

股票代碼：1444



LEALEA ENTERPRISE CO., LTD.

Handbook of 2021

Annual General Shareholders' Meeting



Date: June 23, 2021

Address: No. 38, Gongye Rd., Fangyuan Industrial Area, Fangyuan,
Zhang Hua County (Chemical Fiber Main Plant)

LEALEA ENTERPRISE CO., LTD.

Handbook of 2021 Annual General Shareholders' Meeting (Translation)

Table of Contents

| | |
|---|----|
| I . Meeting Procedure ----- | 1 |
| II . Meeting Agenda ----- | 2 |
| III . Report Items ----- | 3 |
| IV. Matters for Ratification----- | 9 |
| V . Matters for Discussion----- | 11 |
| VI. Extemporaneous Motion----- | 11 |
| VII. Attachments | |
| 1. 2020 CPAs' Audit Report and Financial Statements----- | 12 |
| 2. Comparison table of provisions before and after the amendment and the full text before amendment of the “Articles of Incorporation” ----- | 31 |
| 3. Rules of Procedure for Shareholders' Meeting ----- | 38 |
| 4. Shareholding Information of All Directors----- | 41 |

Notice to readers

This is a translation of the Handbook of 2021 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.
2021 Annual General Shareholders' Meeting Procedures

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

LEALEA ENTERPRISE CO., LTD.
2021 Annual General Shareholders' Meeting Agenda

Time: June 23, 2021 (Wednesday) 11:00AM

Address: No. 38, Gongye Rd., Fangyuan Industrial Area, Fangyuan, Zhang Hua County (Chemical Fiber Main Plant)

Meeting Procedures:

1. Commencement of Meeting (Report on the number of attended shares)
2. Chairman's Statement
3. Report Items:
 - (1) 2020 business report.
 - (2) 2020 audit committee's audit report.
 - (3) 2020 report on remuneration distribution for employees and directors.
4. Matters for Ratification:
 - (1) Motion of 2020 business report and financial statement.
 - (2) Motion of 2020 loss appropriation.
5. Matters for Discussion:

Motion of partial provisions amendment of the "Articles of Incorporation"
6. Extemporaneous Motion
7. Meeting Adjourned

Report Items

I . Please check the 2020 business report.

Explanatory Notes: The 2020 business report is as follows:

Business Report

1. 2020 Business Results

(1) Project Implementation Results :

In 2020, global economic activities have long-term adverse effects due to the COVID-19 epidemic. Lealea's business situation has gradually stabilized at the end of the 2nd quarter, due to the increased momentum of downstream customers' purchasing goods. In the case of the increasing demand for processed silk and insufficient production capacity, the market demand exceeded supply, and product prices have risen since the end of the 3rd quarter. Due to the increasing demand, oil prices have also continued to remain high-end, leading to the high-end prices of spinning raw materials such as PTA and EG. It is estimated that the prices of processed silk, polyester, nylon and other spinning products can maintain the upward trend in the 2nd half of the year and show a steady upward trend. The Company's consolidated operating revenue in 2020 was NT\$8.374 billion, a decrease of 30.27% from 2019; the net profit after tax was NT\$-424.83 million. The major sales products include 70,929 tons of processed silks, 73,914 tons of ester granules for bottles, 51,706 tons of polyester granules, and 5,384 tons of polyester raw silks.

(2) Budget Execution Status :

None, the Company only set internal budget targets for 2020 and did not disclose financial forecasts to the public.

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

The company's 2020 operating revenue that without subsidiaries is NT\$7.322 billion; net profit after tax is NT\$-357.44 million; net profit ratio after tax is -4.88%, a decrease of 5.37% from 2019; earnings per share is NT\$-0.38, a decrease of NT\$0.44 from 2019. The 2019 unconsolidated subsidiaries of various financial income and expenses and profitability of the Company are shown in the following table.

Unit : In Thousands of New Taiwan Dollars

| | Item | 2019 | 2020 | Increase (Decrease) Amount and Ratio |
|-------------------------------------|---|------------|-----------|---|
| Financial Income and Expenses | Operating Revenues | 10,554,982 | 7,322,391 | -3,232,591 |
| | Operating Cost | 9,764,132 | 7,021,196 | -2,742,936 |
| | Net Profit before Tax | 96,104 | -409,193 | -505,297 |
| | Net Income | 52,588 | -357,444 | -410,032 |
| Profitability | Return on Assets (%) | 0.57 | -2.07 | -2.64 |
| | Return on Shareholders' Equity (%) | 0.50 | -3.48 | -3.98 |
| | Pre-Tax Profit to Paid-in Capital Ratio (%) | 1.00 | -4.27 | -5.27 |
| | Net Profit Rate (%) | 0.49 | -4.88 | -5.37 |
| | Earnings per Share (NT\$) | 0.06 | -0.38 | -0.44 |

(4) Status of Research and Development :

The current global industrial development is based on the theme of green recovery and a sustainable future. Circular economy is an important part of promoting green recovery around the world. The company actively invests in “circular economy”, from raw materials, product’s manufacturing, process improvement and waste treatment, etc., to minimize waste and recycle waste to create new value. The Company continues to develop a variety of eco-friendly textiles, such as eco-friendly recycled polyester fiber (RePET), eco-friendly dope dyed fiber (Ecoya) and eco-friendly recycled dope dyed fiber (ReEcoya), etc. In addition to the advantages of high-quality products, in terms of friendly environment, they also have the functions of recycling, waste reduction, energy saving and water saving. The Company’s mass-produced products are listed in the following table :

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

2. Summary of 2021 Business Plan :

This year, the Company defines its operational policy as the “Year of Leap Forward”, with the overall spirit of the operational policy of “with one heart, laying a sustainable foundation, surpassing the strong boundaries, and breaking through international changes”. The global economy has been shock by the COVID-19. All people in Taiwan highly respect and cooperate with the government's various epidemic prevention measures. All industries also have professional epidemic prevention attitudes and autonomous health management awareness, etc., to achieve such epidemic prevention results. The Company has always adhered to the founder Mr. Kuo, Mu-Sheng’s business philosophy of “Diligence and Frugality, Solidity, Proactive, and Innovation” to strengthen and upgrade the core strength of the Company. In addition to strengthening overseas Indonesian bases, the Company also comprehensively improves the quality of products, cuts into the business opportunities of 3C electronic application, strengthens the operational momentum, promotes corporate social responsibility and continues to protect the earth with the practical actions of saving energy and reducing carbon, so as to achieve the Company’s mission and goal of sustainable business.

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

In 2020, facing the threat of the continued spread of COVID-19, various industries are also facing unprecedentedly significant challenges, and the textile industry also cannot escape the impact of this epidemic. Even though the epidemic is raging, the issue of circular economy continues to be feverish, the Company actively uses Eco-friendly Polyester Original Color Drawn Yarn Ecoya to enter the supply chain of Apple’s new AirPods Max, will continue to eliminate the old and update equipment and transforms the straight spinning line into a special grain spinning line of the chemical fiber plant to meet the needs of the RCEP region. The Company also plans the expansion of the false twist production plant in Indonesia to complete the integration of yarn, weaving and dyeing early to reduce production costs and reduce the impact of RCEP on tariffs. The mentality of customers to purchase goods to replenish inventory has become stronger. Therefore, the operation in the 1st quarter of this year should be viewed as positive growth. In order to maintain the normal operation of the Company when the epidemic is raging, LEALEA continues to strengthen the investigation of the travel history of employees and their relatives and friends in various departments, and cooperates with the government's epidemic prevention policies to reduce overall operational risks.

Another major strategy this year is the establishment of the Electronic Materials Division, which is responsible for the research and development of products that use polyester fiber in eco-friendly recycling and 3C electronic cross-industry cooperation and development products, and expanding the trend of chemical fiber products towards diversification, composite and customization to enhance the overall profitability of the group.

With the China-US trade war and the epidemic spread of COVID-19, the supply chain of global textile has gradually moved south to the Southeast Asian market. The high tariffs imposed by the United States on China have led to a serious decline in the economy. Branded apparels are deeply afraid of future impact, and many companies have withdrawn orders from China and some orders have been transferred to Taiwan that has become beneficiaries under the trade war.

Well-known foreign sports brands have gradually returned to their levels before the epidemic, customers have resumed their orders. Coupled with rising oil prices and adjustments in the price of textile products, the group's diversified products have been used in industries such as vehicle materials, apparel, and technology, etc. The trend of economic recovery should increase the company's profitability in the future. Improve the financial physique, adapt to the challenges of the changeable environment, and make full use of the overall corporate resources to continuously enhance the company's operating performance and create maximum profits for the Company. We sincerely hope that all shareholders will continue to support and encourage the Company. We would like to express our highest gratitude to you and wish you all good health and all the best!

Chairman : KUO, SHAO-YI

Manager : KUO, SHAO-YI

Accounting Supervisor : HSU, LI-HSUEH

II. Please check the 2020 Audit Committee's audit report.

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

Audit Committee's Audit Report

The company's 2020 financial statements prepared by the board of directors, completed the review and concluded the audit report by CPAs Chiu, Ming-Yu and Wu, Ke-Chang of Deloitte Touche Tohmatsu Limited, together with the business report and the motion of loss appropriation, 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

2021 Regular Shareholders' Meeting of the Company

LEALEA ENTERPRISE CO., LTD.

Convener of Audit Committee : LEE, DAW-MING

March 29, 2021

III. Please check the status report on the remuneration distribution for employees and directors in 2020.

Explanatory Notes: Due to the loss before tax in 2020, there is no remuneration allocated to employees and directors.

Matters for Ratification

Item 1

Proposed by the Board of Directors

Proposal: Please ratify the motion of 2020 business report and financial statement.

Explanatory Notes:

- (1) The 2020 financial statements have been reviewed and verified by CPAs Chiu, Ming-Yu and Wu, Ke-Chang of Deloitte Touche Tohmatsu Limited, together with the business report have been reviewed by the Audit Committee, and the audit report has been issued.
- (2) For business report, balance sheet, comprehensive income statements, equity change statements, cash flow statements and accountant's audit report, please refer to p.3 to p.6 and Appendix 1 (p.12 to p.30 of the handbook).

Resolution:

Item 2

Proposed by the Board of Directors

Proposal: Please ratify the motion of loss appropriation in 2020.**Explanatory Notes:**

- (1) The net loss after tax on the final business accounts for 2020 is NT\$357,443,724. The following table is the prepared loss appropriation for 2020 :

LEALEA ENTERPRISE CO., LTD.**Table of Loss Appropriation****2020**

Unit : New Taiwan Dollars

| Item | Amount | | Remark |
|--|---------------|---------------|--------|
| Undistributed earnings at the beginning of the period | | 60,196,904 | |
| Actuarial profit (loss) is accounted in retained earnings | 13,782,764 | | |
| Equity method recognition and disposal of equity instruments measured at fair value through other comprehensive income (loss) | 23,991,688 | | |
| Loss after tax for the current period | (357,443,724) | | |
| Net profit (loss) after tax for current period plus items other than net profit (loss) after tax for the current period are accounted in the amount of undistributed earnings for the current year | | (319,669,272) | |
| Loss to be made up at the end the period | | (259,472,368) | |

Chairman: KUO, SHAO-YI

Manager: KUO, SHAO-YI

Accounting Supervisor: HSU, LI-HSUEH

Resolution:

Matters for Discussion

Proposed by Board of Directors

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

Explanation:

In accordance with the laws and regulations, amend partial provisions of the "Articles of Incorporation". Please refer to Appendix 2 (p.31 to p.37 of the handbook) for the comparison table for the before and after amendment of provisions and the full text before the amendment,

Resolution:

Extemporaneous Motion

Meeting Adjourned

Attachments 1

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LEALEA ENTERPRISE Company Limited

Opinion

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

Per opinions of our accountants, the consolidated financial statements mentioned in paragraph one have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and interpretations and announcements endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China in all material aspects, and can be reasonably assessed to present the consolidated financial conditions of the Company and its subsidiaries as of December 31, 2020 and 2019, as well as the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2020 and 2019.

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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and do not provide a separate opinion on these matters.

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

The authenticity of sales transactions of customers with positive annual sales revenue growth

LEALEA ENTERPRISE Company and subsidiaries are mainly engaged in the manufacturing and sales of polyester fully oriented yarn, draw textured yarn and polyester chip. Due to the impact of the global pandemic of the Covid-19 epidemic, consolidated operating income in 2020 has been

greatly reduced, and due to the impact of the epidemic, the operating income of competitors in the same industry have generally shown a downward trend. The analysis of annual sales revenue by customer shows that some customers have sales revenue grown against the trend, which is contrary to the trend of the company and competitors in the same industry. Since operating income is the focus of investors, there are significant risks in income recognition. The true occurrence of sales income will be relevant to income recognition and the fair expression of financial reports. Because of this, the accountant listed the authenticity of sales transactions of customer with positive sales revenue growth as the key audit items for this year. For accounting policies and relevant disclosure information related to the recognition of operating income, 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, execute test of details of revenue, take random inspections on 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 Company Limited as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 2020 consolidated financial statements of the Company and its subsidiaries. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

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

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

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

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

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

March 31, 2021

LEALEA ENTERPRISE Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS
 Years Ended December 31, 2020 and 2019
 (In Thousands of New Taiwan Dollars)

| Code | ASSETS | December 31, 2020 | | December 31, 2019 | |
|------|--|----------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalents (Note 6) | \$ 1,232,398 | 7 | \$ 1,401,355 | 8 |
| 1110 | Financial assets at fair value through profit or loss— Current (Note 7) | 296,315 | 2 | 205,731 | 1 |
| 1150 | Notes receivable, net (Note 8) | 60,891 | - | 129,619 | 1 |
| 1160 | Notes Receivable from related parties, net (Note 8, 24) | 12,833 | - | 25,408 | - |
| 1170 | Accounts receivable, net (Note 8) | 563,488 | 3 | 845,128 | 5 |
| 1180 | Accounts Receivable from related parties, net (Note 8, 24) | 141,084 | 1 | 115,331 | - |
| 1210 | Advance loans to related parties (Note 24) | 135,000 | 1 | 120,000 | 1 |
| 1310 | Inventories— Manufacturing & Merchandising businesses (Note 9) | 2,053,510 | 12 | 2,478,726 | 14 |
| 1410 | Prepayments | 105,909 | 1 | 94,981 | - |
| 1476 | Other financial assets— Current (Note 6) | 386,330 | 2 | 25,133 | - |
| 1479 | Other current assets (Note 12) | 64,010 | - | 16,823 | - |
| 11XX | Total current assets | <u>5,051,768</u> | <u>29</u> | <u>5,458,235</u> | <u>30</u> |
| | NONCURRENT ASSETS | | | | |
| 1510 | Financial assets at fair value through income (loss)— Noncurrent (Note 7) | 1,347 | - | 1,347 | - |
| 1550 | Investments accounted for using equity method (Note 11) | 4,974,450 | 29 | 4,753,470 | 26 |
| 1600 | Property, plant and equipment (Note 12) | 7,011,274 | 40 | 7,490,669 | 42 |
| 1755 | Right-of-use assets (Note 13) | 13,272 | - | 19,657 | - |
| 1780 | Other intangible assets | 1,865 | - | 1,744 | - |
| 1805 | Goodwill | 63,337 | - | 63,337 | - |
| 1840 | Deferred income tax assets (Note 18) | 160,139 | 1 | 112,585 | 1 |
| 1915 | Prepayments for business facilities | 93,489 | 1 | 28,134 | - |
| 1990 | Other noncurrent assets— Others | 27,805 | - | 79,345 | 1 |
| 15XX | Total noncurrent assets | <u>12,346,978</u> | <u>71</u> | <u>12,550,288</u> | <u>70</u> |
| 1XXX | TOTAL ASSETS | <u>\$ 17,398,746</u> | <u>100</u> | <u>\$ 18,008,523</u> | <u>100</u> |
| | LIABILITIES AND EQUITY | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term loans (Note 14) | \$ 1,750,000 | 10 | \$ 2,163,267 | 12 |
| 2110 | Short-term bills payable (Note 14) | 770,000 | 4 | 110,000 | 1 |
| 2120 | Financial liabilities at fair value through profit or loss— Current (Note 7) | - | - | 30,298 | - |
| 2150 | Notes payable | 8,733 | - | 9,254 | - |
| 2160 | Notes payables to related parties (Note 24) | 730 | - | 79 | - |
| 2170 | Accounts payable | 504,725 | 3 | 532,535 | 3 |
| 2180 | Accounts payables to related parties (Note 24) | 99,021 | - | 28,764 | - |
| 2219 | Other payables | 447,424 | 3 | 499,235 | 3 |
| 2220 | Advance loans to related parties (Note 24) | 502,794 | 3 | 184,000 | 1 |
| 2230 | Current income tax liabilities (Note 18) | 6,124 | - | 47,778 | - |
| 2280 | Lease liabilities— Current (Note 13) | 4,203 | - | 9,176 | - |
| 2320 | Long-term liabilities— Current portion (Note 14) | 474,667 | 3 | 624,463 | 3 |
| 2399 | Other current liabilities (Note 12) | 326,916 | 2 | 304,068 | 2 |
| 21XX | Total current liabilities | <u>4,895,337</u> | <u>28</u> | <u>4,542,917</u> | <u>25</u> |
| | NONCURRENT LIABILITIES | | | | |
| 2540 | Long-term borrowings (Note 14) | 520,000 | 3 | 1,651,679 | 9 |
| 2570 | Deferred income tax liabilities— Noncurrent (Note 18) | 112,403 | 1 | 96,653 | 1 |
| 2580 | Lease liabilities— Noncurrent (Note 13) | 8,584 | - | 10,219 | - |
| 2640 | Net defined liabilities— Noncurrent (Note 15) | 383,494 | 2 | 417,913 | 2 |
| 2645 | Guarantee deposits | 1,657 | - | 1,748 | - |
| 2670 | Other noncurrent liabilities | 794 | - | 684 | - |
| 25XX | Total noncurrent liabilities | <u>1,026,932</u> | <u>6</u> | <u>2,178,896</u> | <u>12</u> |
| 2XXX | Total liabilities | <u>5,922,269</u> | <u>34</u> | <u>6,721,813</u> | <u>37</u> |
| | EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (NOTE 16) | | | | |
| | Capital stock | | | | |
| 3110 | Capital— Common stock | 9,573,029 | 55 | 9,573,029 | 53 |
| 3200 | Capital surplus | 78,422 | - | 83,024 | - |
| | Retained earnings | | | | |
| 3310 | Appropriated as legal capital reserve | 530,980 | 3 | 528,650 | 3 |
| 3320 | Appropriated as special capital reserve | 40,464 | - | 40,464 | - |
| 3350 | Unappropriated earnings | (259,472) | (1) | 62,527 | 1 |
| 3300 | Total retained earnings | 311,972 | 2 | 631,641 | 4 |
| 3400 | Others | 322,967 | 2 | 1,851 | - |
| 3500 | Treasury stock | (28,470) | - | (28,470) | - |
| 31XX | Equity attributable to shareholders of the parent | <u>10,257,920</u> | <u>59</u> | <u>10,261,075</u> | <u>57</u> |
| 36XX | NON-CONTROLLING INTERESTS (Note 16) | <u>1,218,557</u> | <u>7</u> | <u>1,025,635</u> | <u>6</u> |
| 3XXX | Total equity | <u>11,476,477</u> | <u>66</u> | <u>11,286,710</u> | <u>63</u> |
| | TOTAL LIABILITIES AND EQUITY | <u>\$ 17,398,746</u> | <u>100</u> | <u>\$ 18,008,523</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 Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Code | | 2020 | | 2019 | |
|------|--|--------------------|--------------|--------------------|--------------|
| | | Amount | % | Amount | % |
| | OPERATING REVENUE (Note 24) | | | | |
| 4100 | Sales revenue | \$ 8,373,609 | 100 | \$ 11,968,710 | 100 |
| 4500 | Construction income | <u>-</u> | <u>-</u> | <u>39,425</u> | <u>-</u> |
| 4000 | Operating revenue | <u>8,373,609</u> | <u>100</u> | <u>12,008,135</u> | <u>100</u> |
| | COST OF REVENUE (Note 9, 24) | | | | |
| 5110 | Cost of goods sold | 7,994,807 | 95 | 11,202,519 | 93 |
| 5500 | Construction cost | <u>-</u> | <u>-</u> | <u>2,687</u> | <u>-</u> |
| 5000 | Cost of revenue | <u>7,994,807</u> | <u>95</u> | <u>11,205,206</u> | <u>93</u> |
| 5900 | GROSS PROFIT | 378,802 | 5 | 802,929 | 7 |
| 5910 | GROSS PROFIT BEFORE UNREALIZED WITH ASSOCIATES | (918) | - | - | - |
| 5920 | GROSS PROFIT BEFORE REALIZED | <u>-</u> | <u>-</u> | <u>143</u> | <u>-</u> |
| 5950 | REALIZED GROSS PROFIT | <u>377,884</u> | <u>5</u> | <u>803,072</u> | <u>7</u> |
| | OPERATING EXPENSE (Note 24) | | | | |
| 6100 | Marketing expenses | 389,742 | 5 | 432,773 | 4 |
| 6200 | General and administrative | 193,680 | 2 | 209,704 | 2 |
| 6300 | Research and development | 44,591 | 1 | 52,266 | - |
| 6450 | Expected credit impairment loss determined in accordance with IFRS 9 | <u>31</u> | <u>-</u> | <u>4,612</u> | <u>-</u> |
| 6000 | Total operating expenses | <u>628,044</u> | <u>8</u> | <u>699,355</u> | <u>6</u> |
| 6900 | OPERATING INCOME (LOSS) | (<u>250,160</u>) | (<u>3</u>) | <u>103,717</u> | <u>1</u> |
| | NON-OPERATING INCOME AND EXPENSE (Note 17, 24) | | | | |
| 7100 | Interest income | 31,622 | - | 56,356 | - |
| 7140 | Gain recognized in bargain purchase transaction - Affiliated associations acquisition | 52,560 | 1 | - | - |
| 7190 | Other income | 133,702 | 2 | 80,874 | 1 |
| 7020 | Other gains and losses | (248,881) | (3) | (45,473) | - |
| 7050 | Finance costs | (59,742) | (1) | (92,337) | (1) |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using equity method | (<u>118,796</u>) | (<u>1</u>) | (<u>100,726</u>) | (<u>1</u>) |
| 7000 | Total non-operating income and expenses | (<u>209,535</u>) | (<u>2</u>) | (<u>101,306</u>) | (<u>1</u>) |

(Continued)

| Code | | 2020 | | 2019 | |
|---|--|-----------------------|-------|-----------------------|-------|
| | | Amount | % | Amount | % |
| 7900 | INCOME (LOSS) BEFORE INCOME TAX | (\$ 459,695) | (5) | \$ 2,411 | - |
| 7950 | INCOME TAX EXPENSE (Note 18) | <u>34,867</u> | - | (<u>65,829</u>) | - |
| 8200 | NET INCOME (LOSS) | (<u>424,828</u>) | (5) | (<u>63,418</u>) | - |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | |
| 8311 | Remeasurement of defined benefit obligation | 12,312 | - | (26,265) | - |
| 8320 | Share of other comprehensive loss of associates and joint ventures accounted for using equity method | 443,618 | 5 | (77,719) | (1) |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences arising on translation of foreign operations | (96,553) | (1) | 17,307 | - |
| 8367 | Unrealized gain on investment in debt instruments at fair value through other comprehensive income | - | - | 8,547 | - |
| 8370 | Share of other comprehensive loss of associates and joint ventures accounted for using equity method | - | - | 1,046 | - |
| 8300 | Other comprehensive loss for the year, net of income tax | <u>359,377</u> | 4 | (<u>77,084</u>) | (1) |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | (<u>\$ 65,451</u>) | (1) | (<u>\$ 140,502</u>) | (1) |
| NET INCOME (LOSS) ATTRIBUTABLE TO: | | | | | |
| 8610 | Shareholders of the parent | (\$ 357,444) | (4) | \$ 52,588 | - |
| 8620 | Non-controlling interests | (<u>67,384</u>) | (1) | (<u>116,006</u>) | (1) |
| 8600 | | (<u>\$ 424,828</u>) | (5) | (<u>\$ 63,418</u>) | (1) |
| TOTAL COMPREHENSIVE ATTRIBUTABLE TO: | | | | | |
| 8710 | Shareholders of the parent | \$ 1,447 | - | (\$ 29,671) | - |
| 8720 | Non-controlling interests | (<u>66,898</u>) | (1) | (<u>110,831</u>) | (1) |
| 8700 | | (<u>\$ 65,451</u>) | (1) | (<u>\$ 140,502</u>) | (1) |
| EARNINGS (LOSS) PER SHARE (Note 19) FROM CONTINUING OPERATION | | | | | |
| 9710 | Basic earnings per share | (<u>\$ 0.38</u>) | | <u>\$ 0.06</u> | |
| 9810 | Diluted earnings per share | | | <u>\$ 0.06</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 Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| | | Equity Attributable to Shareholders of the Parent | | | | | | | | | | | | |
|------|---|---|---------------------|------------------|-----------------------|-------------------------|-------------------------|--------------------------------------|---|----------------------|----------------------|---------------------|----------------------|--------------|
| | | Capital Stock-Common Stock | | | Retained Earnings | | | Equity Adjustments | | | | Non-controlling | | 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 | Total | Interests | Total Equity | |
| A1 | BALANCE JANUARY 1, 2019 | 957,303 | \$ 9,573,029 | \$ 76,303 | \$ 487,091 | \$ 40,464 | \$ 463,532 | (\$ 59,882) | \$ 114,879 | (\$ 28,470) | \$ 10,666,946 | \$ 1,139,827 | \$ 11,806,773 | |
| | 2018 Appropriation of earnings | | | | | | | | | | | | | |
| B1 | Legal capital reserve | - | - | - | 41,559 | - | (41,559) | - | - | - | - | - | - | |
| B5 | Cash dividends to shareholders | - | - | - | - | - | (382,921) | - | - | - | (382,921) | - | (382,921) | |
| O1 | Cash dividends to shareholders of subsidiaries | - | - | - | - | - | - | - | - | - | - | (5,692) | (5,692) | |
| | Adjustments to other capital surplus: | | | | | | | | | | | | | |
| C7 | Adjustments to share of changes in equities of associates | - | - | 3,955 | - | - | - | - | - | - | 3,955 | 766 | 4,721 | |
| M1 | Cash dividends paid from parent company to subsidiaries | - | - | 4,309 | - | - | - | - | - | - | 4,309 | - | 4,309 | |
| M7 | From share of changes in equities of subsidiaries (Note 21) | - | - | (1,543) | - | - | - | - | - | - | (1,543) | - | (1,543) | |
| Q1 | Non-controlling interests (Note 16) | - | - | - | - | - | - | - | - | - | - | 1,565 | 1,565 | |
| D1 | Net income (loss) in 2019 | - | - | - | - | - | 52,588 | - | - | - | 52,588 | (116,006) | (63,418) | |
| D3 | Other comprehensive income (loss) in 2019, net of income tax | - | - | - | - | - | (29,113) | 11,703 | (64,849) | - | (82,259) | 5,175 | (77,084) | |
| D5 | Total comprehensive income (loss) in 2019 | - | - | - | - | - | 23,475 | 11,703 | (64,849) | - | (29,671) | (110,831) | (140,502) | |
| Z1 | BALANCE DECEMBER 31, 2019 | 957,303 | 9,573,029 | 83,024 | 528,650 | 40,464 | 62,527 | (48,179) | 50,030 | (28,470) | 10,261,075 | 1,025,635 | 11,286,710 | |
| | 2019 Appropriation of earnings | | | | | | | | | | | | | |
| B1 | Legal capital reserve | - | - | - | 2,330 | - | (2,330) | - | - | - | - | - | - | |
| O1 | Cash dividends to shareholders of subsidiaries | - | - | - | - | - | - | - | - | - | - | (4,166) | (4,166) | |
| | Adjustments to other capital surplus: | | | | | | | | | | | | | |
| C7 | Adjustments to share of changes in equities of associates | - | - | (4,602) | - | - | - | - | - | - | (4,602) | (3,727) | (8,329) | |
| O1 | Non-controlling interests (Note 16) | - | - | - | - | - | - | - | - | - | - | 267,713 | 267,713 | |
| Q1 | Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method | - | - | - | - | - | 23,992 | - | (23,992) | - | - | - | - | |
| D1 | Net income (loss) in 2020 | - | - | - | - | - | (357,444) | - | - | - | (357,444) | (67,384) | (424,828) | |
| D3 | Other comprehensive income (loss) in 2020, net of income tax | - | - | - | - | - | 13,783 | (67,996) | 413,104 | - | 358,891 | 486 | 359,377 | |
| D5 | Total comprehensive income (loss) in 2020 | - | - | - | - | - | (343,661) | (67,996) | 413,104 | - | 1,447 | (66,898) | (65,451) | |
| Z1 | BALANCE DECEMBER 31, 2020 | <u>957,303</u> | <u>\$ 9,573,029</u> | <u>\$ 78,422</u> | <u>\$ 530,980</u> | <u>\$ 40,464</u> | <u>(\$ 259,472)</u> | <u>(\$ 116,175)</u> | <u>\$ 439,142</u> | <u>(\$ 28,470)</u> | <u>\$ 10,257,920</u> | <u>\$ 1,218,557</u> | <u>\$ 11,476,477</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 Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| Code | | 2020 | 2019 |
|--------|---|----------------|-------------|
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| A10000 | Income (loss) before income tax | (\$ 459,695) | \$ 2,411 |
| A20010 | Adjustments to reconcile profit (loss) | | |
| A20100 | Depreciation expense | 732,992 | 709,260 |
| A20200 | Amortization expense | 57,020 | 75,738 |
| A20300 | Expected credit losses recognized on investments in debt instruments | 31 | 4,612 |
| A20900 | Finance costs | 59,742 | 92,337 |
| A21200 | Interest income | (31,622) | (56,356) |
| A21300 | Dividend income | (3,920) | (1,620) |
| A20400 | Loss (gain) on financial assets or liabilities at fair value through profit or loss, net | (33,423) | 18,302 |
| A22300 | Share of profits of associates & joint ventures | 118,796 | 100,726 |
| A22500 | Loss (gain) on disposal or retirement of property, plant and equipment | 2,049 | (4,506) |
| A23100 | Disposal of loss (gain) on investment | 22,267 | (1,860) |
| A23700 | Loss for market price decline and obsolete and slow-moving inventories or gain from price recovery of inventory | (30,169) | 984 |
| A23900 | Unrealized (realized) gain from inter-affiliated accounts | 918 | (143) |
| A24100 | Loss (gain) on foreign exchange | 7,353 | (28,815) |
| A29900 | Gain recognized in bargain purchase transaction | (52,560) | - |
| A29900 | Gain on disposal of subsidiaries | (64) | - |
| A30000 | CHANGES IN OPERATING ASSETS AND LIABILITIES | | |
| A31115 | Financial assets at fair value through profit or loss, mandatorily measured at fair value | (83,356) | (96,028) |
| A31130 | Notes receivable | 82,010 | 65,740 |
| A31150 | Accounts receivable | 260,005 | 366,637 |
| A31200 | Inventories | 458,078 | 352,171 |
| A31230 | Prepayments | (58,210) | (41,912) |
| A31240 | Other current assets | 7,069 | (13,945) |
| A31250 | Other financial assets | (340,363) | 9,750 |
| A31990 | Other assets | 36 | (7,192) |
| A32130 | Notes and bills payable | 130 | (288,896) |
| A32150 | Accounts payable | 42,523 | (108,743) |
| A32180 | Other payables | (22,996) | 38,065 |
| A32230 | Other current liabilities | 23,001 | 65,641 |
| A32240 | Net defined benefit liability | (19,488) | (28,539) |
| A33000 | Net cash generated by operating activities | 738,154 | 1,223,819 |
| A33100 | Interest received | 31,541 | 59,274 |

(Continued)

| Code | | 2020 | 2019 |
|--------------------------------------|---|---------------------|---------------------|
| AC0200 | Dividend received | \$ 3,920 | \$ 1,620 |
| A33200 | Dividends received from associates | 42,835 | 72,650 |
| A33300 | Interest paid | (62,058) | (90,116) |
| A33500 | Income tax paid | (<u>10,923</u>) | (<u>165,058</u>) |
| AAAA | Net cash flows from operating activities | <u>743,469</u> | <u>1,102,189</u> |
| | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| B00200 | Disposal of financial assets at fair value through other comprehensive profit or loss | - | 72,741 |
| B01800 | Acquisition of long-term equity investment using the equity method | (62,693) | (15,200) |
| B01900 | Disposal of long-term equity investments using the equity method | 138,263 | - |
| B02300 | Net cash flows from disposal of subsidiaries | (392) | - |
| B02700 | Acquisition of property, plant and equipment | (543,406) | (675,855) |
| B02800 | Disposal of property, plant and equipment | 3,439 | 5,210 |
| B03700 | Pledged certificate of deposit | - | 6,300 |
| B03800 | Increase (decrease) in refundable guarantee deposits | (691) | 1,552 |
| B04300 | Increase (decrease) in advance loans from related parties | (15,000) | (7,000) |
| B04500 | Acquisition of Intangible assets | (<u>1,684</u>) | (<u>571</u>) |
| BBBB | Net cash used in investing activities | (<u>482,164</u>) | (<u>612,823</u>) |
| | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| C00100 | Increase (decrease) in short-term loans | (416,402) | 187,010 |
| C00500 | Increase (decrease) in short-term bills payable | 660,000 | (50,000) |
| C01600 | Long-term borrowings | - | 457,951 |
| C01700 | Repayment of long-term borrowings | (1,265,286) | (719,582) |
| C03100 | Increase (decrease) in guarantee deposits received | (354) | 179 |
| C03700 | Increase (decrease) in advance loans payable to related parties | 344,937 | (52,000) |
| C04020 | Repayment of the principal portion of lease liabilities | (9,840) | (9,333) |
| C04500 | Cash dividends to shareholders of the company | - | (378,612) |
| C05800 | Cash dividends to non-controlling interests | (4,166) | (5,692) |
| C05800 | Non-controlling interests change | <u>268,110</u> | <u>22</u> |
| CCCC | Net cash used in financing activities | (<u>423,001</u>) | (<u>570,057</u>) |
| | | | |
| DDDD | EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (<u>7,261</u>) | (<u>16,304</u>) |
| | | | |
| EEEE | NET DECREASE IN CASH AND CASH EQUIVALENTS | (168,957) | (96,995) |
| | | | |
| E00100 | CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>1,401,355</u> | <u>1,498,350</u> |
| E00200 | CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,232,398</u> | <u>\$ 1,401,355</u> |

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LEALEA ENTERPRISE Company Limited

Opinion

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

Per opinions of our accountants, the individual financial statements mentioned in paragraph one have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and can be reasonably assessed to present the individual financial conditions of the Company as of December 31, 2020 and 2019, as well as the individual financial performance and individual cash flow from January 1 to December 31, 2020 and 2019.

Basis for Opinion

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

Key Audit Matters

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

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

The authenticity of sales transactions of customers with positive annual sales revenue growth

LEALEA ENTERPRISE Company Limited is mainly engaged in the manufacturing and sales of polyester fully oriented yarn, draw textured yarn and polyester chip. Due to the impact of the global pandemic of the Covid-19 epidemic, individual operating income in 2020 has been greatly reduced, and due to the impact of the epidemic, the operating income of competitors in the same industry have generally shown a downward trend. The analysis of annual sales revenue by customer shows that some customers have sales revenue grown against the trend, which is contrary to the trend of the company and competitors in the same industry. Since operating income is the focus of investors, there are significant risks in income recognition. The true occurrence of sales income will be relevant to income recognition and the fair expression of financial reports. Because of this, the accountant listed the authenticity of sales transactions of customer with positive sales revenue growth as the key audit items for this year. For accounting policies and relevant disclosure information related to the recognition of operating income, 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, execute test of details of revenue, take random inspections on relevant documents and certificates of shipment and payment collection and raise requests for confirmation letters in order to assure the authenticity of sales revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

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

1. Identified and evaluated the risk of material misstatement due to fraud or error in the 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 individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

In the communications between us and the Company's governing body, we have determined the key audit items from 2020 individual financial statements of the Company and its subsidiaries. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audit resulting in this independent auditors' report are

Chiu, Ming-Yu and Wu, Ke-Chang

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

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

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

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

March 31, 2021

LEALEA ENTERPRISE Company Limited

INDIVIDUAL BALANCE SHEETS

Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| Code | ASSETS | 2020 | | 2019 | |
|------|---|----------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalents (Note 6) | \$ 1,124,927 | 7 | \$ 1,232,460 | 8 |
| 1110 | Financial assets at fair value through profit or loss – Current (Note 7) | 67,305 | - | 66,735 | 1 |
| 1150 | Notes receivable, net (Note 8) | 49,352 | - | 119,261 | 1 |
| 1160 | Notes Receivable from related parties, net (Note 8, 22) | 12,833 | - | 25,408 | - |
| 1170 | Accounts receivable, net (Note 8) | 418,133 | 3 | 604,072 | 4 |
| 1180 | Accounts Receivable from related parties, net (Note 8, 22) | 198,627 | 1 | 170,297 | 1 |
| 1210 | Advance loans to related parties (Note 22) | 583,840 | 4 | 607,095 | 4 |
| 1310 | Inventories – Textile business | 1,514,587 | 10 | 1,927,019 | 12 |
| 1410 | Prepayments | 73,275 | 1 | 48,631 | - |
| 1476 | Other financial assets – Current | 306,802 | 2 | 25,804 | - |
| 1479 | Other current assets (Note 11) | 63,972 | - | 9,256 | - |
| 11XX | Total current assets | <u>4,413,653</u> | <u>28</u> | <u>4,836,038</u> | <u>31</u> |
| | NONCURRENT ASSETS | | | | |
| 1510 | Financial assets at fair value through income (loss) – Noncurrent (Note 7) | 1,347 | - | 1,347 | - |
| 1550 | Investments accounted for using equity method (Note 10) | 6,102,266 | 39 | 5,356,972 | 34 |
| 1600 | Property, plant and equipment (Note 11) | 4,933,893 | 31 | 5,304,595 | 34 |
| 1755 | Right-of-use assets (Note 12) | 720 | - | 1,192 | - |
| 1780 | Other intangible assets | 1,599 | - | 1,672 | - |
| 1840 | Deferred income tax assets (Note 17) | 133,187 | 1 | 86,666 | 1 |
| 1915 | Prepayments for business facilities | 93,489 | 1 | 26,779 | - |
| 1990 | Other noncurrent assets – Others | 5,782 | - | 56,475 | - |
| 15XX | Total noncurrent assets | <u>11,272,283</u> | <u>72</u> | <u>10,835,698</u> | <u>69</u> |
| 1XXX | TOTAL ASSETS | <u>\$ 15,685,936</u> | <u>100</u> | <u>\$ 15,671,736</u> | <u>100</u> |
| | LIABILITIES AND EQUITY | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term loans (Note 13) | \$ 1,750,000 | 11 | \$ 1,920,000 | 12 |
| 2110 | Short-term bills payable (Note 13) | 770,000 | 5 | 110,000 | 1 |
| 2120 | Financial liabilities at fair value through profit or loss – Current (Note 7) | - | - | 30,298 | - |
| 2150 | Notes payable | 7,796 | - | 8,532 | - |
| 2160 | Notes payables to related parties (Note 22) | 730 | - | 79 | - |
| 2170 | Accounts payable | 375,669 | 2 | 390,195 | 3 |
| 2180 | Accounts payables to related parties (Note 22) | 89,142 | 1 | 25,244 | - |
| 2200 | Other payables | 391,307 | 3 | 461,783 | 3 |
| 2220 | Advance loans to related parties (Note 22) | 331,000 | 2 | 259,000 | 2 |
| 2230 | Current income tax liabilities (Note 17) | - | - | 43,260 | - |
| 2280 | Lease liabilities – Current (Note 12) | 107 | - | 232 | - |
| 2320 | Long-term liabilities – Current portion (Note 13) | 474,667 | 3 | 474,667 | 3 |
| 2399 | Other current liabilities (Note 11) | 312,708 | 2 | 271,272 | 2 |
| 21XX | Total current liabilities | <u>4,503,126</u> | <u>29</u> | <u>3,994,562</u> | <u>26</u> |
| | NONCURRENT LIABILITIES | | | | |
| 2540 | Long-term borrowings (Note 13) | 520,000 | 3 | 994,667 | 6 |
| 2570 | Deferred income tax liabilities – Noncurrent (Note 17) | 96,653 | 1 | 96,653 | 1 |
| 2580 | Lease liabilities – Noncurrent (Note 12) | 541 | - | 963 | - |
| 2640 | Net defined liabilities – Noncurrent (Note 14) | 306,039 | 2 | 322,068 | 2 |
| 2645 | Guarantee deposits | 1,657 | - | 1,748 | - |
| 25XX | Total noncurrent liabilities | <u>924,890</u> | <u>6</u> | <u>1,416,099</u> | <u>9</u> |
| 2XXX | Total liabilities | <u>5,428,016</u> | <u>35</u> | <u>5,410,661</u> | <u>35</u> |
| | EQUITY (NOTE 15) | | | | |
| | Capital stock | | | | |
| 3110 | Capital – Common stock | 9,573,029 | 61 | 9,573,029 | 61 |
| 3200 | Capital surplus | 78,422 | - | 83,024 | - |
| | Retained earnings | | | | |
| 3310 | Appropriated as legal capital reserve | 530,980 | 4 | 528,650 | 3 |
| 3320 | Appropriated as special capital reserve | 40,464 | - | 40,464 | - |
| 3350 | Unappropriated earning | (259,472) | (2) | 62,527 | 1 |
| 3300 | Total retained earnings | 311,972 | 2 | 631,641 | 4 |
| 3400 | Others | 322,967 | 2 | 1,851 | - |
| 3500 | Treasury stock | (28,470) | - | (28,470) | - |
| 3XXX | Total equity | <u>10,257,920</u> | <u>65</u> | <u>10,261,075</u> | <u>65</u> |
| | TOTAL LIABILITIES AND EQUITY | <u>\$ 15,685,936</u> | <u>100</u> | <u>\$ 15,671,736</u> | <u>100</u> |

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

Chairman: KUO, SHAO YI

Manager: KUO, SHAO YI

Accounting Supervisor: Hsu, Li Hsueh

LEALEA ENTERPRISE Company Limited

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Code | | 2020 | | 2019 | |
|------|--|--------------------|--------------|--------------------|--------------|
| | | Amount | % | Amount | % |
| | OPERATING REVENUE (Note 22) | | | | |
| 4100 | Sales revenue | \$ 7,322,391 | 100 | \$ 10,515,557 | 100 |
| 4500 | Construction income | - | - | 39,425 | - |
| 4000 | Operating revenue | <u>7,322,391</u> | <u>100</u> | <u>10,554,982</u> | <u>100</u> |
| | COST OF REVENUE (Note 9, 22) | | | | |
| 5110 | Cost of goods sold | 7,021,196 | 96 | 9,761,445 | 92 |
| 5500 | Construction cost | - | - | 2,687 | - |
| 5000 | Cost of revenue | <u>7,021,196</u> | <u>96</u> | <u>9,764,132</u> | <u>92</u> |
| 5900 | GROSS PROFIT | 301,195 | 4 | 790,850 | 8 |
| 5910 | GROSS PROFIT BEFORE UNREALIZED WITH SUBSIDIARIES AND ASSOCIATES | (<u>119</u>) | - | (<u>3,196</u>) | - |
| 5950 | REALIZED GROSS PROFIT | <u>301,076</u> | <u>4</u> | <u>787,654</u> | <u>8</u> |
| | OPERATING EXPENSE (Note 22) | | | | |
| 6100 | Marketing expenses | 300,036 | 4 | 327,295 | 3 |
| 6200 | General and administrative | 113,117 | 1 | 121,405 | 1 |
| 6300 | Research and development | 44,591 | 1 | 52,266 | 1 |
| 6450 | Expected credit impairment loss determined in accordance with IFRS 9 | (<u>180</u>) | - | (<u>5,289</u>) | - |
| 6000 | Total operating expenses | <u>457,564</u> | <u>6</u> | <u>495,677</u> | <u>5</u> |
| 6900 | OPERATING INCOME (LOSS) | (<u>156,488</u>) | (<u>2</u>) | <u>291,977</u> | <u>3</u> |
| | NON-OPERATING INCOME AND EXPENSE (Note 16, 22) | | | | |
| 7100 | Interest income | 42,691 | - | 67,231 | 1 |
| 7010 | Other income | 124,910 | 2 | 79,463 | 1 |
| 7020 | Other gains and losses | (215,112) | (3) | (102,782) | (1) |
| 7050 | Finance costs | (39,987) | (1) | (49,049) | (1) |
| 7070 | Share of profit (loss) of associates and joint ventures accounted for using equity method | (<u>165,207</u>) | (<u>2</u>) | (<u>190,736</u>) | (<u>2</u>) |
| 7000 | Total non-operating income and expenses | (<u>252,705</u>) | (<u>4</u>) | (<u>195,873</u>) | (<u>2</u>) |

(Continued)

| Code | | 2020 | | 2019 | |
|---|--|--------------------|--------------|----------------------|--------------|
| | | Amount | % | Amount | % |
| 7900 | INCOME (LOSS) BEFORE INCOME TAX | (\$ 409,193) | (6) | \$ 96,104 | 1 |
| 7950 | INCOME TAX EXPENSE (Note 17) | <u>51,749</u> | <u>1</u> | (<u>43,516</u>) | <u>-</u> |
| 8200 | NET INCOME (LOSS) | (<u>357,444</u>) | (<u>5</u>) | <u>52,588</u> | <u>1</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | |
| 8311 | Remeasurement of defined benefit obligation | 1,834 | - | (21,435) | - |
| 8330 | Share of other comprehensive loss of associates and joint ventures accounted for using equity method | 425,053 | 6 | (77,838) | (1) |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences arising on translation of foreign operations | (67,996) | (1) | 11,703 | - |
| 8380 | Share of other comprehensive loss of associates and joint ventures accounted for using equity method | <u>-</u> | <u>-</u> | <u>5,311</u> | <u>-</u> |
| 8300 | Other comprehensive loss for the year, net of income tax | <u>358,891</u> | <u>5</u> | (<u>82,259</u>) | (<u>1</u>) |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 1,447</u> | <u>-</u> | (<u>\$ 29,671</u>) | <u>-</u> |
| EARNINGS (LOSS) PER SHARE (Note 18) FROM CONTINUING OPERATION | | | | | |
| 9710 | Basic earnings per share | (<u>\$ 0.38</u>) | | <u>\$ 0.06</u> | |
| 9810 | Diluted earnings per share | | | <u>\$ 0.06</u> | |

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

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

LEALEA ENTERPRISE Company Limited

INDIVIDUAL STATEMENTS OF CHANGE IN EQUITY

Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| Code | | Capital Stock-Common Stock | | Capital Surplus | Retained Earnings | | | Equity Adjustments | | Treasury Stock | Total Equity |
|------|---|----------------------------|--------------|-----------------|-----------------------|-------------------------|-------------------------|--------------------------------------|---|----------------|---------------|
| | | Shares (In Thousands) | Amount | | Legal Capital Reserve | Special Capital Reserve | Unappropriated Earnings | Foreign Currency Translation Reserve | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | | |
| A1 | BALANCE JANUARY 1, 2019 | 957,303 | \$ 9,573,029 | \$ 76,303 | \$ 487,091 | \$ 40,464 | \$ 463,532 | (\$ 59,882) | \$ 114,879 | (\$ 28,470) | \$ 10,666,946 |
| | 2018 Appropriation of earnings | | | | | | | | | | |
| B1 | Legal capital reserve | - | - | - | 41,559 | - | (41,559) | - | - | - | - |
| B5 | Cash dividends to shareholders | - | - | - | - | - | (382,921) | - | - | - | (382,921) |
| | Adjustments to other capital surplus: | | | | | | | | | | |
| C7 | Adjustments to share of changes in equities of associates | - | - | 3,955 | - | - | - | - | - | - | 3,955 |
| M1 | Cash dividends paid from parent company to subsidiaries | - | - | 4,309 | - | - | - | - | - | - | 4,309 |
| M7 | From share of changes in equities of subsidiaries (Note 10) | - | - | (1,543) | - | - | - | - | - | - | (1,543) |
| D1 | Net income (loss) in 2019 | - | - | - | - | - | 52,588 | - | - | - | 52,588 |
| D3 | Other comprehensive income (loss) in 2019, net of income tax | - | - | - | - | - | (29,113) | 11,703 | (64,849) | - | (82,259) |
| D5 | Total comprehensive income (loss) in 2019 | - | - | - | - | - | 23,475 | 11,703 | (64,849) | - | (29,671) |
| Z1 | BALANCE DECEMBER 31, 2019 | 957,303 | 9,573,029 | 83,024 | 528,650 | 40,464 | 62,527 | (48,179) | 50,030 | (28,470) | 10,261,075 |
| | 2019 Appropriation of earnings | | | | | | | | | | |
| B1 | Legal capital reserve | - | - | - | 2,330 | - | (2,330) | - | - | - | - |
| | Adjustments to other capital surplus: | | | | | | | | | | |
| C7 | Adjustments to share of changes in equities of associates | - | - | (4,602) | - | - | - | - | - | - | (4,602) |
| Q1 | Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method | - | - | - | - | - | 23,992 | - | (23,992) | - | - |
| D1 | Net income (loss) in 2020 | - | - | - | - | - | (357,444) | - | - | - | (357,444) |
| D3 | Other comprehensive income (loss) in 2020, net of income tax | - | - | - | - | - | 13,783 | (67,996) | 413,104 | - | 358,891 |
| D5 | Total comprehensive income (loss) in 2020 | - | - | - | - | - | (343,661) | (67,996) | 413,104 | - | 1,447 |
| Z1 | BALANCE DECEMBER 31, 2020 | 957,303 | \$ 9,573,029 | \$ 78,422 | \$ 530,980 | \$ 40,464 | (\$ 259,472) | (\$ 116,175) | \$ 439,142 | (\$ 28,470) | \$ 10,257,920 |

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

Chairman: KUO, SHAO YI

Manager: KUO, SHAO YI

Accounting Supervisor: Hsu, Li Hsueh

LEALEA ENTERPRISE Company Limited

INDIVIDUAL STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| Code | | 2020 | 2019 |
|--------|---|---------------|-------------|
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| A10000 | Income (loss) before income tax | (\$ 409,193) | \$ 96,104 |
| A20010 | Adjustments to reconcile profit (loss) | | |
| A20100 | Depreciation expense | 612,378 | 592,317 |
| A20200 | Amortization expense | 56,558 | 75,435 |
| A20300 | Expected credit losses recognized on investments in debt instruments | (180) | (5,289) |
| A20900 | Finance costs | 39,987 | 49,049 |
| A21200 | Interest income | (42,691) | (67,231) |
| A21300 | Dividend income | (1,547) | (1,129) |
| A20400 | Loss (gain) on financial assets or liabilities at fair value through profit or loss, net | (30,867) | 20,031 |
| A22300 | Share of profits (loss) of subsidiaries, associates and joint ventures accounted for using equity method | 165,207 | 190,736 |
| A22500 | Loss (gain) on disposal or retirement of property, plant and equipment | 2,051 | (4,333) |
| A23100 | Disposal of loss (gain) on investment | (62) | - |
| A23700 | Loss for market price decline and obsolete and slow-moving inventories or gain from price recovery of inventory | (31,586) | (7,925) |
| A23900 | Unrealized (realized) gain from inter-affiliated accounts | 119 | 3,196 |
| A24100 | Loss (gain) on foreign exchange | 14,110 | 27,556 |
| A30000 | CHANGES IN OPERATING ASSETS AND LIABILITIES | | |
| A31130 | Notes receivable | 83,191 | 59,987 |
| A31150 | Accounts receivable | 162,012 | 499,537 |
| A31200 | Inventories | 444,018 | 288,825 |
| A31230 | Prepayments | (79,704) | (44,907) |
| A31240 | Other current assets | (461) | (26,052) |
| A31250 | Other financial assets | (261,403) | 10,374 |
| A31990 | Other assets | (63) | - |
| A32130 | Notes and bills payable | (85) | (269,108) |
| A32150 | Accounts payable | 49,372 | (245,041) |
| A32180 | Other payables | (42,629) | 88,963 |
| A32230 | Other current liabilities | 41,436 | 41,791 |
| A32240 | Net defined benefit liability | (14,193) | (39,454) |
| A33000 | Net cash generated by operating activities | 755,775 | 1,333,432 |

(Continued)

| <u>Code</u> | | <u>2020</u> | <u>2019</u> |
|-------------|--|------------------|--------------------|
| A33100 | Interest received | \$ 43,501 | \$ 67,164 |
| A33200 | Dividend received | 1,547 | 1,129 |
| A33200 | Dividends received from associates | 51,236 | 68,245 |
| A33300 | Interest paid | (40,628) | (48,950) |
| A33500 | Income tax paid | (<u>7,465</u>) | (<u>156,280</u>) |
| AAAA | Net cash flows from operating activities | <u>803,966</u> | <u>1,264,740</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | | |
|--------|--|--------------------|----------------------|
| B01800 | Acquisition of long-term equity investment using the equity method | (625,090) | (65,200) |
| B01900 | Disposal of long-term equity investments using the equity method | 15,648 | - |
| B02700 | Acquisition of property, plant and equipment | (395,156) | (489,745) |
| B02800 | Disposal of property, plant and equipment | 3,437 | 5,037 |
| B03700 | Increase (decrease) in refundable guarantee deposits | (215) | 176 |
| B04300 | Increase (decrease) in advance loans from related parties | 14,109 | (530,095) |
| B04500 | Acquisition of Intangible assets | (<u>1,445</u>) | (<u>471</u>) |
| BBBB | Net cash used in investing activities | (<u>988,712</u>) | (<u>1,080,298</u>) |

CASH FLOWS FROM FINANCIING ACTIVITIES

| | | | |
|--------|---|---------------|--------------------|
| C00100 | Increase (decrease) in short-term loans | (170,000) | 270,000 |
| C00500 | Increase (decrease) in short-term bills payable | 660,000 | (50,000) |
| C01600 | Long-term borrowings | - | 440,000 |
| C01700 | Repayment of long-term borrowings | (474,667) | (620,666) |
| C03100 | Increase (decrease) in guarantee deposits received | (592) | 1,141 |
| C03700 | Increase (decrease) in advance loans payable to related parties | 72,000 | (32,000) |
| C04020 | Repayment of the principal portion of lease liabilities | (236) | (57) |
| C04500 | Cash dividends to shareholders of the company | <u>-</u> | (<u>382,921</u>) |
| CCCC | Net cash used in financing activities | <u>86,505</u> | (<u>374,503</u>) |

| | | | |
|------|--|------------------|----------------|
| DDDD | EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (<u>9,292</u>) | (<u>976</u>) |
|------|--|------------------|----------------|

| | | | |
|------|---|-------------|-------------|
| EEEE | NET DECREASE IN CASH AND CASH EQUIVALENTS | (107,533) | (191,037) |
|------|---|-------------|-------------|

| | | | |
|--------|--|------------------|------------------|
| E00100 | CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>1,232,460</u> | <u>1,423,497</u> |
|--------|--|------------------|------------------|

| | | | |
|--------|--|---------------------|---------------------|
| E00200 | CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,124,927</u> | <u>\$ 1,232,460</u> |
|--------|--|---------------------|---------------------|

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

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

Attachments 2

LEALEA ENTERPRISE CO., LTD.

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

| Original Provision | Amended Provision | Reason for Amendment |
|---|--|--|
| <p>Article 7</p> <p>The company’s stocks are registered stocks that are signed or sealed by three or more directors and issued after being issued with a visa from the issuing registration agency approved by the competent authority. The shares issued by the company may be exempted from printing stocks and should be registered with the securities centralized custodial institution.</p> | <p>Article 7</p> <p><u>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.</u></p> | <p>Cooperate with the amendment of the law</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>The twenty-sixth amendment was on June 18, 2020</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>The twenty-sixth amendment was on June 18, 2020</p> <p><u>The twenty-seventh amendment was on June 23, 2021</u></p> | <p>Update the amended date and frequency</p> |

LEALEA ENTERPRISE CO., LTD. Article of association

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 The company's stocks are registered stocks that are signed or sealed by three or more directors and issued after being issued with a visa from the issuing registration agency approved by the competent authority. The shares issued by the company may be exempted from printing stocks and should be registered with the securities centralized custodial institution.
- Article 8 Changes to the record in the shareholder register shall not be made within 60 days before the regular shareholders meeting, 30 days before the extraordinary shareholders

meeting, or within 5 days before the base date of the company's decision to distribute dividends, bonuses or other benefits.

Chapter III Shareholders' Meeting

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

The minutes of the proceedings, the attendance card of the attending shareholders, and the proxy attendance letter of attorney shall be properly kept in accordance with the regulations of the competent authority.

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

Chapter IV Directors and Supervisors

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

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

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

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

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

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

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

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

Article 20 Delete

Article 21 Delete

Article 22 Delete

Article 23 Delete

Article 24 Delete

Article 25 Delete

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

Chapter V Managers

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

Chapter VI Accounting

Article 28 At the end of each fiscal year, the board of directors shall prepare: (1) Business report (2) Financial statements (3) Proposals for surplus distribution or loss allowances, etc. After 30 days before the meeting of the regular shareholders meeting, it is submitted to the audit committee for verification, and then submitted to the regular shareholders meeting to request recognition.

Article 29 If there is a profit in the year, at least 2% should be allocated for employee compensation, and no more than 5% for directors' compensation. However, when there are accumulated losses, the compensation amount shall be reserved, and then the remuneration of employees and directors shall be allocated in accordance with the aforementioned proportion. The remuneration of employees shall be determined by the board of directors in stock or cash, and the payment objects may include employees of affiliated companies who meet the conditions set by the board of directors.

Article 30 If there is a surplus in the annual final accounts, the accumulated losses shall be made up first, and then 10% shall be allocated as the statutory surplus reserve according to law; However, when the statutory surplus reserve has reached the total paid-in capital, it is exempted to continue to be listed. The special surplus reserve shall be allocated or transferred in the second time according to laws or regulations or regulations of the competent authority. If there is a balance, add the accumulated undistributed surplus at the beginning of the period as the distributable surplus, and allocate 0% to 100% of the distributable surplus, which shall be distributed after the board of directors drafts a distribution proposal and submits it to the shareholders meeting for resolution. Among the shareholder dividends decided by the board of directors, the cash dividend shall not be less than 5% of the total dividends. However, if the cash dividend per share does not reach 0.1 yuan, it may be paid as a stock dividend.

Due to the changeable industrial environment and the development of diversification, the board of directors may change the payment of stock dividends in accordance with the capital budget and capital status.

Chapter VII Supplementary Provisions

Article 31 Matters not stipulated in this Articles of Association shall be handled in accordance with the Company Law and relevant laws and regulations.

Article 32 This charter was established on December 8, 1978
The first amendment was made on December 29, 1980
The second amendment was made on February 24, 1981
The third amendment was on February 21, 1982
The fourth amendment was on September 8, 1984
The fifth amendment was on September 4, 1988
The sixth amendment was made on September 25, 1988
The seventh amendment was made on November 28, 1988

The eighth amendment was made on April 15, 1989
The ninth amendment was on June 7, 1989
The tenth amendment was on February 23, 1990
The eleventh amendment was made on April 24, 1991
The twelfth amendment was made on March 27, 1992
The thirteenth amendment was made on May 19, 1993
The fourteenth amendment was made on April 26, 1994
The fifteenth amendment was on May 10, 1995
The sixteenth amendment was made on June 5, 1996
The seventeenth amendment was made on May 7, 1997
The eighteenth amendment was on April 23, 1998
The nineteenth amendment was on May 27, 1999
The twentieth amendment was on April 26, 2000
The twenty-first amendment was made on June 13, 2001
The twenty-second revision was made on June 12, 2002
The twenty-third revision was on June 3, 2004
The twenty-fourth amendment was made on June 10, 2005
The twenty-fifth amendment was made on June 14, 2006
The twenty-sixth amendment was on June 13, 2008
The twenty-seventh amendment was on June 19, 2009
The twenty-eighth amendment was on June 17, 2010
The twenty-ninth amendment was on June 15, 2011
The thirtieth amendment was on June 6, 2012
The thirty-first amendment was made on June 13, 2013
The thirty-second amendment was made on June 11, 2014.
The thirty-third revision was on June 10, 2015
The thirty-fourth amendment was made on June 8, 2016
The thirty-fifth amendment was made on June 12, 2018
The twenty-sixth amendment was on June 18, 2020

LEALEA ENTERPRISE CO., LTD.
Chairman 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: April 25, 2021

| Title | Name | Closing Date Number of Shareholding | Explanation |
|----------------------|--|---|--|
| Chairman | KUO, SHAO-YI | 13,673,114 | 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 186,246,303 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 | | 186,246,303 | |