If the transaction amount exceeds NT\$500 million, it must be reported to the board of directors for approval.</p> <p>3. Execution unit After the approval is submitted in accordance with the approval authority,</p>	

Original Provision	Amended Provision	Reason for Amendment
the use and management department is responsible for execution.	the use and management department is responsible for execution.	
<p>Article 10: Procedures for obtaining or disposing of securities investment</p> <p>1. Evaluation and operating procedures Handle in accordance with internal control system investment cycle operation. If the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the accountant should be consulted for opinions on the reasonableness of the transaction price before the fact. <u>If an accountant needs to use an expert report, it shall be handled in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.</u> However, if the securities have a public quotation in an active market or otherwise stipulated by the FSC, this restriction is not applicable.</p> <p>2. Procedures for determining trading conditions and authorization limits Unless the securities have a public quotation in an active market, or the Financial Regulatory Commission provides otherwise, the most recent financial statement of the target company that has been verified by an accountant or reviewed by the accountant shall be taken as a reference for assessing the transaction price before the occurrence of the fact. The cumulative transaction of the same target holds a net position of more than NT\$300 million, which must be reported to the board of directors for approval.</p> <p>3. Execution unit After the approval is submitted in accordance with the approval authority,</p>	<p>Article 10: Procedures for obtaining or disposing of securities investment</p> <p>1. Evaluation and operating procedures Handle in accordance with internal control system investment cycle operation. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$ 300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>2. Procedures for determining trading conditions and authorization limits Unless the securities have a public quotation in an active market, or the Financial Regulatory Commission provides otherwise, the most recent financial statement of the target company that has been verified by an accountant or reviewed by the accountant shall be taken as a reference for assessing the transaction price before the occurrence of the fact. The cumulative transaction of the same target holds a net position of more than NT\$300 million, which must be reported to the board of directors for approval.</p> <p>3. Execution unit After the approval is submitted in accordance with the approval authority,</p>	Cooperate with the amendment of the law

Original Provision	Amended Provision	Reason for Amendment
the financial unit is responsible for execution.	the financial unit is responsible for execution.	
<p>Article 11: Procedures for obtaining or disposing of intangible assets or their right to use assets or membership certificates</p> <p>1. Evaluation and operating procedures Handle in accordance with the internal control system fixed assets circulation procedures. The transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, <u>the accountant should be consulted for opinions on the reasonableness of the transaction price before the fact accountants shall also comply with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.</u></p> <p>2. Procedures for determining trading conditions and authorization limits (1) Intangible assets or their right to use assets: Should refer to expert evaluation reports or fair market prices to determine transaction conditions and transaction prices. If the transaction amount exceeds NT\$50 million, it must be reported to the board of directors for approval. (2) Membership card: Should refer to the fair market price, determine the trading conditions and transaction prices. If the transaction amount exceeds NT\$10 million, it must be reported to the board of directors for approval.</p> <p>3. Execution unit After the approval is submitted in accordance with the approval authority,</p>	<p>Article 11: Procedures for obtaining or disposing of intangible assets or their right to use assets or membership certificates</p> <p>1. Evaluation and operating procedures Handle in accordance with the internal control system fixed assets circulation procedures. The transaction amount reaches 20 percent or more of paid-in capital or NT\$ 300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>2. Procedures for determining trading conditions and authorization limits (1) Intangible assets or their right to use assets: Should refer to expert evaluation reports or fair market prices to determine transaction conditions and transaction prices, if the transaction amount exceeds NT\$ 50 million, it must be reported to the board of directors for approval. (2) Membership card: Should refer to the fair market price, determine the trading conditions and transaction prices. If the transaction amount exceeds NT\$10 million, it must be reported to the board of directors for approval.</p> <p>3. Execution unit After the approval is submitted in accordance with the approval authority,</p>	Cooperate with the amendment of the law

Original Provision	Amended Provision	Reason for Amendment
the user and management unit is responsible for execution.	the user and management unit is responsible for execution.	
<p>Article 14: Procedures for dealing with related party transactions</p> <p>1. When acquiring or disposing of assets with related parties, in addition to handling relevant resolution procedures and evaluating the reasonableness of transaction conditions in accordance with the provisions of this processing procedure, those whose transaction amount reaches more than 10% of the company's total assets shall also obtain a professional Appraisal report or accountant's opinion issued by the appraiser. When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should also be considered.</p> <p>2. Evaluation and operating procedures Acquire or dispose of real property or its right to use assets from related parties, or acquire or dispose of real property or its right to use assets with related parties other than assets, and the transaction amount reaches 20% of the company's paid-in capital and 10% of total assets or NT\$300 million or more, except for the purchase and sale of domestic government bonds, bonds subject to repurchase or sell-back conditions, purchase or repurchase of money market funds issued by domestic securities investment trust enterprises, the following materials shall be submitted to the approval of more than one-half of all members of the audit committee and approval by the board of directors before the transaction contract and payment can be signed:</p>	<p>Article 14: Procedures for dealing with related party transactions</p> <p>1. When acquiring or disposing of assets with related parties, in addition to handling relevant resolution procedures and evaluating the reasonableness of transaction conditions in accordance with the provisions of this processing procedure, those whose transaction amount reaches more than 10% of the company's total assets shall also obtain a professional Appraisal report or accountant's opinion issued by the appraiser. When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should also be considered.</p> <p>2. Evaluation and operating procedures Acquire or dispose of real property or its right to use assets from related parties, or acquire or dispose of real property or its right to use assets with related parties other than assets, and the transaction amount reaches 20% of the company's paid-in capital and 10% of total assets or NT\$300 million or more, except for the purchase and sale of domestic government bonds, bonds subject to repurchase or sell-back conditions, purchase or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors:</p>	Cooperate with the amendment of the law

Original Provision	Amended Provision	Reason for Amendment
<p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) of Paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Item 1 of this Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 17 Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.</p>	<p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) of Paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Item 1 of this Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p>	

Original Provision	Amended Provision	Reason for Amendment
<p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to this process and delegate the board chairman to decide such matters when the transaction is within 10% of the net value of the most recent financial statement and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>In the board of directors' discussion, the board of directors shall take into full consideration each director's opinions. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>The paragraph 2 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 7, paragraphs 3 and 4.</p>	<p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to this process and delegate the board chairman to decide such matters when the transaction is within 10% of the net value of the most recent financial statement and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>In the board of directors' discussion, the board of directors shall take into full consideration each director's opinions. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>The paragraph 2 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 7, paragraphs 3 and 4.</p> <p><u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in</u></p>	

Original Provision	Amended Provision	Reason for Amendment
<p>3. Evaluation of the reasonableness of transaction costs</p> <p>1. Acquisition of real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as</p>	<p><u>all the subparagraphs of paragraph 1 to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 17 Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting or board of directors need not be counted toward the transaction amount.</p> <p>3. Evaluation of the reasonableness of transaction costs</p> <p>1. Acquisition of real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as</p>	

Original Provision	Amended Provision	Reason for Amendment
<p>security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Subparagraphs (1) and (2) of Paragraph 3 of this Article, shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>4. When acquiring real property or its right to use assets from related parties in accordance with the provisions of paragraphs (1) and (2) of this article, the evaluation results shall be lower than the transaction price, it shall be handled in accordance with the provisions of paragraph (5) of this article. However, it is not limited to those who present objective evidence and obtain specific reasonable opinions from the professional appraiser of real estate and the accountant due to the following circumstances:</p>	<p>security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Subparagraphs (1) and (2) of Paragraph 3 of this Article, shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>4. When acquiring real property or its right to use assets from related parties in accordance with the provisions of paragraphs (1) and (2) of this article, the evaluation results shall be lower than the transaction price, it shall be handled in accordance with the provisions of paragraph (5) of this article. However, it is not limited to those who present objective evidence and obtain specific reasonable opinions from the professional appraiser of real estate and the accountant due to the following circumstances:</p>	



Original Provision	Amended Provision	Reason for Amendment
<p>A. If the related party obtains plain or leased land and rebuilds, it may prove that it meets one of the following conditions:</p> <p>(a) The original land is evaluated according to the methods specified in the preceding three paragraphs, and the building is based on the construction cost of the related party plus reasonable construction profit, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit shall be based on the average operating gross profit margin of the construction department of the related party in the last three years or the most recent gross profit margin of the construction industry announced by the Ministry of Finance, whichever is lower.</p> <p>(b) Other non-related person transaction cases on other floors of the same target premises or adjacent areas within one year, which areas are similar, and the trading conditions are equivalent after evaluating the reasonable floor or regional price difference that should be in accordance with the practice of real estate buying and selling or leasing.</p> <p>B. Proof of the real estate purchased from the related party or leased to obtain the right to use the real estate, and the transaction conditions are equivalent to and similar in size to other non-related party transaction cases in the neighboring area within one year.</p>	<p>A. If the related party obtains plain or leased land and rebuilds, it may prove that it meets one of the following conditions:</p> <p>(a) The original land is evaluated according to the methods specified in the preceding three paragraphs, and the building is based on the construction cost of the related party plus reasonable construction profit, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit shall be based on the average operating gross profit margin of the construction department of the related party in the last three years or the most recent gross profit margin of the construction industry announced by the Ministry of Finance, whichever is lower.</p> <p>(b) Other non-related person transaction cases on other floors of the same target premises or adjacent areas within one year, which areas are similar, and the trading conditions are equivalent after evaluating the reasonable floor or regional price difference that should be in accordance with the practice of real estate buying and selling or leasing.</p> <p>B. Proof of the real estate purchased from the related party or leased to obtain the right to use the real estate, and the transaction conditions are equivalent to and similar in size to other non-related party transaction cases in the neighboring area within one year.</p>	

Original Provision	Amended Provision	Reason for Amendment
<p>The aforementioned “neighboring area transaction cases” shall be based on the principle that the same or adjacent street profile is not more than 500 meters away from the transaction target or the current value of the announcement is similar; If the area is similar, the area of other non-related person transaction cases shall not be less than 50% of the area of the transaction object. The term “one year” is based on the date of the acquisition of the real estate or its right to use assets as the basis, and retrospectively calculated one year in the past.</p> <p>5. If the real property or its right to use assets is obtained from a related party, if the evaluation result is lower than the transaction price in accordance with the third paragraph (1) to (4) of this article, the following matters shall be handled. If a special surplus reserve is set forth in accordance with the following provisions, the assets purchased or leased at a high price shall be recognized as a loss in value or disposition or termination of the lease, or appropriate compensation or restoration, or there may be other evidence to confirm that there is nothing unreasonable, and the special surplus reserve can only be used after the approval of the financial management committee.</p> <p>A. The company shall set aside the special surplus reserve in accordance with the difference between the transaction price of the real estate or its right-of-use asset and the estimated cost in accordance with the provisions of Article 41, Paragraph 1, of the</p>	<p>The aforementioned “neighboring area transaction cases” shall be based on the principle that the same or adjacent street profile is not more than 500 meters away from the transaction target or the current value of the announcement is similar; If the area is similar, the area of other non-related person transaction cases shall not be less than 50% of the area of the transaction object. The term “one year” is based on the date of the acquisition of the real estate or its right to use assets as the basis, and retrospectively calculated one year in the past.</p> <p>5. If the real property or its right to use assets is obtained from a related party, if the evaluation result is lower than the transaction price in accordance with the third paragraph (1) to (4) of this article, the following matters shall be handled. If a special surplus reserve is set forth in accordance with the following provisions, the assets purchased or leased at a high price shall be recognized as a loss in value or disposition or termination of the lease, or appropriate compensation or restoration, or there may be other evidence to confirm that there is nothing unreasonable, and the special surplus reserve can only be used after the approval of the financial management committee.</p> <p>A. The company shall set aside the special surplus reserve in accordance with the difference between the transaction price of the real estate or its right-of-use asset and the estimated cost in accordance with the provisions of Article 41, Paragraph 1, of the</p>	

Original Provision	Amended Provision	Reason for Amendment
<p>Securities Exchange Law, and shall not distribute or transfer capital to allotment.</p> <p>B. Independent directors shall be handled in accordance with Article 218 of the Company Act</p> <p>C. The handling of the aforementioned points 1 and 2 should be reported to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and public prospectus.</p> <p>6. Obtaining real estate or its right to use assets from related parties, in any of the following circumstances, should be handled in accordance with the relevant assessment and operating procedures in paragraph 2 of this article. The provisions of paragraph 3 (1), (2), and (3) of this article regarding the assessment of the reasonableness of transaction costs are not applicable:</p> <p>A. The related party acquires real estate or its right to use assets due to inheritance or gift.</p> <p>B. It has been more than five years since the related party contracted to obtain the real property or its right to use assets.</p> <p>C. Signing a joint construction contract with the related party, or entrusting the related party to construct real estate and obtain the real property from the construction of the land or the lease of the land.</p> <p>D. Acquire real estate use rights assets for business use with parent companies, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.</p>	<p>Securities Exchange Law, and shall not distribute or transfer capital to allotment.</p> <p>B. Independent directors shall be handled in accordance with Article 218 of the Company Act</p> <p>C. The handling of the aforementioned points 1 and 2 should be reported to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and public prospectus.</p> <p>6. Obtaining real estate or its right to use assets from related parties, in any of the following circumstances, should be handled in accordance with the relevant assessment and operating procedures in paragraph 2 of this article. The provisions of paragraph 3 (1), (2), and (3) of this article regarding the assessment of the reasonableness of transaction costs are not applicable:</p> <p>A. The related party acquires real estate or its right to use assets due to inheritance or gift.</p> <p>B. It has been more than five years since the related party contracted to obtain the real property or its right to use assets.</p> <p>C. Signing a joint construction contract with the related party, or entrusting the related party to construct real estate and obtain the real property from the construction of the land or the lease of the land.</p> <p>D. Acquire real estate use rights assets for business use with parent companies, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.</p>	

Original Provision	Amended Provision	Reason for Amendment
<p>7. The acquisition of real estate or its right to use assets from related parties, if there is other evidence showing that the transaction is not in line with business practices, shall also be handled in accordance with the provisions of paragraph 3 (5) of this article.</p>	<p>7. The acquisition of real estate or its right to use assets from related parties, if there is other evidence showing that the transaction is not in line with business practices, shall also be handled in accordance with the provisions of paragraph 3 (5) of this article.</p>	
<p>Article 17: Information disclosure procedures</p> <p>1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual</p>	<p>Article 17: Information disclosure procedures</p> <p>1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual</p>	<p>Cooperate with the amendment of the law</p>

Original Provision	Amended Provision	Reason for Amendment
<p>contracts set out in the procedures adopted by the company.</p> <p>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>a. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>b. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of domestic government bonds.</p>	<p>contracts set out in the procedures adopted by the company.</p> <p>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>1. For a <u>public company</u> whose paid-in capital is less than NT\$ 10 billion, the transaction amount reaches NT\$ 500 million or more.</p> <p>2. For a <u>public company</u> whose paid-in capital is NT\$ 10 billion or more, the transaction amount reaches NT\$ 1 billion or more.</p> <p>E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>1. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not</u></p>	

Original Provision	Amended Provision	Reason for Amendment
<p>b. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>A. The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>E. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>3. A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed</p>	<p><u>lower than the sovereign rating of Taiwan.</u></p> <p>b. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>A. The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>E. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>3. A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format</p>	

Original Provision	Amended Provision	Reason for Amendment
<p>format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>4. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>5. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>6. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>C. Change to the originally publicly announced and reported information.</p>	<p>into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>4. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>5. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>6. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>C. Change to the originally publicly announced and reported information.</p>	

# LEALEA ENTERPRISE CO., LTD.

## Procedures for Asset Acquisition & Disposal

2019.6.12 (Amended)

### Chapter I General Principles

#### Article 1: Purpose

In order to protect assets and implement information disclosure, this processing procedure is specially formulated.

#### Article 2: Legal basis

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Financial Supervision and Administration Commission (Hereinafter referred to as the FSC) The relevant provisions of the "Standards for the Acquisition or Disposal of Assets by Public Offering Companies" issued by the letter of the Financial Supervision.

#### Article 3: Applicable scope of assets

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

#### Article 4: Definition of terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act,



Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5: The total amount of real estate and its right to use assets or securities obtained by the company and its subsidiaries for non-business use and the limit of individual securities shall be handled in accordance with the following regulations:

1. The total amount of real estate and its right to use assets not for business use shall not exceed 30% of the company's net worth.
2. The total amount of marketable securities shall not exceed 90% of the company's net worth.
3. The amount of individual securities shall not exceed 50% of the company's net worth.

Article 6: Appraisal report or opinion from an accountant, lawyer or securities underwriter. The professional appraiser and its appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

## **Chapter II Disposition Procedures**

### **Section I Establishment of Disposition Procedures**

Article 7: To formulate or amend the procedures for acquiring or disposing of assets, it shall be approved by more than half of all members of the audit committee and approved by the board of directors, and submitted to the shareholders meeting for approval.

When the board of directors discusses, the opinions of independent directors shall be fully considered. If the directors have objections or reservations, they shall be stated in the minutes of the board of directors.

Those without the consent of more than one-half of all members of the audit committee may be agreed by more than two-thirds of all directors, and the resolution of the audit committee shall be stated in the minutes of the board of directors.

All members of the audit committee and all directors are counted based on actual incumbents.

Article 8: When obtaining or disposing of asset transactions and submitting them to the board of directors for discussion, the opinions of independent directors shall be fully considered. If the directors have objections or reservations, they shall be stated in the minutes of the board of directors.

For major asset or derivative commodity transactions, the approval of more than half of all members of the audit committee shall be approved and the board of directors' resolution shall be submitted, and the provisions of paragraphs 3 and 4 of Article 7 shall apply.

### **Section II Acquisition or Disposal of Assets**

Article 9: Procedures for acquiring or disposing of real property, equipment or its right to use assets

1. Evaluation and operating procedures

Follow the internal control system real estate, plant and equipment cycle procedures.

Except for transactions with domestic government agencies, self-local construction, lease construction, or acquisition and disposal of equipment for business use or its right to use assets, the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the appraisal report issued by the professional appraiser

should be obtained before the occurrence of the fact and meet the following requirements:

- A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
  - B. Where the transaction amount is NT\$ 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
  - C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
    - a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
    - b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
  - D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
2. Procedures for determining trading conditions and authorization limits

The current value of the announcement, the assessed value, the actual transaction price of the neighboring real estate, etc. should be referred to, and the transaction conditions and transaction prices should be determined to prepare an analysis report, or choose one of them by inquiry, price comparison, price negotiation or bidding. If the transaction amount exceeds NT\$500 million, it must be reported to the board of directors for approval.

3. Execution unit

After the approval is submitted in accordance with the approval authority, the use and management department is responsible for execution.

Article 10: Procedures for obtaining or disposing of securities investment

1. Evaluation and operating procedures

Handle in accordance with internal control system investment cycle operation

If the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the accountant should be consulted for opinions on the reasonableness

of the transaction price before the fact. If an accountant needs to use an expert report, it shall be handled in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. However, if the securities have a public quotation in an active market or otherwise stipulated by the FSC, this restriction is not applicable.

2. Procedures for determining trading conditions and authorization limits

Unless the securities have a public quotation in an active market, or the Financial Regulatory Commission provides otherwise, the most recent financial statement of the target company that has been verified by an accountant or reviewed by the accountant shall be taken as a reference for assessing the transaction price before the occurrence of the fact.

The cumulative transaction of the same target holds a net position of more than NT\$300 million, which must be reported to the board of directors for approval.

3. Execution unit

After the approval is submitted in accordance with the approval authority, the financial unit is responsible for execution.

Article 11: Procedures for obtaining or disposing of intangible assets or their right to use assets or membership certificates

1. Evaluation and operating procedures

Handle in accordance with the internal control system fixed assets circulation procedures.

The transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the accountant should be consulted for opinions on the reasonableness of the transaction price before the fact accountants shall also comply with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.

2. Procedures for determining trading conditions and authorization limits

(1) Intangible assets or their right to use assets: Should refer to expert evaluation reports or fair market prices to determine transaction conditions and transaction prices. If the transaction amount exceeds NT\$50 million, it must be reported to the board of directors for approval.

(2) Membership card: Should refer to the fair market price, determine the trading conditions and transaction prices. If the transaction amount exceeds NT\$10 million, it must be reported to the board of directors for approval.

3. Execution unit

After the approval is submitted in accordance with the approval authority, the user and management unit is responsible for execution.

Article 12: The calculation of the transaction amount from Article 9 to Article 11 shall be carried out in accordance with the provisions of Article 17 Paragraph 2. Moreover, the stated period of one year is based on the date of the transaction facts, retrospectively calculated one year in the past, and the valuation report or accountant's opinion issued by the professional appraisers obtained in accordance with this procedure is exempt from re-entry.

Article 13: Those who obtain or dispose of assets through the auction procedure of the court may replace the appraisal report or accountant's opinion with the certification document issued by the court.

### **Section III Related Party Transactions**

Article 14: Procedures for dealing with related party transactions

1. When acquiring or disposing of assets with related parties, in addition to handling relevant resolution procedures and evaluating the reasonableness of transaction conditions in accordance with the provisions of this processing procedure, those whose transaction amount reaches more than 10% of the company's total assets shall also obtain a professional Appraisal report or accountant's opinion issued by the appraiser. When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should also be considered.

2. Evaluation and operating procedures

Acquire or dispose of real property or its right to use assets from related parties, or acquire or dispose of real property or its right to use assets with related parties other than assets, and the transaction amount reaches 20% of the company's paid-in capital and 10% of total assets or NT\$300 million or more, except for the purchase and sale of domestic government bonds, bonds subject to repurchase or sell-back conditions, purchase or repurchase of money market funds issued by domestic securities investment trust enterprises, the following materials shall be submitted to the approval of more than one-half of all members of the audit committee and approval by the board of directors before the transaction contract and payment can be signed:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) of Paragraph 3 of this Article.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Item 1 of this Article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 17 Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to this process and delegate the board chairman to decide such matters when the transaction is within 10% of the net value of the most recent financial statement and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.  
In the board of directors' discussion, the board of directors shall take into full consideration each director's opinions. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.  
The paragraph 2 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 7, paragraphs 3 and 4.
3. Evaluation of the reasonableness of transaction costs
  1. Acquisition of real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
    - A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
    - B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
  2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
  3. A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Subparagraphs (1) and (2) of Paragraph 3 of this Article, shall also engage a CPA to check the appraisal and render a specific opinion.
  4. When acquiring real property or its right to use assets from related parties in accordance with the provisions of paragraphs (1) and (2) of this article, the evaluation

results shall be lower than the transaction price, it shall be handled in accordance with the provisions of paragraph (5) of this article. However, it is not limited to those who present objective evidence and obtain specific reasonable opinions from the professional appraiser of real estate and the accountant due to the following circumstances:

- A. If the related party obtains plain or leased land and rebuilds, it may prove that it meets one of the following conditions:
    - (a) The original land is evaluated according to the methods specified in the preceding three paragraphs, and the building is based on the construction cost of the related party plus reasonable construction profit, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit shall be based on the average operating gross profit margin of the construction department of the related party in the last three years or the most recent gross profit margin of the construction industry announced by the Ministry of Finance, whichever is lower.
    - (b) Other non-related person transaction cases on other floors of the same target premises or adjacent areas within one year, which areas are similar, and the trading conditions are equivalent after evaluating the reasonable floor or regional price difference that should be in accordance with the practice of real estate buying and selling or leasing.
  - B. Proof of the real estate purchased from the related party or leased to obtain the right to use the real estate, and the transaction conditions are equivalent to and similar in size to other non-related party transaction cases in the neighboring area within one year. The aforementioned “neighboring area transaction cases” shall be based on the principle that the same or adjacent street profile is not more than 500 meters away from the transaction target or the current value of the announcement is similar; If the area is similar, the area of other non-related person transaction cases shall not be less than 50% of the area of the transaction object. The term “one year” is based on the date of the acquisition of the real estate or its right to use assets as the basis, and retrospectively calculated one year in the past.
5. If the real property or its right to use assets is obtained from a related party, if the evaluation result is lower than the transaction price in accordance with the third paragraph (1) to (4) of this article, the following matters shall be handled. If a special surplus reserve is set forth in accordance with the following provisions, the assets purchased or leased at a high price shall be recognized as a loss in value or disposition or termination of the lease, or appropriate compensation or restoration, or there may be other evidence to confirm that there is nothing unreasonable, and the special surplus reserve can only be used after the approval of the financial management committee.
- A. The company shall set aside the special surplus reserve in accordance with the difference between the transaction price of the real estate or its right-of-use asset and the estimated cost in accordance with the provisions of Article 41, Paragraph 1, of the Securities Exchange Law, and shall not distribute or transfer capital to allotment.

- B. Independent directors shall be handled in accordance with Article 218 of the Company Act
  - C. The handling of the aforementioned points 1 and 2 should be reported to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and public prospectus.
6. Obtaining real estate or its right to use assets from related parties, in any of the following circumstances, should be handled in accordance with the relevant assessment and operating procedures in paragraph 2 of this article. The provisions of paragraph 3 (1), (2), and (3) of this article regarding the assessment of the reasonableness of transaction costs are not applicable:
- A. The related party acquires real estate or its right to use assets due to inheritance or gift.
  - B. It has been more than five years since the related party contracted to obtain the real property or its right to use assets.
  - C. Signing a joint construction contract with the related party, or entrusting the related party to construct real estate and obtain the real property from the construction of the land or the lease of the land.
  - D. Acquire real estate use rights assets for business use with parent companies, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.
7. The acquisition of real estate or its right to use assets from related parties, if there is other evidence showing that the transaction is not in line with business practices, shall also be handled in accordance with the provisions of paragraph 3 (5) of this article.

#### **Section IV Engaging in Derivatives Trading**

##### Article 15: Procedures for obtaining or disposing of derivative commodities

###### 1. Transaction principles and policies

###### (1) Types of transactions

Refers to forward contracts, option contracts, futures contracts, leveraged margin contracts, exchange contracts, and compound contracts formed by combining the above commodities, whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other interests. The so-called forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term leases and long-term purchase (sales) contracts.

###### (2) Operation or hedging strategy

The principle of risk diversification should be used to effectively allocate funds and reduce losses.

###### (3) Division of powers and responsibilities

###### A. Financial unit

- (a) The actual transaction volume of the hedging operation does not exceed 20% of the net value, and the transaction is approved by the top manager of the



finance department. If the transaction exceeds 20% of the net value, it can only be carried out after being approved by the chairman.

(b) Non-hedging operations should be submitted to the chairman of the board for approval before proceeding.

B. Accounting unit

Responsible for accounting treatment and regular assessment of unrealized gains and losses based on the balance of the positions held by derivative financial commodity exchanges.

(4) Performance evaluation

A. Whether the risk management used is appropriate and whether it is handled in accordance with the procedures set by the company.

B. The financial unit shall calculate the profit and loss on the operating part regularly, and submit the relevant information to the accounting unit for review and then forward it to the chairman of the board for review.

(5) Determination of the total contract amount

1. The operating limit of a hedging contract shall be limited to its accumulated balance not exceeding 100% of the transaction amount of the hedging position.

2. The operating limit of a non-hedging contract is limited to its actual trading volume not exceeding 50% of the net value.

(6) Setting of the upper limit of loss

1. The upper limit of the total unrealized loss (net amount after the sum of the profits and losses) shall not exceed one percent of the net value.

2. Evaluation of the market price if the holding position has exceeded the loss limit, it should be reported to the board of directors in the near future, and relevant countermeasures should be taken if necessary.

2. Risk management measures

(1) Credit risk management

The object of the transaction should be limited to the bank with which the company has business dealings, and the principle of being able to provide professional information.

(2) Market price risk management

Mainly based on the open foreign exchange market provided by banks.

(3) Liquidity risk management

Financial institutions entrusted with transactions must have sufficient information and the ability to conduct transactions in any market at any time.

(4) Cash flow risk management

Financial units should pay attention to the company's cash flow situation to ensure that there is sufficient cash payment at the time of delivery.

(5) Operational risk management

1. Must abide by the authorized quota and operating procedures to avoid operational risks.

2. The financial unit is responsible for the operation of derivative products, and its transaction, confirmation and delivery personnel shall not concurrently serve each other. After the transaction is confirmed, the accounting unit shall obtain a bank statement to verify the transaction situation every month.
- (6) The risk measurement, supervision and control personnel shall belong to different departments from the personnel mentioned in the preceding paragraph, and shall report to the board of directors or to high-level executives who are not responsible for making decisions on transactions or positions.
- (7) Legal risk management  
The documents signed with the bank should be formally signed after communicating with the legal staff to avoid risks.
3. Internal audit system  
Auditors should regularly understand the adequacy of the internal control of derivative financial commodity transactions, and check the compliance of financial and accounting units with the processing procedures for derivative commodity transactions on a monthly basis, analyze the transaction cycle, and prepare audit reports. If a major violation is found, the independent directors shall be notified in writing.
4. Regular assessment methods and handling of abnormal situations  
The positions held should be evaluated at least once a week, but if the business needs to be processed for hedging transactions, it should be evaluated at least twice a month, and the evaluation report should be sent to a senior executive authorized by the board of directors. If there is any abnormality in the evaluation report, it should be reported to the board of directors immediately and appropriate measures should be taken.
5. Supervision and management principles of the board of directors
  - (1) Designated high-level executives should always pay attention to the supervision and control of derivative commodity transaction risks.
  - (2) Regularly assess whether the performance of engaging in derivative commodity transactions conforms to the established business strategy and whether the risks assumed are within the scope of the company's tolerance.
6. Senior executives authorized by the board of directors shall manage derivative commodity transactions in accordance with the following principles
  - (1) Regularly assess whether the risk management measures currently in use are appropriate and do so in accordance with the "Public Offering Company's Assets Obtaining or Disposing of Assets" and this procedure.
  - (2) Supervise the transaction and profit and loss situation, and when any abnormality is found, it shall take necessary response measures and report to the board of directors immediately. The board of directors shall have independent directors present and express their opinions.
7. When engaging in derivative commodity transactions, those who authorize relevant personnel in accordance with the provisions of this procedure shall report to the latest board of directors afterwards.

8. When engaging in derivative commodity transactions, a reference book shall be established, and the type and amount of derivative commodity transactions engaged in, the date of approval of the board of directors, and the fourth and fifth paragraphs of the second paragraph and the sixth paragraph of this article shall be prudent. Details of the evaluation items will be posted in the reference book for future reference.
9. Subsidiaries of the company engaged in derivative financial product transactions shall also be handled in accordance with the provisions of this processing procedure, but the overall transactional operating position is not subject to the upper limit, but the total transactional operating position of the parent and child shall not exceed the total transactional operating position. The upper limit is the principle.

## **Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares**

Article 16: Handling procedures for mergers, divisions, acquisitions or share transfers in accordance with the law

1. Evaluation and operating procedures
  - (1) Conducting of a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
  - (2) A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
  - (3) Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

## 2. Other matters needing attention

### (1) Board date

1. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
2. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

### (2) Commitment of confidentiality beforehand

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

### (3) Principles for the change of the conversion ratio or purchase price

Except for the following circumstances, it shall not be changed arbitrarily, and the change shall be stipulated in the contract:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

### (4) The content of the contract

To participate in a merger, division, acquisition or share transfer, the contract should specify the rights and obligations of the participating company, and should specify the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

- (5) When the number of companies participating in a merger, division, acquisition, or share transfer changes

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- (6) If the transaction partner involved in the merger, division, acquisition or share transfer is a non-public company, an agreement shall be signed with it. And in accordance with the Paragraph of this article: Subparagraph (1) the date of the board of directors, Subparagraph (2) Prior Confidentiality Commitment, Subparagraph (5) Changes in the number of companies involved in mergers, divisions, acquisitions or share transfers, Subparagraph (7) Participate in the preservation of merger, division, acquisition or share transfer data, Subparagraph (8) Participate in the declaration of merger, division, acquisition or share transfer, and handle the requirements of subparagraph (9).

- (7) When participating in a merger, division, acquisition, or share transfer, the following information shall be made into a complete written record and kept for five years for inspection:

1. Basic personnel information: including all persons participating in the merger, division, acquisition, or share transfer plan or execution of the plan before the news is released, their job title, name, ID number, and passport number if they are foreigners.
2. Date of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal counsel, signing the contract and the board of directors.
3. Important documents and minutes: including plans for mergers, divisions, acquisitions or share transfers, letters of intent or memorandums, important contracts and minutes of board meetings, etc.

- (8) When participating in a merger, division, acquisition or share transfer, within two days from the day when the board of directors' resolution is passed, the data of items 1 and 2 of paragraph (7) shall be used in the Internet information system in accordance with the prescribed format, and report to the Financial Management Committee for future reference.
- (9) If the transaction partner involved in a merger, division, acquisition or share transfer is a company that is not listed or whose stock is traded at the business premises of a securities firm, an agreement shall be signed with it, and in accordance with paragraphs (7) and (8) Regulations apply.

### **Chapter III Public Disclosure of Information**

#### Article 17: Information disclosure procedures

1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
  - A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - B. Merger, demerger, acquisition, or transfer of shares.
  - C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
  - D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
    - a. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
    - b. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
  - E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
  - F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300

million; provided, this shall not apply to the following circumstances:

- a. Trading of domestic government bonds.
  - b. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions above shall be calculated as follows:
- A. The amount of any individual transaction.
  - B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
  - C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
  - D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
  - E. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
3. A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
4. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
5. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
6. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
- A. Change, termination, or rescission of a contract signed in regard to the original transaction.
  - B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - C. Change to the originally publicly announced and reported information.

## **Chapter IV Additional Provisions**

Article 18: Control procedures for the acquisition or disposal of assets by subsidiaries:

1. The acquisition or disposal of assets by a subsidiary company shall be handled in accordance with the parent company's "procedures for the acquisition or disposal of assets" unless otherwise provided by relevant laws and regulations.
2. If the subsidiary is not a domestic public offering company, and there are circumstances that should be announced and declared, the announcement and declaration shall be made by the company.
3. In the declaration standard of the subsidiary, the "requirement of reaching the company's paid-in capital or total assets" is based on the company's paid-in capital or total assets.
4. The internal auditor of the subsidiary company shall audit the acquisition or disposal of assets processing procedures and their implementation at least quarterly, and make a written record. If a major violation is found, they shall immediately notify the company's audit unit in writing, and the company's audit unit shall report the written information is sent to the independent directors.
5. When the company's auditors conduct audits to subsidiaries in accordance with the annual audit plan, they should also understand the implementation of the subsidiary's acquisition or disposal of assets processing procedures, and if any deficiencies are found, they should continue to track their improvement and prepare a follow-up report to the board of directors.

Article 19: The 10% of total assets in this processing procedure shall be calculated based on the total assets in the most recent individual or individual financial report specified in the financial report preparation standards of the securities issuer.

If the company shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital in this processing procedure is calculated based on the 10% equity attributable to the owner of the parent company; The transaction amount stipulated in this processing procedure with a paid-in capital of NT\$10 billion is calculated based on the equity of NT\$20 billion attributable to the owner of the parent company.

Article 20: Penalties

Employees of the company who undertake to obtain or dispose of assets in violation of the provisions of this processing procedure shall be punished according to the severity of the circumstances in accordance with the company's regulations.

Article 21: The 10% of total assets in this processing procedure shall be calculated based on the total assets in the most recent individual or individual financial report specified in the financial report preparation standards of the securities issuer.

Article 22: If there are any uncovered matters in this processing procedure, it shall be handled in accordance with relevant laws and regulations.



## Attachments 4

# LEALEA ENTERPRISE CO., LTD.

## Rules of Procedure for Shareholders Meetings

Amended on 2021.03.29

- Article 1 The company's shareholders' meeting is conducted in accordance with these rules.
- Article 2 The "shareholders" mentioned in these rules refer to the shareholders themselves and their agents and solicitors as regulated by the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".
- Article 3 Shareholders attending the shareholders meeting should present their attendance sign card or other attendance certificates to complete the procedures for attending the shareholders meeting; and should bring the original identification documents or other certification documents approved by the company, so that the staff can check it when necessary before going through the attendance. The number of attending shares shall be calculated based on the attendance card or other attendance certificates that have completed attendance procedures, plus the number of shares exercising voting rights electronically.
- Article 4 The place of the shareholders meeting shall be at the place where the company operates and suitable for the meeting of shareholders. The start time of the meeting shall not be earlier than nine o'clock in the morning or later than three o'clock in the afternoon.
- The registration area should be clearly marked, and there should be adequate staff at the venue, and the attendance procedures for shareholders should be handled at least 30 minutes before the start of the meeting; However, in the event of sudden force majeure, it is not subject to this limitation, and the situation should be eliminated as soon as possible, or other countermeasures should be adopted to accept shareholders to attend the shareholders meeting.
- Relevant personnel who need to participate in and assist in the convening of the shareholders' meeting, if they are shareholders, may not be restricted by the announced time for attendance procedures.
- Article 5 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
- If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair, or, if there are no directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors or the directors shall select from among themselves one person to serve as chair.
- Article 6 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- Article 7 Regarding the process of the shareholders meeting, the company shall record or record the entire process and keep it for at least one year.

Article 8 At the appointed meeting time, with the attendance of shareholders representing more than half of the total issued shares, the chair shall call the meeting to order. If the meeting time has passed but no shareholders representing more than half of the total issued shares are present, the chairman may announce the postponement. If the quorum is not met after two postponements but with the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175 of the Company Act with the approval of more than half of the voting rights of the shareholders present.

When the shareholders' meeting being a tentative resolution in the preceding paragraph, if the total number of shares represented by the shareholders present is sufficient to represent more than half of the total number of issued shares, the chairman may declare a formal meeting at any time and submit the tentative resolutions that have been made to the meeting again for voting.

Article 9 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda. After reaching the time for the announced shareholders' meeting, it cannot be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

Article 10 When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means.

A shareholder exercising voting rights by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

Shareholders who exercise their voting rights electronically and have not revoked their expressions of intent two days before the shareholders' meeting can still attend the shareholders' meeting to participate in the proposal and voting of the interim motion, but they cannot propose amendments to the original proposal and can no longer exercise their voting rights.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the shareholder account number and name, and his/her subject of the speech. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 12 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 13 When a legal person is entrusted to attend the shareholders meeting, the legal person may only appoint one representative to attend.

- Article 14 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 15 When the chairman considers that the discussion of the proposal has reached the point where it can be voted, he may announce the cessation of the discussion and put it to the vote.
- Article 16 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. The results of the voting shall be announced on-site at the meeting, and with a record made of the vote.
- Article 17 When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 18 The voting of the proposal shall be passed with the approval of more than half of the voting rights.  
A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
- Article 19 Shareholders may not participate in the voting when they have their own interests in matters of the meeting that may be harmful to the interests of the company and shall not act on behalf of other shareholders to exercise their voting rights.
- Article 20 The resolutions of the shareholders' meeting shall not be included in the total number of issued shares for the number of shares of non-voting shareholders. The number of shares for which voting rights cannot be exercised in the preceding article shall not be counted as the number of voting rights of shareholders present.
- Article 21 When there are amendments or alternatives to the same motion, the chairman shall determine the order of voting in accordance with the original motion. If one of the bills has been passed, the other bills are deemed to be rejected and there is no need to vote again.
- Article 22 The chairman may direct pickets, security personnel or staff to help maintain order in the venue.
- Article 23 The resolutions of the shareholders' meeting shall be recorded in the minutes, signed or stamped by the chairman, and distributed to all shareholders within 20 days after the meeting. The distribution of the minutes shall be made by public announcement.  
The minutes of the proceedings should record the year, month, day, venue, chairman's name and resolution method of the meeting, and should record the essentials and results of the proceedings.  
The minutes of the proceedings, the attendance card of the attending shareholders, and the proxy attendance letter of attorney shall be properly kept in accordance with the regulations of the competent authority.
- Article 24 These Rules, and any amendments hereto, shall be implemented after adoption by Board of Directors.  
Matters not stipulated in this rule shall be handled in accordance with the company law.

## Attachments 5

### **LEALEA ENTERPRISE CO., LTD. Director election method**

2016.06.08 (Amended)

- Article 1: The election and appointment of directors shall be handled in accordance with these Measures, unless otherwise provided by laws or regulations or articles of association.
- Article 2: Directors shall be elected by persons with capacity in the shareholders meeting, and in accordance with the number of positions specified in the company's articles of association, the votes obtained shall represent the greater number of voting rights, and shall be elected in turn.
- Article 3: A cumulative voting system is adopted. The ballot should be prepared by the company and indicate its weight.
- Article 4: Each share has the same voting rights as the number of directors to be elected, and one person may be elected collectively or several persons may be distributed.
- Article 5: Independent directors and non-independent directors shall be elected together, and votes shall be counted separately. When two or more people have the same number of votes and exceed the prescribed number of votes, the person with the same number of votes shall draw lots. For those who are not present, the chairman shall draw lots on their behalf.
- Article 6: The chairman shall appoint a scrutineer and the teller to handle the matters of scrutiny and count, and the scrutineer shall be a shareholder.
- Article 7: The ballot boxes provided shall be inspected by the scrutineers before voting.
- Article 8: If the electee is a shareholder, the elector must fill in the electee's account name and shareholder account number in the electee column of the ballot; Those who are not shareholders shall fill in the name of the electee and the uniform number of the identity card. However, when a government or legal person shareholder is an elected person, the name of the government or legal person should be entered in the account of the electee in the ballot, and the name of the representative may also be added; When there are several representatives, the names of the representatives should be added separately.
- Article 9: The ballot paper is invalid if one of the following circumstances occurs:
1. Those who are not the votes specified in these Measures.
  2. Those who put blank ballots into the ballot box.
  3. The handwriting is illegible or unrecognizable due to alteration.
  4. The same ballot is filled with two or more electees.
  5. Fail to fill in the items specified in Article 8 or fill in incompletely.
  6. In addition to the items specified in Article 8, other words or signs are mixed.
  7. The name of the electee filled in is the same as that of other shareholders, but the shareholder account number or the uniform number of the identity card is not filled in for identification.
  8. The total number of voting rights voted by the elector exceeds the total number of voting rights held by the elector.
- Article 10: Ballots shall be opened at the end of the voting time. After the scrutineers have confirmed that they are correct, the chairman shall announce the list of elections on the spot.
- Article 11: This method shall be implemented after being approved by the shareholders' meeting, and it shall be the same at the time of revision.

Attachments 6

**LEALEA ENTERPRISE CO., LTD.**  
**Shareholding of All Directors**

As of the Closing Date: April 26, 2022

Title	Name	Closing Date Number of Shareholding	Explanation
Chairman	KUO, SHAO-YI	14,663,114	1. As of the closing date the Company's total number of issued shares is 957,302,942 shares. 2. In accordance with Article 26 of the Securities Exchange Law and the "Public Company's Directors and Supervisors' Shareholding Ratio and Inspection Implementation Rules", the minimum total number of the shares that all directors should hold are 30,633,694 shares. 3. All directors of the Company actually hold 187,236,303 shares, which has reached the statutory threshold.
Director	TUNG TING INVESTMENT CO., LTD. Representative : CHEN, HAN-CHING	76,336,784	
Director	LI PENG ENTERPRISE CO., LTD. Representative : KUO, SHU-CHEN	71,743,197	
Director	SHUN YU INVESTMENT CO., LTD. Representative : KUO, KO-CHUNG	15,359,913	
Director	LI ZAN INVESTMENT CO., LTD. Representative : KUO, CHI-AN	6,101,375	
Director	HUNG, TSUNG-CHI	3,031,920	
Independent Director	LEE, DAW-MING	0	
Independent Director	LU, CHI-CHANT	0	
Independent Director	OU, YU-LUN	0	
Total		187,236,303	

