

Stock Code: 1444



**LEALEA ENTERPRISE CO., LTD.**

**Handbook of 2023**

**Annual General Shareholders' Meeting**

Date: June 29, 2023

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

# LEALEA ENTERPRISE CO., LTD.

## Handbook of 2023 Annual General Shareholders' Meeting (Translation)

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#### Notice to readers

This is a translation of the Handbook of 2023 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.**

## **2023 Annual General Shareholders' Meeting Procedures**

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

**LEALEA ENTERPRISE CO., LTD.**  
**2023 Annual General Shareholders' Meeting Agenda**

Convention Method: Physical shareholders' meeting

Time: June 29, 2023 (Thursday) 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. Chairperson's Statement

3. Report Items:

(1) 2022 business report.

(2) 2022 audit committee's audit report.

(3) 2022 report on remuneration distribution for employees and directors.

4. Matters for Ratification:

(1) Motion of 2022 business report and financial statement.

(2) Motion of 2022 earnings distribution.

5. Matters for Discussion:

(1) Motion of partial provisions amendment of the "Articles of Incorporation".

(2) Motion of Issuing New Shares through Capital Increase.

6. Extemporary Motion

7. Meeting Adjourned



## Report Items

### I. Please check the 2022 business report.

**Explanatory Notes:** The 2022 business report is as follows:

### Business Report

#### 1. 2022 Business Results

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

In the post-epidemic era, although countries have opened up and unblocked, the ensuing war between Russia and Ukraine, inflation and domestic electricity price increases and other unfavorable factors, coupled with the massive accumulation of inventory during the epidemic period, have caused customers to be less willing to place orders. In the face of the challenges of the environment, LEALEA has been able to maintain steady growth in its operations through strategic adjustments and product restructuring (e.g., increasing the proportion of sales of environmentally sustainable green yarns), thanks to the efforts of all employees.

Environmental protection and carbon emission reduction is an irreversible global trend. In addition to the continuous promotion and development of environmental protection products, LEALEA has a complete planning blueprint for green energy construction and carbon reduction, and is steadily moving towards corporate sustainability.

The Company's consolidated operating revenue in 2022 was NT\$12.237 billion, an increase of 12.49% from 2021; the net profit after tax was NT\$0.469 billion. The major sales products include 62,599 tons of processed silks, 95,987 tons of solid state polymerization, 43,154 tons of polyester chip, and 4,265 tons of polyester yarn, 247,051 tons of coal and 23.88 million yards of long-fiber fabrics.

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

None, the Company only set internal budget targets for 2022 and did not disclose financial forecasts to the public.

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

The company's 2022 operating revenue of unconsolidated subsidiaries is NT\$10.191 billion; net profit after tax is NT\$0.49 billion; net profit ratio after tax is 4.80%, a decrease of 2.18% from 2021; earnings per share is NT\$0.51, a decrease of NT\$0.17 from 2021. The 2022 and 2021 financial income and expenses and profitability of the Company's unconsolidated subsidiaries are shown in the following table.

Unit: In Thousands of New Taiwan Dollars

Item		2021	2022	Increase (Decrease) Amount and Ratio
Financial Income and Expenses	Operating Revenues	9,295,108	10,191,318	896,210
	Operating Cost	8,189,102	9,322,672	1,133,570
	Net Profit before Tax	694,951	611,826	-83,125
	Net Income	648,800	489,757	-159,043
Profitability	Return on Assets (%)	3.93	3.00	-0.93
	Return on Shareholders' Equity (%)	6.17	4.54	-1.63
	Pre-Tax Profit to Paid-in Capital Ratio (%)	7.25	6.39	-0.86
	Net Profit Rate (%)	6.98	4.80	-2.18
	Earnings per Share (NT\$)	0.68	0.51	-0.17

(4) Status of Research and Development:

In the face of low price competition from mainland China, Southeast Asia and India, LEALEA ENTERPRISE can only maintain its growth momentum by continuing to develop high value-added products. Under the general trend of environmental sustainability, in recent years we have developed eco-friendly recycled polyester fiber (RePET), eco-friendly dope dyed fiber (Ecoya) and eco-friendly recycled dope dyed fiber (ReEcoya), etc. All our products have received very good results. In the Eco-Recycling Series our CRZ System (Closed loop Recycling Zero System) is a product that recycles off-cuts of yarns, off-cuts of gray, and used garments back into production by physical means. It has been in production, and further being expansion of the color cloth recycling system. It 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
Thousand feather yarn Thousand feather yarn II	Knitting, sportswear, casualwear, pants	Cotton-like appearance and hand touch
CloudLea	Knitting, casualwear, clothing	Trendy garments, unique aesthetics with several dark and light stripes in a single fiber.
Bio-degradable fiber	Knitted, Woven, Warp knitting, Sportswear, Casualwear	Effect of Bio-degradable
Ocean Recycle Yarn	Knitted, Woven, Warp knitting, Sportswear, Casualwear	Ocean recycled PET bottles are environment-friendly, save natural resources and reduce the burden on the environment. Excellent quality, suitable for various applications.

Type of Yarn	Application	Characteristics
PolyPlus PolyPlus Ecoya	Knitted, Woven, Warp knitting, Sportswear, and casual fabrics	Made from recycled materials without the need for petrochemicals or dyeing. Saves natural resources and reduces environmental impact. With excellent quality, it is suitable for various uses.
High Stretch Yarn	Weaving, Knitting, Sportswear, Casualwear	Good stretch, bulky hand touch, abrasion resistance
Wooly High-stretch yarn	Weaving, Knitting, Sportswear, Suits, Skirt and pants	Cotton-like appearance and hand touch, good stretch
PlaidLea	Weaving, Knitting, Sportswear, Casualwear	Unique aesthetics of a single fiber with several dark and light stripes
Graphene Fiber	Weaving, Knitting, Sportswear, Casualwear	Material with the function of heat preservation, far infrared, low static electricity, etc., comfortable to wear
Deep Cationic-Dye Fiber	Weaving, Knitting, Sportswear, Casualwear	With special dyeing effect

## 2. Summary of 2023 Business Plan:

This year, the Company defines its operational policy as the “Year of Refinement”. The business philosophy of the founder, Mr. Kuo Mu-sheng, is " thrifty, pragmatic, positive and innovative ". We are steadily moving into global markets

The business plan for fiscal year 2023 is described in the following points:

- (1) We will continue to adjust our product structure and improve our high value-added products, with particular emphasis on environmentally friendly and sustainable green energy products.
- (2) We are actively developing markets with development potential, such as automotive materials, electronic materials, and industrial yarns.
- (3) New product promotions are held regularly to explore customers with growth potential.
- (4) Increase the productivity of new production equipment and actively promote high-value products.
- (5) We continue to reduce energy waste through process improvement and minimize waste to achieve a circular economy.
- (6) Expansion project of Libolon Fabric Factory in Indonesia.

## 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 the crises of inflation, monetary deflation, and high inventories, the banking crisis in Europe and the United States that broke out earlier this year seems to foretell that the economic situation will not improve in 2023. As the geopolitical conflict between the U.S. and China intensifies, Taiwan, among of them, is unavoidable . In the textile industry, downstream manufacturers are still at the stage of de-stocking, which also has a great impact on the demand for yarn. 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) has taken effect on January 1, 2022. It will be a great benefit for Libolon, Indonesia, the production base of Lealea Enterprises in Southeast Asia. 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. We are fully confident that we can face the severe challenges of the external environment in the future.

Lealea Enterprise 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!

Chairperson: Kuo, Shao-yi    Managerial officer: Kuo, Sha-yi    Accounting supervisor: Hsu, Li-hsueh



**II. Please check the 2022 Audit Committee's audit report.**

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

**Audit Committee's Audit Report**

The company's 2022 financial statements prepared by the board of directors, completed the review and concluded the audit report by CPAs Wu, Ke-chang and Hong, Kuo-tyan of Deloitte Touche Tohmatsu Limited, together with the business report and distribution of surplus, 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

2023 Regular Shareholders' Meeting of the Company

LEALEA ENTERPRISE CO., LTD.

Convener of Audit Committee: Lee, Daw-ming

April 26, 2023

**III. Please check the status report on the remuneration distribution for employees and directors in 2022.**

**Explanatory Notes:** In accordance with the Company's Articles of Incorporation, the Company shall set aside "at least 2% of the annual profit as remuneration to employees and not more than 5% as remuneration to directors. However, if there is an accumulated deficit, the amount of compensation shall be retained in advance, and the compensation to employees and directors shall be provided in accordance with the aforementioned ratio. ' In each of the years 2022 and 2021, 2% is allocated to employee compensation and director compensation, and both are paid in cash, as follows:

Unit: NTD

details	2022	2021
Net profit after tax	489,757,304	648,800,461
Net profit before tax	611,826,396	694,951,843
Retained indemnification loss amount	0	259,472,368
Amount after offsetting losses	611,826,396	435,479,475
Employees' Compensation 2%	12,746,383	9,072,489
Directors' Compensation 2%	12,746,383	9,072,489

According to the text issued by the Stock Exchange on April 17, 2023: Taiwan Securities No. 1121801622 requires the following explanation, Due to the effect of the pending loss recovery in 2021, the after-tax net income in 2022 decreased by 24% compared to 2021, but the average amount of remuneration paid to each director increased by NT\$ 408 thousand as explained herein.

## Matters for Ratification

### Item 1

Proposed by the Board of Directors

**Proposal:** Please ratify the motion of 2022 business report and financial statement.

### Explanatory Notes:

- (1) The 2022 financial statements have been reviewed and verified by CPAs Wu, Ke-chang and Hong, Kuo-tyan 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.12 to p.32 of the handbook).

### Resolution:

**Item 2**

Proposed by the Board of Directors

**Proposal:** Please ratify the motion of earnings distribution in 2022.**Explanatory Notes:**

- (1) 2022 net profit after tax of business final accounts was NT\$ 489,757,304, 2022 earnings distribution statement was made as follows.

**LEALEA ENTERPRISE CO., LTD.**

## Earnings Distribution Statement

**2022**

Unit: New Taiwan Dollars

Item	Amount	
Unallocated earnings at the beginning of the period		46,898,572
Actuarial gain (loss) on Defined Benefit Plans	25,791,896	
Changes in affiliates recognized under the equity method	(1,350,512)	
Using equity method to recognize in disposal of equity instruments at fair value through other profit or loss	2,176,343	
Plus: net income	489,757,304	
Net profit (loss) after tax added up items other than net profit (loss), and included in amount of unappropriated earnings		516,375,031
Deduct: designated legal reserve (note 1)		(51,637,503)
Deduct: Special reserve in accordance with the law (note 2)		(19,672,370)
Distributable net profit		491,963,730
Deduct: distributable items		
Stock dividends (note 3)		(382,921,170)
Unappropriated retained earnings		109,042,560

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: Special reserve is provided in accordance with Article 41 of the Securities and Exchange Act.

Note 3: distributed Stock dividend was NT\$ 0.4 per share (calculated with issuing share number of 957,302,942).

Note 4: Available-for-distribution earnings are distributed in priority to the current year's earnings.

Chairperson: Kuo, Shao-yi

Managerial officer: Kuo, Sha-yi

Accounting supervisor: Hsu, Li-hsueh

**Resolution:**

## Matters for Discussion

### Item 1

Proposed by Board of Directors

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

**Explanation:**

New business items and sequencing adjustments to meet operational 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.33 – 40 of the meeting agenda)

**Resolution:**

### Item 2

Proposed by Board of Directors

**Proposal:** Transfer of capital to issue new shares.

**Explanation:**

1. In order to increase working capital, the Company intends to allocate NT\$382,921,170 from available-for-distribution earnings to issue 38,292,117 new shares with a par value of NT\$10 per share and 40 shares for every 1,000 shares held by shareholders in proportion to their shareholdings as recorded in the shareholders' register on the base date of the capital increase and allotment.
2. If less than one share is allotted, the shareholder shall register with the Company's stock agent within five days from the date of cessation of transfer to form one share. If less than one share is not allotted or is still not allotted, the fractional share shall be paid in cash at face value until it reaches NT\$. The chairman of the board of directors is authorized to negotiate with a specific person to subscribe for the fractional share at face value.
3. The rights and obligations of the new shares issued by the capital increase are the same as the original shares.
4. Upon the approval of the shareholders' meeting and the approval of the competent authority, the board of directors is authorized to set another base date for the capital increase and allotment of shares.
5. If the number of outstanding shares is affected by subsequent changes in share capital and the allotment rate is changed as a result, or if a change is approved by the competent authority or required by the facts, the shareholders' meeting shall authorize the board of directors to handle the change at its sole discretion.

**Resolution:**

## Extemporaneous 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, 2022 and 2021, 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 effected 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, 2022 and 2021, as well as the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2022 and 2021.

#### **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, 2022. 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, 2022 are stated as follows:



### The authenticity of sales revenue of polyester solid state PET chip product

Lealea Enterprise Corporation Limited 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 solid state PET chip for specific customer segments increased in 2022 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 solid state PET 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, 2022 and 2021 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

Wu, Ke-Chang and Hong, Kuo-Tyan

Deloitte & Touche  
Taipei, Taiwan

March 29, 2023

**LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
For The Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Note 4, 6)	\$ 1,496,152	8	\$ 1,743,244	8
1110	Financial assets at fair value through profit or loss – Current (Note 4, 7)	98,215	-	150,755	1
1150	Notes receivable, net (Note 4, 8)	74,836	-	130,709	1
1160	Notes Receivable from related parties, net (Note 4, 8, 24)	87,711	-	125,459	1
1170	Accounts receivable, net (Note 4, 8)	490,546	3	820,362	4
1180	Accounts Receivable from related parties, net (Note 4, 8, 24)	96,494	-	162,147	1
1210	Advance loans to related parties (Note 24)	185,000	1	153,000	1
1310	Inventories – Manufacturing & Merchandising businesses (Note 4, 9)	3,037,274	16	3,084,610	15
1320	Inventories – construction (Note 4, 9)	896,330	5	896,305	4
1410	Prepayments	146,855	1	271,664	1
1476	Other financial assets – Current (Note 6)	120,776	1	507,112	2
1479	Other current assets	153	-	109	-
11XX	Total current assets	<u>6,730,342</u>	<u>35</u>	<u>8,045,476</u>	<u>39</u>
	<b>NONCURRENT ASSETS</b>				
1510	Financial assets at fair value through profit or loss – Noncurrent (Note 4, 7)	373	-	1,347	-
1550	Investments accounted for using equity method (Note 4, 11)	4,851,638	26	5,012,541	24
1600	Property, plant and equipment (Note 4, 12)	7,135,919	38	7,090,773	34
1755	Right-of-use assets (Note 4, 13)	34,466	-	9,341	-
1760	Investment property (Note 4, 14)	-	-	269,813	1
1780	Other intangible assets	4,660	-	2,658	-
1805	Goodwill	63,337	-	63,337	1
1840	Deferred income tax assets (Note 4, 19)	112,200	1	129,128	1
1915	Prepayments for business facilities	36,974	-	60,010	-
1990	Other noncurrent assets – Others	27,415	-	20,105	-
15XX	Total noncurrent assets	<u>12,266,982</u>	<u>65</u>	<u>12,659,053</u>	<u>61</u>
1XXX	<b>TOTAL ASSETS</b>	<u>\$ 18,997,324</u>	<u>100</u>	<u>\$ 20,704,529</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term loans (Note 15)	\$ 3,740,000	20	\$ 3,605,737	17
2110	Short-term bills payable (Note 15)	350,000	2	1,260,000	6
2120	Financial liabilities at fair value through profit or loss – Current (Note 4, 7)	111	-	-	-
2150	Notes payable	42,178	-	105,926	1
2160	Notes payables to related parties (Note 24)	25,474	-	58,428	-
2170	Accounts payable	305,819	2	844,460	4
2180	Accounts payables to related parties (Note 24)	50,779	-	105,122	1
2219	Other payables	450,349	2	582,577	3
2220	Advance loans to related parties (Note 24)	174,710	1	589,865	3
2230	Current income tax liabilities (Note 19)	88,245	-	13,587	-
2280	Lease liabilities – Current (Note 4, 13)	17,605	-	4,136	-
2320	Long-term liabilities – Current portion (Note 15)	100,000	1	175,000	1
2399	Other current liabilities (Note 12)	138,640	1	308,186	1
21XX	Total current liabilities	<u>5,483,910</u>	<u>29</u>	<u>7,653,024</u>	<u>37</u>
	<b>NONCURRENT LIABILITIES</b>				
2540	Long-term borrowings (Note 15)	950,000	5	650,000	3
2570	Deferred income tax liabilities – Noncurrent (Note 4, 19)	107,218	-	97,828	-
2580	Lease liabilities – Noncurrent (Note 4, 13)	17,681	-	5,130	-
2640	Net defined liabilities – Noncurrent (Note 4, 16)	307,457	2	351,441	2
2645	Guarantee deposits	6,930	-	2,357	-
2670	Other noncurrent liabilities	794	-	794	-
25XX	Total noncurrent liabilities	<u>1,390,080</u>	<u>7</u>	<u>1,107,550</u>	<u>5</u>
2XXX	Total liabilities	<u>6,873,990</u>	<u>36</u>	<u>8,760,574</u>	<u>42</u>
	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (NOTE 17)</b>				
	Capital stock				
3110	Capital – Common stock	9,573,029	50	9,573,029	46
3200	Capital surplus	96,331	1	92,954	-
	Retained earnings				
3310	Appropriated as legal capital reserve	568,101	3	530,980	3
3320	Appropriated as special capital reserve	40,464	-	40,464	-
3350	Unappropriated earnings	563,274	3	371,211	2
3300	Total retained earnings	1,171,839	6	942,655	5
3400	Others	(19,672)	-	176,663	1
3500	Treasury stock	(28,470)	-	(28,470)	-
31XX	Equity attributable to shareholders of the parent	10,793,057	57	10,756,831	52
36XX	NON-CONTROLLING INTERESTS (Note 17)	1,330,277	7	1,187,124	6
3XXX	Total equity	<u>12,123,334</u>	<u>64</u>	<u>11,943,955</u>	<u>58</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 18,997,324</u>	<u>100</u>	<u>\$ 20,704,529</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**  
For The Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2022		2021	
		Amount	%	Amount	%
	OPERATING REVENUE (Note 4, 24, 31)				
4100	Sales revenue	\$ 12,230,309	100	\$ 10,878,183	100
4500	Construction and engineering revenue	<u>6,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	OPERATING REVENUE	<u>12,237,226</u>	<u>100</u>	<u>10,878,183</u>	<u>100</u>
	COST OF REVENUE (Note 9, 24)				
5110	Cost of sales	11,185,719	92	9,572,963	88
5500	Cost of construction and engineering service sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5000	COST OF REVENUE	<u>11,185,719</u>	<u>92</u>	<u>9,572,963</u>	<u>88</u>
5900	GROSS PROFIT	1,051,507	8	1,305,220	12
5910	GROSS PROFIT BEFORE UNREALIZED WITH ASSOCIATES	<u>988</u>	<u>-</u>	<u>( 716 )</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>1,052,495</u>	<u>8</u>	<u>1,304,504</u>	<u>12</u>
	OPERATING EXPENSE (Note 24)				
6100	Marketing expenses	764,152	6	818,121	8
6200	General and administrative	217,981	2	221,218	2
6300	Research and development	32,137	-	36,236	-
6450	Expected credit impairment loss (gain)	<u>( 3,008 )</u>	<u>-</u>	<u>19,298</u>	<u>-</u>
6000	Total operating expenses	<u>1,011,262</u>	<u>8</u>	<u>1,094,873</u>	<u>10</u>
6900	OPERATING INCOME	<u>41,233</u>	<u>-</u>	<u>209,631</u>	<u>2</u>
	NON-OPERATING INCOME AND EXPENSE (Note 18, 24)				
7100	Interest income	35,791	-	23,913	-
7140	Gain recognized in bargain purchase transaction — Affiliated associations acquisition	10,920	-	13,471	-
7190	Other income	162,564	2	82,670	1
7020	Other gains and losses	379,876	3	282,123	2
7050	Finance costs	<u>( 66,560 )</u>	<u>-</u>	<u>( 38,136 )</u>	<u>-</u>
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>27,260</u>	<u>-</u>	<u>117,761</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>549,851</u>	<u>5</u>	<u>481,802</u>	<u>4</u>

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7900	INCOME BEFORE INCOME TAX	\$ 591,084	5	\$ 691,433	6
7950	INCOME TAX EXPENSE (Note 19)	( 122,507)	( 1)	( 38,876)	-
8200	NET INCOME	<u>468,577</u>	<u>4</u>	<u>652,557</u>	<u>6</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation	30,823	-	( 26,478)	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	( 192,337)	( 2)	( 106,397)	( 1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	( 12,847)	-	( 61,276)	( 1)
8300	Other comprehensive loss for the year, net of income tax	( 174,361)	( 2)	( 194,151)	( 2)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 294,216</u>	<u>2</u>	<u>\$ 458,406</u>	<u>4</u>
	NET INCOME (LOSS) ATTRIBUTABLE TO:				
8610	Shareholders of the parent	\$ 489,757	4	\$ 648,800	6
8620	Non-controlling interests	( 21,180)	-	3,757	-
8600		<u>\$ 468,577</u>	<u>4</u>	<u>\$ 652,557</u>	<u>6</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	\$ 321,391	2	\$ 484,379	4
8720	Non-controlling interests	( 27,175)	-	( 25,973)	-
8700		<u>\$ 294,216</u>	<u>2</u>	<u>\$ 458,406</u>	<u>4</u>
	EARNINGS PER SHARE (Note 20) FROM CONTINUING OPERATION				
9710	Basic earnings per share	<u>\$ 0.51</u>		<u>\$ 0.68</u>	
9810	Diluted earnings per share	<u>\$ 0.51</u>		<u>\$ 0.68</u>	

(Concluded)

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**  
For The Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent													
		Capital Stock-Common Stock			Retained Earnings			Equity Adjustments					Total Equity Attributable To Shareholders Of The Parent	Non-controlling Interests	Total Equity
code		Shares (In Thousands)	Amount	Capital Surplus	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	Treasury Stock					
A1	BALANCE JANUARY 1, 2021	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 )		
Adjustments to other capital surplus:															
C7	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		
2021 Appropriation of earnings															
B1	Legal capital reserve	-	-	-	37,121	-	( 37,121 )	-	-	-	-	-	-		
B5	Cash dividends	-	-	-	-	-	( 287,191 )	-	-	-	( 287,191 )	-	( 287,191 )		
O1	Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	( 11,070 )	( 11,070 )		
M1	Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	3,233	-	-	-	-	-	-	3,233	-	3,233		
Adjustments to other capital surplus:															
C7	Adjustments to share of changes in equities of associates	-	-	144	-	-	( 1,351 )	-	-	-	( 1,207 )	67	( 1,140 )		
O1	Non-controlling interests (Note 17)	-	-	-	-	-	-	-	-	-	-	181,331	181,331		
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method	-	-	-	-	-	2,177	-	( 2,177 )	-	-	-	-		
D1	Net income (loss) in 2022	-	-	-	-	-	489,757	-	-	-	489,757	( 21,180 )	468,577		
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	25,792	( 8,741 )	( 185,417 )	-	( 168,366 )	( 5,995 )	( 174,361 )		
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	515,549	( 8,741 )	( 185,417 )	-	321,391	( 27,175 )	294,216		
Z1	BALANCE DECEMBER 31, 2022	<u>957,303</u>	<u>\$ 9,573,029</u>	<u>\$ 96,331</u>	<u>\$ 568,101</u>	<u>\$ 40,464</u>	<u>\$ 563,274</u>	<u>( \$ 168,259 )</u>	<u>\$ 148,587</u>	<u>( \$ 28,470 )</u>	<u>\$ 10,793,057</u>	<u>\$ 1,330,277</u>	<u>\$ 12,123,334</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 CASH FLOWS**  
For The Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 591,084	\$ 691,433
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	667,263	656,674
A20200	Amortization expense	81,287	58,012
A20300	Expected credit impairment losses	( 3,008)	19,298
A20900	Finance costs	66,560	38,136
A21200	Interest income	( 35,791)	( 23,913)
A21300	Dividend income	( 2,508)	( 2,188)
A20400	Loss (gain) on financial assets or liabilities at fair value through profit or loss, net	( 13,374)	94
A22300	Share of profits of associates & joint ventures	( 27,260)	( 117,761)
A22500	Loss (gain) on disposal or retirement of property, plant and equipment	( 2,895)	( 354,028)
A23100	Disposal of loss (gain) on investment	( 51)	( 14,977)
A23700	Loss for market price decline and obsolete and slow-moving inventories or gain from price recovery of inventory	107,554	23,182
A23700	Impairment losses of property, plant and equipment	71	391
A23900	Unrealized gain from inter-affiliated accounts	( 988)	716
A24100	Loss (gain) on foreign exchange	( 25,692)	21,596
A29900	Gain recognized in bargain purchase transaction	( 10,920)	( 13,471)
A29900	Income (loss) before income tax	( 38)	-
A30000	CHANGES IN OPERATING ASSETS AND LIABILITIES		
A31115	Financial assets mandatorily measured at fair value through profit or loss	67,266	155,345
A31130	Notes receivable	94,139	( 183,046)
A31150	Accounts receivable	397,429	( 275,375)
A31200	Inventories	( 60,292)	( 1,948,955)
A31230	Prepayments	157,869	( 356,527)
A31240	Other current assets	( 44)	9,646
A31250	Other financial assets	383,982	( 137,844)
A31990	Other assets	( 743)	( 15,005)

(Continued)

Code		2022	2021
A32130	Notes and bills payable	(\$ 96,702)	\$ 154,891
A32150	Accounts payable	( 592,724)	343,784
A32180	Other payables	( 118,149)	127,387
A32230	Other current liabilities	( 169,881)	105,483
A32240	Net defined benefit liability	( 14,119)	( 58,530)
A33000	Net cash generated by operating activities	1,439,325	( 1,095,552)
A33100	Interest received	34,969	23,439
AC0200	Dividend received	2,508	2,188
A33200	Dividends received from associates	37,366	35,423
A33300	Interest paid	( 65,131)	( 37,812)
A33500	Income tax received (paid)	( 19,581)	7,298
AAAA	Net cash flows from operating activities	<u>1,429,456</u>	<u>( 1,065,016)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B01800	Acquisition of long-term equity investment using the equity method	( 34,306)	( 57,734)
B01900	Disposal of long-term equity investments using the equity method	5,994	26,398
B02700	Acquisition of property, plant and equipment	( 524,036)	( 645,747)
B02800	Disposal of property, plant and equipment	3,668	292,567
B03800	Increase (decrease) in guarantee deposits paid	( 2,385)	566
B04300	Increase (decrease) in refundable guarantee deposits	( 32,000)	( 18,000)
B04500	Increase (decrease) in advance loans from related parties	( 4,260)	( 3,001)
B05400	Acquisition of Intangible Assets	-	( 269,964)
BBBB	Net cash used in investing activities	<u>( 587,325)</u>	<u>( 674,915)</u>
CASH FLOWS FROM FINANCIING ACTIVITIES			
C00100	Increase in short-term loans	134,263	1,855,737
C00500	Increase (decrease) in short-term bills payable	( 910,000)	490,000
C01600	Long-term borrowings	1,500,000	1,000,000
C01700	Repayment of long-term borrowings	( 1,275,000)	( 1,169,667)
C03100	Increase in guarantee deposits received	3,047	866
C03700	Increase (decrease) in advance loans payable to related parties	( 430,976)	78,903
C04020	Repayment of the principal portion of lease liabilities	( 11,891)	( 4,607)
C04500	Cash dividends paid	( 283,958)	-
C05800	Cash dividends to non-controlling interests	( 11,070)	( 7,200)

(Continued)

<u>Code</u>		<u>2022</u>	<u>2021</u>
C05800	Non-controlling interests change	\$ <u>180,030</u>	\$ <u>-</u>
CCCC	Net cash used in financing activities	( <u>1,105,555</u> )	<u>2,244,032</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>16,332</u>	<u>6,745</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 247,092 )	510,846
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,743,244</u>	<u>1,232,398</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,496,152</u>	<u>\$ 1,743,244</u>
			(Concluded)

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 parent company only financial statements of Lealea Enterprise Corporation Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

Per opinions of our accountants, the parent company only 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 parent company only financial conditions of the Company as of December 31, 2022 and 2021, as well as the parent company only financial performance and parent company only cash flow from January 1 to December 31, 2022 and 2021.

### **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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

The authenticity of sales revenue of polyester solid state PET 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 solid state PET chip for specific customer segments increased in 2022 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 solid state PET 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 Parent Company only Financial Statements**

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when



it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identified and evaluated the risk of material misstatement due to fraud or error of the parent company only 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

In the communications between us and the Company's governing body, we have determined the key audit items from 2022 parent company only financial statements. 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 Wu, Ke-Chang and Hong, Kuo-Tyan.

Deloitte & Touche  
Taipei, Taiwan  
March 29, 2023

**LEALEA ENTERPRISE CORPORATION LIMITED**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
For The Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Note 4, 6)	\$ 1,361,131	8	\$ 1,579,162	8
1110	Financial assets at fair value through profit or loss— Current (Note 4, 7)	87,069	1	71,403	-
1150	Notes receivable, net (Note 4, 8)	57,662	-	108,857	1
1160	Notes Receivable from related parties, net (Note 4,8, 22)	56,325	-	102,213	-
1170	Accounts receivable, net (Note 4, 8)	304,467	2	618,953	3
1180	Accounts Receivable from related parties, net (Note 4,8, 22)	87,692	1	186,936	1
1210	Advance loans to related parties (Note 22)	429,940	2	490,553	3
1310	Inventories— Textile business (Note 4, 9)	2,308,675	13	2,347,403	13
1320	Inventories - Construction ( Note 4, 9 )	896,330	5	896,305	5
1410	Prepayments	105,065	1	126,709	1
1476	Other financial assets— Current(Note 6)	120,679	1	505,989	3
11XX	Total current assets	<u>5,815,035</u>	<u>34</u>	<u>7,034,483</u>	<u>38</u>
<b>NONCURRENT ASSETS</b>					
1510	Financial assets at fair value through profit or loss— Noncurrent (Note 4, 7)	373	-	1,347	-
1550	Investments accounted for using equity method (Note 4, 10)	6,228,011	36	6,050,211	32
1600	Property, plant and equipment (Note 4, 11)	5,144,001	30	5,151,173	28
1755	Right-of-use assets (Note 4, 12)	366	-	539	-
1760	Investment property (Note 4, 13)	-	-	269,813	1
1780	Other intangible assets	4,594	-	2,506	-
1840	Deferred income tax assets (Note 4, 18)	83,586	-	97,181	1
1915	Prepayments for business facilities	36,974	-	60,010	-
1990	Other noncurrent assets— Others	3,671	-	3,391	-
15XX	Total noncurrent assets	<u>11,501,576</u>	<u>66</u>	<u>11,636,171</u>	<u>62</u>
1XXX	<b>TOTAL ASSETS</b>	<u>\$ 17,316,611</u>	<u>100</u>	<u>\$ 18,670,654</u>	<u>100</u>
<b>Liabilities and Equity</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term loans (Note 14)	\$ 3,600,000	21	\$ 3,450,000	18
2110	Short-term bills payable (Note 14)	300,000	2	1,260,000	7
2120	Financial liabilities at fair value through profit or loss— Current (Note 4, 7)	111	-	-	-
2150	Notes payable	41,056	-	105,457	1
2160	Notes payables to related parties (Note 22)	25,445	-	58,349	-
2170	Accounts payable	254,149	1	552,266	3
2180	Accounts payables to related parties (Note 22)	24,587	-	75,264	-
2200	Other payables	404,623	2	568,559	3
2220	Advance loans to related parties (Note 22)	257,000	1	346,000	2
2230	Tax liabilities ( Note 18 )	86,802	1	-	-
2280	Lease liabilities— Current (Note 4, 12)	183	-	177	-
2320	Long-term liabilities— Current portion (Note 14)	100,000	1	175,000	1
2399	Other current liabilities (Note 11)	124,663	1	299,877	2
21XX	Total current liabilities	<u>5,218,619</u>	<u>30</u>	<u>6,890,949</u>	<u>37</u>
<b>NONCURRENT LIABILITIES</b>					
2540	Long-term borrowings (Note 14)	950,000	6	650,000	3
2573	Deferred income tax liabilities— Noncurrent (Note 4, 18)	106,379	1	96,653	1
2580	Lease liabilities— Noncurrent (Note 4, 12)	186	-	363	-
2640	Net defined liabilities— Noncurrent (Note 4, 15)	242,439	1	273,501	1
2645	Guarantee deposits	5,931	-	2,357	-
25XX	Total noncurrent liabilities	<u>1,304,935</u>	<u>8</u>	<u>1,022,874</u>	<u>5</u>
2XXX	Total liabilities	<u>6,523,554</u>	<u>38</u>	<u>7,913,823</u>	<u>42</u>
<b>EQUITY (NOTE 16)</b>					
Capital stock					
3110	Capital— Common stock	9,573,029	55	9,573,029	51
3200	Capital surplus	96,331	-	92,954	1
Retained earnings					
3310	Appropriated as legal capital reserve	568,101	4	530,980	3
3320	Appropriated as special capital reserve	40,464	-	40,464	-
3350	Unappropriated earning	563,274	3	371,211	2
3300	Total retained earnings	1,171,839	7	942,655	5
3400	Others	( 19,672 )	-	176,663	1
3500	Treasury stock	( 28,470 )	-	( 28,470 )	-
3XXX	Total equity	<u>10,793,057</u>	<u>62</u>	<u>10,756,831</u>	<u>58</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 17,316,611</u>	<u>100</u>	<u>\$ 18,670,654</u>	<u>100</u>

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

Chairman: Kuo, Shao-Yi

Manager: Kuo, Shao-Yi

Accounting Supervisor: Hsu, Li-Hsueh

**LEALEA ENTERPRISE CORPORATION LIMITED**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
For The Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2022		2021	
		Amount	%	Amount	%
	OPERATING REVENUE (Note 4,22)				
4100	Sales revenue	\$ 10,184,401	100	\$ 9,295,108	100
4500	Construction and engineering revenue	<u>6,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	OPERATINGREVENUE	<u>10,191,318</u>	<u>100</u>	<u>9,295,108</u>	<u>100</u>
	COST OF REVENUE (Note 9,22)				
5110	Cost of sales	9,322,672	92	8,189,102	88
5500	Cost of construction and engineering service sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5000	COST OF REVENUE	<u>9,322,672</u>	<u>92</u>	<u>8,189,102</u>	<u>88</u>
5900	GROSS PROFIT	868,646	8	1,106,006	12
5910	GROSS PROFIT BEFORE UNREALIZED WITH SUBSIDIARIES AND ASSOCIATES	<u>3,012</u>	<u>-</u>	<u>( 318 )</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>871,658</u>	<u>8</u>	<u>1,105,688</u>	<u>12</u>
	OPERATING EXPENSE (Note 22)				
6100	Marketing expenses	673,092	7	688,791	8
6200	General and administrative	129,164	1	137,640	2
6300	Research and development	32,137	-	36,236	-
6450	Expected credit loss (gain) on reversal of impairment loss	<u>( 2,528 )</u>	<u>-</u>	<u>19,668</u>	<u>-</u>
6000	Total operating expenses	<u>831,865</u>	<u>8</u>	<u>882,335</u>	<u>10</u>
6900	OPERATING INCOME	<u>39,793</u>	<u>-</u>	<u>223,353</u>	<u>2</u>
	NON-OPERATING INCOME AND EXPENSE (Note 17, 22)				
7100	Interest income	40,173	1	29,248	-
7140	Gain recognized in bargain purchase transaction — subsidiary acquired	-	-	9,594	-
7010	Other income	151,545	2	75,361	1
7020	Other gains and losses	445,677	4	292,437	3
7050	Finance costs	<u>( 62,838 )</u>	<u>( 1 )</u>	<u>( 34,215 )</u>	<u>-</u>

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	(\$ 2,524)	-	\$ 99,173	1
7000	Total non-operating income and expenses	572,033	6	471,598	5
7900	INCOME BEFORE INCOME TAX	611,826	6	694,951	7
7950	INCOME TAX EXPENSE (Note 18)	(122,069)	(1)	(46,151)	-
8200	NET INCOME	489,757	5	648,800	7
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation	13,221	-	(30,947)	-
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	(172,846)	(2)	(90,131)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	(8,741)	-	(43,343)	(1)
8300	Other comprehensive loss for the year, net of income tax	(168,366)	(2)	(164,421)	(2)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 321,391	3	\$ 484,379	5
	EARNINGS PER SHARE (Note 19) FROM CONTINUING OPERATION				
9710	Basic earnings per share	\$ 0.51		\$ 0.68	
9810	Diluted earnings per share	\$ 0.51		\$ 0.68	

(Concluded)

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

Chairman: Kuo, Shao-Yi    Manager: Kuo, Shao-Yi    Accounting Supervisor: Hsu, Li-Hsueh

**LEALEA ENTERPRISE CORPORATION LIMITED**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGE IN EQUITY**  
For The Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Code		Capital Stock-Common Stock		Capital Surplus	Legal Capital Reserve	Retained Earnings		Equity Adjustments			Total Equity
		Shares	Amount			Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	
		(In Thousands)									
A1	BALANCE JANUARY 1, 2021	957,303	\$ 9,573,029	\$ 78,422	\$ 530,980	\$ 40,464	(\$ 259,472)	(\$ 116,175)	\$ 439,142	(\$ 28,470)	\$ 10,257,920
	Adjustments to other capital surplus:										
C7	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 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
	2021 Appropriation of earnings										
B1	Legal capital reserve	-	-	-	37,121	-	( 37,121)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	( 287,191)	-	-	-	( 287,191)
M1	Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	3,233	-	-	-	-	-	-	3,233
	Adjustments to other capital surplus:										
C7	Adjustments to share of changes in equities of associates	-	-	144	-	-	( 1,351)	-	-	-	( 1,207)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method	-	-	-	-	-	2,177	-	( 2,177)	-	-
D1	Net income in 2022	-	-	-	-	-	489,757	-	-	-	489,757
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	25,792	( 8,741)	( 185,417)	-	( 168,366)
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	515,549	( 8,741)	( 185,417)	-	321,391
Z1	BALANCE DECEMBER 31, 2022	957,303	\$ 9,573,029	\$ 96,331	\$ 568,101	\$ 40,464	\$ 563,274	(\$ 168,259)	\$ 148,587	(\$ 28,470)	\$ 10,793,057

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

Chairman: Kuo, Shao-Yi

Manager: Kuo, Shao-Yi

Accounting Supervisor: Hsu, Li-Hsueh



**LEALEA ENTERPRISE CORPORATION LIMITED**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
For The Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 611,826	\$ 694,951
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	548,907	551,564
A20200	Amortization expense	81,070	57,802
A20300	Expected credit loss (gain) on reversal of impairment loss	( 2,528)	19,668
A20900	Finance costs	62,838	34,215
A21200	Interest income	( 40,173)	( 29,248)
A21300	Dividend income	( 2,162)	( 1,511)
A20400	Loss (gain) on financial assets or liabilities at fair value through profit or loss, net	( 14,581)	( 4,098)
A22300	Share of profits (loss) of subsidiaries, associates and joint ventures accounted for using equity method	2,524	( 99,173)
A22500	Gain on disposal or retirement of property, plant and equipment	( 2,077)	( 353,932)
A23700	Loss for market price decline and obsolete and slow-moving inventories or gain from price recovery of inventory	110,897	5,813
A23700	Impairment loss on Property, plant and equipment	71	391
A23900	Unrealized (realized) gain from inter-affiliated accounts	( 3,012)	318
A24100	Loss on foreign exchange	( 47,216)	( 33,552)
A29900	Gain recognized in bargain purchase transaction	-	( 9,594)
A30000	CHANGES IN OPERATING ASSETS AND LIABILITIES		
A31130	Notes receivable	97,601	( 149,487)
A31150	Accounts receivable	415,839	( 187,426)
A31200	Inventories	( 72,194)	( 1,734,934)
A31230	Prepayments	( 20,062)	( 236,662)
A31250	Other financial assets	386,022	( 216,416)
A31990	Other assets	( 5)	( 18,099)
A32130	Notes and bills payable	( 97,305)	155,280
A32150	Accounts payable	( 348,796)	162,737
A32180	Other payables	( 150,131)	169,206
A32230	Other current liabilities	( 175,214)	111,527
A32240	Net defined benefit liability	( 17,840)	( 63,484)
A33000	Net cash generated by operating activities	1,324,299	( 1,174,144)

(Continued)

Code		2022	2021
A33100	Interest received	\$ 39,233	\$ 28,980
A33200	Dividend received	2,162	1,511
A33200	Dividends received from associates	63,196	52,223
A33300	Interest paid	( 61,021)	( 34,142)
A33500	Income tax received (paid)	( 6,927)	9,550
AAAA	Net cash flows from operating activities	<u>1,360,942</u>	<u>( 1,116,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B01800	Acquisition of long-term equity investment using the equity method	( 420,070)	( 10,661)
B02700	Acquisition of property, plant and equipment	( 302,360)	( 598,771)
B02800	Disposal of property, plant and equipment	2,850	292,383
B03700	Increase (decrease) in refundable guarantee deposits	( 2,386)	193
B04300	Decrease in advance loans from related parties	87,994	116,143
B04500	Acquisition of Intangible assets	( 4,260)	( 3,001)
B05400	Purchase of investment property	-	( 269,964)
BBBB	Net cash used in investing activities	<u>( 638,232)</u>	<u>( 473,678)</u>
CASH FLOWS FROM FINANCIING ACTIVITIES			
C00100	Increase in short-term loans	150,000	1,700,000
C00500	Increase (decrease) in short-term bills payable	( 960,000)	490,000
C01600	Long-term borrowings	1,500,000	1,000,000
C01700	Repayment of long-term borrowings	( 1,275,000)	( 1,169,667)
C03100	Increase in guarantee deposits received	2,324	927
C03700	Increase (decrease) in advance loans payable to related parties	( 89,000)	15,000
C04020	Repayment of the principal portion of lease liabilities	( 181)	( 106)
C04500	Cash dividends paid	( 287,191)	-
CCCC	Net cash used in financing activities	<u>( 959,048)</u>	<u>2,036,154</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>18,307</u>	<u>7,781</u>
EEEE	NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS	( 218,031)	454,235
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,579,162</u>	<u>1,124,927</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,361,131</u>	<u>\$ 1,579,162</u>

(Concluded)

The accompanying notes are an integral part of the parent company only 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 2</p> <p>The Company's businesses are as follows:</p> <p>1.A102060 Grain Commerce</p> <p>2.A401020 Animal Husbandry</p> <p>3.C301010 Yarn Spinning Mills</p> <p>4.C302010 Knit Fabric Mills</p> <p>5.C399990 Other Textile Products Manufacturing</p> <p>6.C601990 Other Paper Products Manufacturing</p> <p>7.C701010 Printing</p> <p>8.C702010 Platemaking Manufacturing</p> <p>9.C801100 Synthetic Resin &amp; Plastic Manufacturing</p> <p>10.C801120 Manmade Fiber Manufacturing</p> <p>11.D101050 Steam and Electricity Paragenesis</p> <p>12.F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p>13.F108040 Wholesale of Cosmetics</p> <p>14.F208040 Retail Sale of Cosmetics</p> <p>15.F208050 Retail Sale of the Second Type Patent Medicine</p> <p>16.F111090 Wholesale of Building Materials</p> <p>17.F113010 Wholesale of Machinery</p> <p>18.F114010 Wholesale of Automobiles</p> <p>19.F114030 Wholesale of Motor Vehicle Parts and Supplies</p> <p>20.F201010 Retail sale of Agricultural Products</p> <p>21.F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p>22.F211010 Retail Sale of Building Materials</p> <p>23.F213080 Retail Sale of Machinery and Equipment</p> <p>24.F214010 Retail Sale of Automobiles</p> <p>25.F214030 Retail Sale of Motor Vehicle Parts and Supplies</p> <p>26.F301010 Department Stores</p> <p>27.F301020 Supermarkets</p>	<p>Article 2</p> <p>The Company's businesses are as follows:</p> <p>1.A102060 Grain Commerce</p> <p>2.A401020 Animal Husbandry</p> <p>3.C301010 Yarn Spinning Mills</p> <p>4.C302010 Knit Fabric Mills</p> <p>5.C399990 Other Textile Products Manufacturing</p> <p>6.C601990 Other Paper Products Manufacturing</p> <p>7.C701010 Printing</p> <p>8.C702010 Platemaking Manufacturing</p> <p>9.C801100 Synthetic Resin &amp; Plastic Manufacturing</p> <p>10.C801120 Manmade Fiber Manufacturing</p> <p>11.D101050 Steam and Electricity Paragenesis</p> <p>12.F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p>13.F108040 Wholesale of Cosmetics</p> <p>14.<u>F111090 Wholesale of Building Materials</u></p> <p>15.<u>F113010 Wholesale of Machinery</u></p> <p>16.<u>F114010 Wholesale of Automobiles</u></p> <p>17.<u>F114030 Wholesale of Motor Vehicle Parts and Supplies</u></p> <p>18.<u>F201010 Retail sale of Agricultural Products</u></p> <p>19.<u>F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</u></p> <p>20.<u>F208040 Retail Sale of Cosmetics</u></p> <p>21.<u>F208050 Retail Sale of the Second Type Patent Medicine</u></p> <p>22.F211010 Retail Sale of Building Materials</p> <p>23.F213080 Retail Sale of Machinery and Equipment</p> <p>24.F214010 Retail Sale of Automobiles</p> <p>25.F214030 Retail Sale of Motor Vehicle Parts and Supplies</p> <p>26.F301010 Department Stores</p> <p>27.F301020 Supermarkets</p>	<p>New business items and sequencing adjustments required for operations.</p>

Original Provision	Amended Provision	Reason for Amendment
<p>28. F401010 International Trade</p> <p>29. F501030 Coffee/Tea Shops and Bars</p> <p>30. F501060 Restaurants</p> <p>31. G202010 Parking Garage Business</p> <p>32. H701040 Specialized Field Construction and Development</p> <p>33. H701060 New County and Community Construction and Investment</p> <p>34. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified</p> <p>35. J701020 Amusement Parks</p> <p>36. J701040 Recreational Activities grounds and Facilities</p> <p>37. J801030 Athletics and Recreational Sports Stadium</p> <p>38. JA01010 Automotive Repair and Maintenance</p> <p>39. JE01010 Rental and Leasing Business</p> <p>40. IG01010 Biotechnology Services</p> <p>41. IG02010 Research Development Service</p> <p>42. H701010 Residence and Buildings Lease Construction and Development</p> <p>43. H701020 Industrial Factory Buildings Lease Construction and Development</p> <p>44. H703090 Real Estate Commerce</p> <p>45. H703100 Real Estate Rental and Leasing</p> <p>46. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>28. F401010 International Trade</p> <p>29. F501030 Coffee/Tea Shops and Bars</p> <p>30. F501060 Restaurants</p> <p>31. G202010 Parking Garage Business</p> <p>32. <u>H701010 Residence and Buildings Lease Construction and Development</u></p> <p>33. <u>H701020 Industrial Factory Buildings Lease Construction and Development</u></p> <p>34. <u>H701040 Specialized Field Construction and Development</u></p> <p>35. <u>H701060 New County and Community Construction and Investment</u></p> <p>36. <u>H703090 Real Estate Commerce</u></p> <p>37. <u>H703100 Real Estate Rental and Leasing</u></p> <p>38. <u>IG01010 Biotechnology Services</u></p> <p>39. <u>IG02010 Research Development Service</u></p> <p>40. <u>IZ99990 Other Industry and Commerce Services Not Elsewhere Classified</u></p> <p>41. <u>J101080 Resource Recycling</u></p> <p>42. <u>J101090 Waste Disposal</u></p> <p>43. <u>J701020 Amusement Parks</u></p> <p>44. <u>J701040 Recreational Activities grounds and Facilities</u></p> <p>45. <u>J801030 Athletics and Recreational Sports Stadium</u></p> <p>46. <u>JA01010 Automotive Repair and Maintenance</u></p> <p>47. <u>JE01010 Rental and Leasing Business</u></p> <p>48. <u>ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</u></p>	
<p>Article 32</p> <p>This charter was established on December 8, 1978</p> <p>The first amendment was made on December 29, 1980</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>The thirty- eighth amendment was on June 24, 2022</p>	<p>Article 32</p> <p>This charter was established on December 8, 1978</p> <p>The first amendment was made on December 29, 1980</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>The thirty- eighth amendment was on June 24, 2022</p> <p><u>The thirty -ninth amendment was on June 29, 2023</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.
- The shareholders' meeting may be held by video conference or other means announced by the central competent authority.
- 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 A company may have nine to eleven directors (including at least 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.

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 thirty-sixth amendment was on June 18, 2020  
The thirty-seventh amendment was on August 18, 2021  
The thirty- eighth amendment was on June 24, 2022

LEALEA ENTERPRISE CO., LTD.  
Chairperson Kuo, Shao-yi

### Attachments 3

## **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 4

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

As of the Closing Date: May 1, 2023

Title	Name	Closing Date Number of Shareholding	Explanation
Chairperson	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	



