

Stock Code: 2911

les enphants Co., Ltd.

2020 Shareholders' Meeting

Meeting Handbook

June 12, 2020

Table of Contents

	Page
Meeting Procedure	1
Meeting Agenda	2
Reporting Matters	3
Proposal Matters	9
Discussions	10
Election Matters	10
Other Matters	11
Extraordinary Motions	11
Attachments	
1.Comparison Table of Amendments to the Rules and Procedures of Board of Director Meeting	31
2.Comparison Table of Amendments to the Ethical Corporate Management Best-Practice Principles	34
3.Procedures for Ethical Management and Guidelines for Conduct.....	44
4.Comparison Table of Amendments to the Corporate Social Responsibility Best Practice Principles	52
5.Comparison Table of Amendments to the Rules and Procedure of Shareholders meeting ..	55
6.Name list of director (including independent director) candidates.....	56
Appendices	
1.Rules and Procedure of Shareholders Meeting	57
2.Articles of Incorporation	60
3.Rules for the Election of Directors	65
4.Rules and Procedures of Board of Director Meeting	68
5.Ethical Corporate Management Best-Practice Principles	72
6.Corporate Social Responsibility Best Practice Principles.....	76
7.Shareholding of All Directors	81

les enfants Co., Ltd.
2020 Annual General Shareholders' Meeting Procedure

- I. Calling the Meeting to order (Announcement of the number of shares in attendance)
- II. Chairperson takes the chair
- III. Chairperson Remarks
- IV. Reporting Matters
- V. Proposal Matters
- VI. Discussions
- VII. Election Matters
- VIII. Other Matters
- IX. Extraordinary Motions
- X. Adjournment

les enfants Co., Ltd.

2020 Shareholders' Meeting Agenda

I.Time: 9 a.m., June 12, 2020 (Friday)

II.Venue: Education Training Center at B1, No. 60, Alley 321, Yangguang St., Neihu Dist., Taipei City

III.Calling the Meeting to order

IV.Chairperson Remarks

V.Reporting Matters:

- (I) 2019 Business Report.
- (II) 2019 Employees' and Directors' Remuneration Distribution Report.
- (III) Report of 2019 Total Liabilities under Endorsements and Guarantees.
- (IV) 2019 Audit Committee's Audit Report.
- (V) Implementations of the 10th~12th treasury share buyback.
- (VI) Amendments to the Company's "Rules of Procedures of Board of Director Meeting".
- (VII) Amendments to the Ethical Corporate Management Best-Practice Principles and adds Procedures for Ethical Management and Guidelines for Conduct
- (VIII) Amendments to the Corporate Social Responsibility Best Practice Principles

VI.Proposal Matters:

- (I) 2019 Business Report and Financial Statements.
- (II) Appropriation to Offset Annual Losses of 2019.

VII.Discussions:

- (I) Amendments to the Company's "Rules and Procedures of Shareholders Meeting".

VIII.Election Matters

- (I) The motion for complete re-election of the directors (including independent directors).

IX.Other Matters

- (I) The motion for relief of new directors from non-competition restrictions

X.Extraordinary Motions

XI.Adjournment

Reporting Matters

Proposal 1:

Letter to shareholders

Dear Shareholders:

In the past few years, we have continued to focus on the optimization of the maternity, infant and child product service industry, and the focused development of our own brands. At the same time, we are committed to the organization of channels and the management and optimization of our membership system.

2019 business results

In addition to the continuous consolidation of channels in 2019, we have also optimized and upgraded the logistics and membership management systems, laying a good foundation for the next three years of development and continuing stable development. The summary report of the 2019 operating results is as follows:

The combined revenue for the year was NT \$ 5,050 million, a decrease of 17.9% compared to the previous year; the operating gross profit margin was 42.7%, a decrease of 2.5 percentage points; the control of operating expenses for the entire year was reduced to NT \$ 2,611 million, a decrease of 10.9% from the previous year; the combined operating loss was NT \$454 million, an increase of NT \$301 million or 197.7% from the previous year.

As of the end of 2019, the number of cross-strait direct-operated physical channels was 574, of which 247 were in Taiwan and 327 were in China. The overall number of channels was 42 fewer than at the end of 2018. The strategy of the Group's direct-operated channels has been adjusted significantly in the past few years. The proportion of annual revenue according to the place of business is Taiwan 51.0%, China 47.0%, Thailand 2.0%.

For non-operating profits and losses, the net non-operating income and expenses were RMB 53 million, and the net loss after tax for the year was NT \$ 411 million. The return on assets was -6.65%, the return on shareholders' equity was -14.54%, and the earnings per share was -1.84 yuan.

In 2020, the core of the Group's operations will be the integration of brands, commodities, channels, and information systems.

The specific operating policies are as follows:

- Enrichment of own brand collections and products
- Expansion and development of commodities for infants and young children
- Integration and optimization of apparel supply chain
- Establishment and layout of all-channel online and offline business models
- Establish regional presence for China's franchise and wholesale business
- Use of big data and improvement of member management capabilities

Influenced by external competitive environment, regulatory environment and overall operating environment

In terms of the external competitive environment, technology has changed the business model of retailers, breaking down barriers between online and offline channels, forcing the reorganization of channel planning. And how to quickly meet consumer demand, and use modern consumer technology and communication platforms to create entry points from the consumer journey, is a common problem many retailers face. In the future, the main consumption of the baby market will gradually be

dominated by the post-90s generation (those born after 1990). This group of young parents enjoys both economic independence and high autonomy. They are focused on product power and added values of brand engagement, and pursue current trends. This generation is expected to lead the rise of new-type consumer demand.

Since October 2015, China has implemented the "Comprehensive Second Child" policy, and the cumulative effect has been concentrated in the two years after the implementation, causing the fertility rate to rise first and then fall. In 2019, the impact of the policy has slowed down and affected by the number and structure of women of childbearing age. The number of births was 14.65 million, a decrease of 580,000 from the previous year, and it has declined for the third consecutive year. However, in 2019, households with two or more children accounted for 59.5%, an increase of 2.1 percentage points from the previous year, indicating that the "Comprehensive Second Child" policy still exerts certain effects.

In March 2018, the economic and trade frictions between China and the United States in the past two years have affected the economic growth of both sides of the strait. China's economic growth rate in 2019 slowed to 6.1%, a decrease of 0.5 percentage points from the previous year's growth. After many consultations between China and the United States, the two sides reached a preliminary agreement at the end of 2019, but the pressure on the devaluation of the RMB has not diminished.

Future company development strategy

Over the past year, we have focused on the operation of the les enphants brand, strengthened brand differentiation and positioning segmentation, reorganized resources in the commodity supply chain, and responded to rapid changes in the retail market to implement the deep roots of physical channels and e-commerce channels. Strategic tasks such as optimization, expansion of marketing channels and upgrade of member management have laid a good foundation for our industry. The long-term strategy in the next stage is to further promote our vision, mission, and values: "Where there are children, there is les enphants," extending more possibilities for the brand, based on the needs of families with young children. The brand value of "Just be" will continue to propel the Group to provide the best products and services, explore more consumer demand, and provide an unprecedented consumer experience under the brand promise of quality and style.

"Children as our lifetime career" is our mission. We will advance towards a brighter future and invite les enphants employees, customers, and shareholders to join us on this exciting journey together!

Chairman / Alex Lin

General Manager / Spencer Chang

Proposal 2: 2019 Employees' and Directors' Remuneration Distribution Report.

(1) To be processed in accordance with Article 26 of the Company's Articles of Association.

(2) The Company proposes not to distribute employees' and directors' remuneration this year as it generated pre-tax losses in 2019.

Proposal 3: Report of 2019 Total Liabilities under Endorsements and Guarantees.

(1) As of December 31, 2019, the Company has the following outstanding endorsement/guarantee for its Affiliated Companies:

Unit: NT\$1,000's unless otherwise specified.

Endorsement/ Guarantee Provider	Item Guaranteed Party	Outstanding Financial Endorsement/ Guarantee	Endorsement/ Guarantee Ceiling to A Single Enterprise	Endorsement/ Guarantee Ceiling
les enphants Co., Ltd.	Shanghai Les Enphants Children Articles Co., Ltd.	US\$6,000,000	1,254,977	1,254,977
	Suzhou Les Enphants Children Articles Co., Ltd.	US\$21,333,720		
Shanghai Les Enphants Children Articles Co., Ltd.	les enphants Co., Ltd.	RMB 1,000,000	271,185	677,962
	Suzhou Les Enphants Children Articles Co., Ltd.	RMB 63,000,000		
Suzhou Les Enphants Children Articles Co., Ltd.	les enphants Co., Ltd.	RMB 1,000,000	16,641	41,603
	Les Enphants Thailand Marketing Co., Ltd.	RMB 500,000		

(2) The Company's endorsements/guarantees for others shall not exceed 50% of the net value of the Company's latest financial report and has not exceeded the guarantee ceiling; the guarantee ceiling of the subsidiary's endorsements/guarantees for a single enterprise and for others shall not exceed 20% and 50% of the net value in the subsidiary's latest financial report. Outstanding financial endorsement of Shanghai Les Enphants Children Articles Co., Ltd. is RMB63,000,000 which exceeds RMB62,993,000 of the guarantee ceiling for the endorsement of a single enterprise. The Board of Directors of Shanghai Les Enphants Children Articles Co., Ltd. has reported improvement plans and revised the guarantee ceiling on February 27, 2020.

Proposal 4: 2019 Audit Committee's Audit Report

les enphants Co., Ltd. Audit Committee's Audit Report

The Board of Directors has prepared the 2019 Business Report 、 Financial Statements and Appropriation to Offset Annual Losses of 2019. The CPAs of Deloitte & Touche were retained to audit the Financial Statements and has opined that the Financial Statements. The Financial Statement, Business Report, and the Appropriation to Offset Annual Losses have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with the Securities Exchange Act and the Company Act, we hereby submit this Report.

les enphants Co., Ltd.

Convener of the Audit Committee:

Wang, Hsiao Hui March 18, 2020

Proposal 5: To report on the executions of the 10th-12th treasury share buyback.

**les enphants Co., Ltd.
Implementations of the 10th-12th treasury share buyback**

No. of Buyback	10th	11th	12th
Date of Board Meeting for the Buyback	September 3, 2019	November 7, 2019	February 10, 2020
Objective of Share Buyback	Protect the Company credibility and shareholders' equity interest	Protect the Company credibility and shareholders' equity interest	Protect the Company credibility and shareholders' equity interest
Actual Buyback Period	2019/9/5 to 2019/11/1	2019/11/8 to 2020/1/6	2020/2/11 to 2020/4/9
Price of buyback range	NT\$5.00 to NT\$10.00	NT\$6.00 to NT\$10.00	NT\$6.00 to NT\$11.00
Stock Type and Buyback Quantities	3,053,000 ordinary shares	4,330,000 ordinary shares	4,264,000 ordinary shares
Sum of Repurchased Shares	NT\$21,889,569	NT\$32,088,044	NT\$27,936,700
Average Buyback Price	NT\$7.17 per share	NT\$7.41 per share	NT\$6.55 per share
Date of Registration for Cancelled Shares	2020/2/21	2020/2/21	As of the date of publication, submitted for review
Amount of Cancelled Shares	3,053,000 shares	4,330,000 shares	0 shares
Cumulative Shares Held in the Company	0 shares	0 shares	4,264,000 shares
Proportion of Cumulative Shares Held to Total Number of Shares Issued (%)	0%	0%	2.26%

Proposal 6: Amendments to the Company's 'Rules and Procedures of Board of Director Meeting'.

In line with the amendments to the Company Act, the Company proposes to amend certain articles within its 'Rules of Procedure for Board of Directors' Meeting', as shown in Attachment 1 (Please see #Pages 31-33#).

Proposal 7: Amend the Company's "Ethical Corporate Management Best Practice Principles" and add "Procedures for Ethical Corporate Management and Guidelines of Conduct" report

(1) In line with the announcement for amendment of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" on May 23, 2019, the Company amends some provisions of "Ethical Corporate Management Best Practice Principles" and adds "Procedures for Ethical Corporate Management and Guidelines of Conduct," such as Attachment 2 and 3 (Please refer to #Pages 34-51#).

Proposal 8: Revise some of the provisions of the Company's "Corporate Social Responsibility Best Practice Principles"

(1) In line with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and with reference to the important international development trends and evaluation items in Table 2-2-2 "Differences with the 'Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies' and the reasons for such differences," as attached in the "Regulations Governing Information to be Published in Annual Reports of Public Companies," the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" is amended, as shown in Attachment 4 (Please refer to #Pages 52-54#).

Proposal Matters

Proposal 1

Summary: Adoption of the Company's 2019 Business Report and Financial Statements.
(Proposed by the Board)

Explanation: les enphants' 2019 Business Report and Financial Statements have been audited and certified by certified public accountants of Deloitte & Touche, as well as reviewed and approved by the Audit Committee. Please proceed to recognize the following statements.

(Please refer to #Pages 3-4#, and #Pages 12-30# for details.)

Resolution:

Proposal 2

Summary: Appropriation to Offset Annual Losses of 2019 (Proposed by the Board)

Explanation:

- 1.The Company's deficit to be covered at the beginning of 2019 (NT\$45,710,117), other comprehensive profit and loss included in the retained surplus of NT\$3,996,687, net loss for the period (NT\$358,710,605), and ending balance of deficit yet to be compensated (NT\$400,424,035) were planned to make up for the surplus in the following year.
- 2.The Company proposes not to distribute dividends this year as there is no profit available for appropriation.

2019 Statements of Deficit Compensation

Item	Unit: NT\$
Deficit to be covered at the beginning of the term	(45,710,117)
Other comprehensive profit or loss transferred to retained earnings	3,996,687
Deficit to be covered after adjustment	(41,713,430)
Net loss for the period	(358,710,605)
Ending balance of deficit yet to be compensated	(400,424,035)

Note: The Company proposes not to distribute dividends.

Chairman: Alex Lin Manager: Spencer Chang Accounting Manager: Jane Lu

Resolution:

Discussions

Agenda 1

Summary: Please discuss the proposal to amend the Rules and Procedure of Shareholders Meeting. **(proposed by the Board)**

Explanation: According to the amendment of Taiwan-Stock-Listing-No.1080024221 of the Taiwan Stock Exchange Corporation on January 2, 2020, it is proposed to amend some of the provisions of the Company's "Rules of Procedures for Shareholders' Meetings" as in Attachment 5.
(Please refer to #page55#)

Resolution:

Election Matters

Agenda 1

Summary: The case of full re-election of Directors (including Independent Directors).
(proposed by the Board)

Explanation:

- 1.The term of the Directors and Independent Directors of the Company will expire on June 21, 2020, according to regulations, and it is proposed to be re-elected at this shareholders' meeting.
- 2.In accordance with Article 15 of the Company's Articles of Incorporation, the Company has seven to eleven Directors for a term of three years, with their election conducted through the nomination system. Among the number of Directors in the preceding paragraph, there are three Independent Directors.
- 3.There are seven seats of Directors to be elected this time (including three Independent Directors). The newly-elected Directors will take office from the date of election. The term of office is three years, from June 12, 2020 to June 11, 2023 .
- 4.This list of Director candidates has been reviewed and approved by the Board of Directors of the Company on March 19, 2020. Shareholders should be selected on the list of Director candidates. Their academic qualifications, experience, and relevant information are shown in Attachment 6.
(Please refer to #page 56#)

Resolution:

Other Matters

Agenda 1

Summary: Remove the new Director's prohibition on competition, and submit to the resolution.
(proposed by the Board)

Explanation:

1. In accordance with Article 209 of the Company Act, a Director who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations shall explain important contents of such actions at the shareholders' meeting and obtain their consent.
2. It is proposed to ask the general shareholders' meeting for permission to remove the restrictions on the prohibition of competition for new Directors and their representatives after this re-election.
3. Attachment 6 for details of the concurrent appointment of new Directors (Please refer to #page 56#).

Resolution:

Extraordinary Motions:

Adjournment

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Les Enphants Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Les Enphants Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventories

As of December 31, 2019, the balance of inventories amounted to NT\$1,641,535 thousand. It is significant as it comprised 29.82% of the Group's consolidated total assets. Refer to Notes 4, 5 and 12 to the accompanying consolidated financial statements for the related accounting policies, estimation uncertainty, and detailed disclosures.

Inventories are stated at the lower of cost or net realizable value. The net realizable value was based on major judgments and accounting estimates made by management, so the valuation of inventories has been identified as a key audit matter in the audit for the year ended December 31, 2019.

Our main audit procedures performed in respect of the above key audit matter included obtaining the estimated data of inventories stated at the lower of cost or net realizable value by management; sampling recent sales data to evaluate the rationality of the net realizable value.

Other Matter

We have also audited the parent company only financial statements of Les Enphants Co., Ltd. as of and for the years ended December 31, 2019 and 2018 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-hsing Cho and Ching-pin Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2020

Notice to Readers

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

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

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 412,115	8	\$ 597,543	11
Financial assets at fair value through other comprehensive income - current (Note 8)	179	-	145	-
Financial assets at amortized cost - current (Notes 9, 10 and 39)	55,405	1	54,280	1
Notes receivable (Notes 11 and 29)	21,266	-	36,426	1
Accounts receivable, net (Notes 11 and 29)	501,006	9	714,172	13
Trade receivables from related parties (Notes 29 and 38)	-	-	33	-
Other receivables, net (Note 11)	63,235	1	15,389	-
Current tax assets (Note 31)	601	-	604	-
Inventories (Note 12)	1,641,535	30	1,939,543	35
Prepayments for leases (Note 21)	-	-	3,112	-
Prepayments	86,703	2	134,603	2
Other current assets	6,235	-	18,148	-
Total current assets	<u>2,788,280</u>	<u>51</u>	<u>3,513,998</u>	<u>63</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	7,225	-	2,438	-
Investments accounted for using the equity method (Note 15)	70,658	1	70,686	1
Property, plant and equipment (Notes 16 and 39)	761,609	14	783,114	14
Right-of-use assets (Note 17)	725,469	13	-	-
Investment properties (Notes 18 and 39)	903,905	16	769,367	14
Other intangible assets (Note 20)	29,134	1	24,705	-
Deferred tax assets (Note 31)	144,427	3	213,149	4
Prepayments for equipment	900	-	-	-
Refundable deposits	72,775	1	87,981	2
Prepayments for investments (Note 7)	-	-	3,869	-
Long-term prepayments for leases (Note 21)	-	-	112,238	2
Total non-current assets	<u>2,716,102</u>	<u>49</u>	<u>2,067,547</u>	<u>37</u>
TOTAL	<u>\$ 5,504,382</u>	<u>100</u>	<u>\$ 5,581,545</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 22 and 39)	\$ 915,188	17	\$ 607,438	11
Short-term bills payable (Note 23)	-	-	39,973	1
Financial liabilities at fair value through profit of loss - current (Note 7)	36	-	100	-
Contract liabilities - current (Note 29)	74,335	1	113,370	2
Notes payable (Note 25)	153	-	702	-
Accounts payable (Note 25)	453,281	8	669,352	12
Trade payables to related parties (Note 38)	9,788	-	3,626	-
Other payables (Note 26)	360,721	7	382,537	7
Current tax liabilities (Note 31)	423	-	37,750	1
Lease liabilities - current (Note 17)	200,742	4	-	-
Advance receipts	461	-	11,155	-
Current portion of long-term borrowings (Notes 24 and 39)	40,000	1	200,000	3
Other current liabilities (Note 26)	28,669	-	78,208	1
Total current liabilities	<u>2,083,797</u>	<u>38</u>	<u>2,144,211</u>	<u>38</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 24 and 39)	-	-	30,000	1
Deferred tax liabilities (Note 31)	37,817	1	102,960	2
Lease liabilities - non-current (Note 17)	613,819	11	-	-
Net defined benefit liability - non-current (Note 27)	141,376	2	176,225	3
Guarantee deposits received	49,009	1	51,823	1
Other non-current liabilities (Notes 17 and 26)	1,463	-	5,156	-
Total non-current liabilities	<u>843,484</u>	<u>15</u>	<u>366,164</u>	<u>7</u>
Total liabilities	<u>2,927,281</u>	<u>53</u>	<u>2,510,375</u>	<u>45</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	1,963,248	36	1,983,248	35
Capital surplus	871,382	16	870,783	16
Retained earnings				
Legal reserve	197,866	3	197,866	4
Special reserve	109,317	2	109,317	2
Accumulated deficit	(400,426)	(7)	(45,711)	(1)
Total retained earnings	<u>(93,243)</u>	<u>(2)</u>	<u>261,472</u>	<u>5</u>
Other equity	(181,286)	(3)	(138,118)	(3)
Treasury shares	(50,147)	(1)	(16,673)	-
Total equity attributable to owners of the Company	2,509,954	46	2,960,712	53
NON-CONTROLLING INTERESTS	<u>67,147</u>	<u>1</u>	<u>110,458</u>	<u>2</u>
Total equity	<u>2,577,101</u>	<u>47</u>	<u>3,071,170</u>	<u>55</u>
TOTAL	<u>\$ 5,504,382</u>	<u>100</u>	<u>\$ 5,581,545</u>	<u>100</u>

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

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Loss Per Share)**

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 29 and 38)	\$ 5,049,750	100	\$ 6,147,542	100
OPERATING COSTS (Notes 12, 30 and 38)	<u>2,892,893</u>	<u>57</u>	<u>3,370,818</u>	<u>55</u>
GROSS PROFIT	<u>2,156,857</u>	<u>43</u>	<u>2,776,724</u>	<u>45</u>
OPERATING EXPENSES (Note 30)				
Selling and marketing expenses	2,061,388	41	2,359,985	38
General and administrative expenses	519,460	10	569,901	9
Expected credit loss (gain)	<u>30,166</u>	<u>1</u>	<u>(602)</u>	<u>-</u>
Total operating expenses	<u>2,611,014</u>	<u>52</u>	<u>2,929,284</u>	<u>47</u>
LOSS FROM OPERATIONS	<u>(454,157)</u>	<u>(9)</u>	<u>(152,560)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 30 and 38)				
Other income	91,186	2	135,095	2
Other gains and losses	8,268	-	(20,176)	-
Finance costs	(52,176)	(1)	(30,133)	(1)
Share of loss or profit of associates	<u>6,216</u>	<u>-</u>	<u>(8,336)</u>	<u>-</u>
Total non-operating income and expenses	<u>53,494</u>	<u>1</u>	<u>76,450</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(400,663)	(8)	(76,110)	(1)
INCOME TAX EXPENSE (Note 31)	<u>9,898</u>	<u>-</u>	<u>33,538</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(410,561)</u>	<u>(8)</u>	<u>(109,648)</u>	<u>(2)</u>
OTHER COMPREHENSIVE LOSS (Notes 27, 28 and 31)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	6,399	-	11,861	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	952	-	(1,883)	-

(Continued)

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Loss Per Share)**

	2019		2018	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of associates accounted for using the equity method	\$ 254	-	\$ (57)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(1,280)</u>	<u>-</u>	<u>(1,333)</u>	<u>-</u>
	<u>6,325</u>	<u>-</u>	<u>8,588</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(47,867)	(1)	(34,879)	-
Share of other comprehensive loss of associates accounted for using the equity method	(67)	-	(50)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>10,976</u>	<u>-</u>	<u>5,691</u>	<u>-</u>
	<u>(36,958)</u>	<u>(1)</u>	<u>(29,238)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(30,633)</u>	<u>(1)</u>	<u>(20,650)</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (441,194)</u>	<u>(9)</u>	<u>\$ (130,298)</u>	<u>(2)</u>
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (358,711)	(7)	\$ (90,848)	(2)
Non-controlling interests	<u>(51,850)</u>	<u>(1)</u>	<u>(18,800)</u>	<u>-</u>
	<u>\$ (410,561)</u>	<u>(8)</u>	<u>\$ (109,648)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (397,883)	(8)	\$ (112,312)	(2)
Non-controlling interests	<u>(43,311)</u>	<u>(1)</u>	<u>(17,986)</u>	<u>-</u>
	<u>\$ (441,194)</u>	<u>(9)</u>	<u>\$ (130,298)</u>	<u>(2)</u>
LOSS PER SHARE (NEW TAIWAN DOLLARS; Note 32)				
Basic	<u>\$ (1.84)</u>		<u>\$ (0.45)</u>	

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

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company										
	Ordinary Shares (Note 28)	Capital Surplus (Note 28)	Retained Earnings (Notes 28 and 30)			Other Equity (Note 28)		Treasury Shares (Note 28)	Total	Non-controlling Interests (Notes 28 and 33)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2018	\$ 2,043,248	\$ 891,306	\$ 177,552	\$ 63,206	\$ 203,142	\$ (106,761)	\$ 689	\$ -	\$ 3,272,382	\$ 135,526	\$ 3,407,908
Appropriation of the 2017 earnings											
Legal reserve	-	-	20,314	-	(20,314)	-	-	-	-	-	-
Special reserve	-	-	-	46,111	(46,111)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$0.51512677 per share	-	-	-	-	(102,162)	-	-	-	(102,162)	-	(102,162)
	-	-	20,314	46,111	(168,587)	-	-	-	(102,162)	-	(102,162)
Net loss for the year ended December 31, 2018	-	-	-	-	(90,848)	-	-	-	(90,848)	(18,800)	(109,648)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	10,582	(30,163)	(1,883)	-	(21,464)	814	(20,650)
Total comprehensive loss for the year ended December 31, 2018	-	-	-	-	(80,266)	(30,163)	(1,883)	-	(112,312)	(17,986)	(130,298)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(97,196)	(97,196)	-	(97,196)
Cancellation of treasury shares	(60,000)	(20,523)	-	-	-	-	-	80,523	-	-	-
Share-based payment arrangements	-	-	-	-	-	-	-	-	-	(7,082)	(7,082)
BALANCE AT DECEMBER 31, 2018	1,983,248	870,783	197,866	109,317	(45,711)	(136,924)	(1,194)	(16,673)	2,960,712	110,458	3,071,170
Net loss for the year ended December 31, 2019	-	-	-	-	(358,711)	-	-	-	(358,711)	(51,850)	(410,561)
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	3,996	(44,120)	952	-	(39,172)	8,539	(30,633)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(354,715)	(44,120)	952	-	(397,883)	(43,311)	(441,194)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(52,875)	(52,875)	-	(52,875)
Cancellation of treasury shares	(20,000)	599	-	-	-	-	-	19,401	-	-	-
BALANCE AT DECEMBER 31, 2019	\$ 1,963,248	\$ 871,382	\$ 197,866	\$ 109,317	\$ (400,426)	\$ (181,044)	\$ (242)	\$ (50,147)	\$ 2,509,954	\$ 67,147	\$ 2,577,101

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

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (400,663)	\$ (76,110)
Adjustments for:		
Depreciation expenses	355,464	138,222
Amortization expenses	12,917	13,209
Expected credit loss recognized (reversed) on accounts receivable	30,166	(602)
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(64)	(332)
Finance costs	52,176	30,133
Interest income	(2,280)	(3,723)
Dividend income	-	(2,160)
Compensation cost of employee share options	-	(7,082)
Share of (profit) loss of associates	(6,216)	8,336
Loss on disposal of property, plant and equipment	8,732	8,290
Loss on disposal of intangible assets	21	-
Net loss on disposal of investments	-	3,029
Impairment losses	-	11,843
Amortization of prepayments for leases	-	3,472
Net gain on lease modification	(1,152)	-
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profits or loss	-	2,483
Notes receivable	15,160	19,356
Accounts receivable	184,731	31,071
Trade receivables from related parties	33	57
Other receivables	(48,768)	48,378
Inventories	298,008	(69,921)
Prepayments	47,900	(30,282)
Other current assets	11,913	(9,939)
Contract liabilities - current	(39,035)	(37,702)
Notes payable	(549)	(2,794)
Accounts payable	(216,071)	(238,154)
Trade payables to related parties	6,162	(312)
Other payables	(5,723)	(182,772)
Advance receipts	(10,694)	(3,290)
Other current liabilities	(49,539)	21,343
Net defined benefit liability	(28,450)	(63,139)
Other operating activities liabilities	-	2,899
Cash generated from (used in) operating activities	214,179	(386,193)
Interest received	2,280	3,723
Interest paid	(52,500)	(29,338)
Income tax paid	(39,191)	(23,559)
Net cash generated from (used in) operating activities	<u>124,768</u>	<u>(435,367)</u>

(Continued)

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (55,716)	\$ (49,733)
Proceeds from sales of financial assets at amortized cost	55,544	67,150
Increase in prepayments for investments	-	(3,869)
Payments for disposal of non-current assets held for sale	-	(1,372)
Proceeds from disposal of non-current assets held for sale	-	952
Payments for property, plant and equipment	(126,267)	(109,655)
Proceeds from disposal of property, plant and equipment	628	8,956
Increase in refundable deposits	-	(2,555)
Decrease in refundable deposits	15,206	-
Payments for intangible assets	(17,580)	(13,386)
Payments for investment properties	(4,171)	(1,618)
Increase in prepayments for equipment	(900)	-
Decrease in prepayments for equipment	-	2,839
Dividends received	6,431	9,644
Increase in restricted assets	<u>(5)</u>	<u>-</u>
Net cash used in investing activities	<u>(126,830)</u>	<u>(92,647)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	321,015	14,151
Proceeds from short-term bills payable	59,938	259,725
Repayments of short-term bills payable	(100,000)	(240,000)
Proceeds from long-term borrowings	10,000	30,000
Repayments of long-term borrowings	(200,000)	(116,667)
Refund of guarantee deposits received	(1,015)	(2,853)
Repayment of lease liabilities	(212,624)	-
Increase in other non-current liabilities	524	-
Decrease in other non-current liabilities	-	(1,891)
Payments of cash dividends	-	(102,162)
Payments for buy back of ordinary shares	(52,875)	(97,196)
Decrease in other financing activity-restricted assets	<u>-</u>	<u>290,825</u>
Net cash (used in) generated from financing activities	<u>(175,037)</u>	<u>33,932</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(8,329)</u>	<u>(13,810)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(185,428)	(507,892)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>597,543</u>	<u>1,105,435</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 412,115</u>	<u>\$ 597,543</u>

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Les Enphants Co., Ltd.

Opinion

We have audited the accompanying financial statements of Les Enphants Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventories

As of December 31, 2019, the balance of inventories amounted to NT\$740,031 thousand. It is significant as it comprised 17.65% of the Company's total assets. Refer to Notes 4, 5 and 11 to the accompanying financial statements for the related accounting policies, estimation uncertainty, and detailed disclosures.

Inventories are stated at the lower of cost or net realizable value. The net realizable value was based on major judgments and accounting estimates made by management, so the valuation of inventories has been identified as a key audit matter in the audit for the year ended December 31, 2019.

Our main audit procedures performed in respect of the above key audit matter included obtaining the estimated data of inventories stated at the lower of cost or net realizable value by management; sampling recent sales data to evaluate the rationality of the net realizable value.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-hsing Cho and Ching-pin Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2020

Notice to Readers

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

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

LES ENPHANTS CO., LTD.

**BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 137,196	3	\$ 238,277	6
Financial assets at fair value through other comprehensive income - current (Note 7)	179	-	145	-
Financial assets at amortized cost - current (Notes 8, 9 and 34)	38,260	1	38,255	1
Notes receivable (Notes 10 and 24)	730	-	181	-
Accounts receivable, net (Notes 10 and 24)	202,929	5	229,456	6
Trade receivables from related parties (Notes 24 and 33)	74,543	2	79,520	2
Other receivables, net (Note 10)	467	-	1,355	-
Current tax assets (Note 26)	19	-	22	-
Inventories (Note 11)	740,031	18	805,424	20
Prepayments	20,290	-	16,943	-
Other current assets	86	-	356	-
Total current assets	<u>1,214,730</u>	<u>29</u>	<u>1,409,934</u>	<u>35</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	3,356	-	2,438	-
Investments accounted for using the equity method (Notes 13, 23 and 28)	1,761,670	42	2,148,125	53
Property, plant and equipment (Notes 14 and 34)	343,627	8	352,904	9
Right-of-use assets (Note 15)	534,849	13	-	-
Investment properties (Notes 16 and 34)	219,444	5	6,185	-
Intangible assets (Note 17)	13,258	-	17,169	-
Deferred tax assets (Note 26)	58,525	2	60,407	2
Prepayments for equipment	900	-	-	-
Refundable deposits	43,529	1	56,577	1
Total non-current assets	<u>2,979,158</u>	<u>71</u>	<u>2,643,805</u>	<u>65</u>
TOTAL	<u>\$ 4,193,888</u>	<u>100</u>	<u>\$ 4,053,739</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 360,000	9	\$ 80,000	2
Contract liabilities - current (Note 24)	49,064	1	49,972	1
Notes payable (Note 20)	-	-	418	-
Accounts payable (Note 20)	157,699	4	270,999	7
Trade payables to related parties (Note 33)	594	-	6,993	-
Other payables (Note 21)	139,988	3	178,573	5
Current tax liabilities (Note 26)	423	-	445	-
Lease liabilities - current (Note 15)	146,828	3	-	-
Advance receipts (Notes 21 and 33)	483	-	809	-
Current portion of long-term borrowings (Notes 19 and 34)	40,000	1	200,000	5
Other current liabilities (Note 21)	2,572	-	1,649	-
Total current liabilities	<u>897,651</u>	<u>21</u>	<u>789,858</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 34)	-	-	30,000	1
Deferred tax liabilities (Note 26)	37,817	1	102,532	2
Lease liabilities - non-current (Note 15)	613,819	15	-	-
Net defined benefit liability - non-current (Note 22)	132,007	3	163,829	4
Other non-current liabilities (Notes 21 and 33)	2,640	-	6,808	-
Total non-current liabilities	<u>786,283</u>	<u>19</u>	<u>303,169</u>	<u>7</u>
Total liabilities	<u>1,683,934</u>	<u>40</u>	<u>1,093,027</u>	<u>27</u>
EQUITY				
Ordinary shares	1,963,248	47	1,983,248	49
Capital surplus	871,382	21	870,783	21
Retained earnings				
Legal reserve	197,866	5	197,866	5
Special reserve	109,317	3	109,317	2
Accumulated deficit	(400,426)	(10)	(45,711)	(1)
Total retained earnings	(93,243)	(2)	261,472	6
Other equity	(181,286)	(5)	(138,118)	(3)
Treasury shares	(50,147)	(1)	(16,673)	-
Total equity	<u>2,509,954</u>	<u>60</u>	<u>2,960,712</u>	<u>73</u>
TOTAL	<u>\$ 4,193,888</u>	<u>100</u>	<u>\$ 4,053,739</u>	<u>100</u>

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

LES ENPHANTS CO., LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Loss Earnings Per Share)**

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 33)	\$ 2,481,564	100	\$ 2,785,187	100
OPERATING COSTS (Notes 11, 22, 25 and 33)	<u>1,405,690</u>	<u>57</u>	<u>1,544,024</u>	<u>55</u>
GROSS PROFIT	1,075,874	43	1,241,163	45
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>696</u>	<u>-</u>	<u>1,231</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,076,570</u>	<u>43</u>	<u>1,242,394</u>	<u>45</u>
OPERATING EXPENSES (Notes 22, 25 and 33)				
Selling and marketing expenses	965,559	39	1,112,915	40
General and administrative expenses	<u>190,434</u>	<u>7</u>	<u>211,234</u>	<u>8</u>
Total operating expenses	<u>1,155,993</u>	<u>46</u>	<u>1,324,149</u>	<u>48</u>
LOSS FROM OPERATIONS	<u>(79,423)</u>	<u>(3)</u>	<u>(81,755)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 33)				
Other income	19,112	1	29,893	1
Other gains and losses	(2,824)	-	304	-
Finance costs	(19,790)	(1)	(5,326)	-
Share of loss of subsidiaries and associates	<u>(326,606)</u>	<u>(13)</u>	<u>(23,762)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(330,108)</u>	<u>(13)</u>	<u>1,109</u>	<u>-</u>
LOSS BEFORE INCOME TAX	(409,531)	(16)	(80,646)	(3)
INCOME TAX BENEFIT (EXPENSE) (Note 26)	<u>50,820</u>	<u>2</u>	<u>(10,202)</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(358,711)</u>	<u>(14)</u>	<u>(90,848)</u>	<u>(3)</u>
OTHER COMPREHENSIVE LOSS (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,768	-	12,504	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	952	-	(1,883)	-

(Continued)

LES ENPHANTS CO., LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Loss Earnings Per Share)**

	2019		2018	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	\$ 982	-	\$ (117)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(754)</u>	<u>-</u>	<u>(1,805)</u>	<u>-</u>
	<u>4,948</u>	<u>-</u>	<u>8,699</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(55,096)	(2)	(35,854)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>10,976</u>	<u>-</u>	<u>5,691</u>	<u>-</u>
	<u>(44,120)</u>	<u>(2)</u>	<u>(30,163)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(39,172)</u>	<u>(2)</u>	<u>(21,464)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	\$ <u>(397,883)</u>	<u>(16)</u>	\$ <u>(112,312)</u>	<u>(4)</u>
LOSS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	<u>\$ (1.84)</u>		<u>\$ (0.45)</u>	

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

(Concluded)

LES ENPHANTS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 23)	Capital Surplus (Note 23)	Retained Earnings (Notes 23 and 25)			Other Equity (Note 23)		Treasury Shares (Note 23)	Total Equity
			Legal Reserve	Special Reserve	Accumulated Deficit	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2018	\$ 2,043,248	\$ 891,306	\$ 177,552	\$ 63,206	\$ 203,142	\$ (106,761)	\$ 689	\$ -	\$ 3,272,382
Appropriation of the 2017 earnings									
Legal reserve	-	-	20,314	-	(20,314)	-	-	-	-
Special reserve	-	-	-	46,111	(46,111)	-	-	-	-
Cash dividends distributed by the Company - \$0.51512677 per share	-	-	-	-	(102,162)	-	-	-	(102,162)
	-	-	20,314	46,111	(168,587)	-	-	-	(102,162)
Net loss for the year ended December 31, 2018	-	-	-	-	(90,848)	-	-	-	(90,848)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	10,582	(30,163)	(1,883)	-	(21,464)
Total comprehensive loss for the year ended December 31, 2018	-	-	-	-	(80,266)	(30,163)	(1,883)	-	(112,312)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(97,196)	(97,196)
Cancellation of treasury shares	(60,000)	(20,523)	-	-	-	-	-	80,523	-
BALANCE AT DECEMBER 31, 2018	1,983,248	870,783	197,866	109,317	(45,711)	(136,924)	(1,194)	(16,673)	2,960,712
Net loss for the year ended December 31, 2019	-	-	-	-	(358,711)	-	-	-	(358,711)
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	3,996	(44,120)	952	-	(39,172)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(354,715)	(44,120)	952	-	(397,883)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(52,875)	(52,875)
Cancellation of treasury shares	(20,000)	599	-	-	-	-	-	19,401	-
BALANCE AT DECEMBER 31, 2019	\$ 1,963,248	\$ 871,382	\$ 197,866	\$ 109,317	\$ (400,426)	\$ (181,044)	\$ (242)	\$ (50,147)	\$ 2,509,954

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

LES ENPHANTS CO., LTD.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (409,531)	\$ (80,646)
Adjustments for:		
Depreciation expenses	229,585	40,436
Amortization expenses	7,380	6,415
Finance costs	19,790	5,326
Interest income	(279)	(463)
Dividend income	-	(2,160)
Compensation cost of employee share options	-	(2,012)
Share of loss of subsidiaries and associates	326,606	23,762
Loss on disposal of property, plant and equipment	3,819	585
Net loss on disposal of investments	-	420
Realized gain on the transactions with subsidiaries and associates	(696)	(1,231)
Net gain on Lease modification	(240)	-
Changes in operating assets and liabilities		
Notes receivable	(549)	997
Accounts receivable	26,527	5,308
Trade receivables from related parties	4,977	19,684
Other receivables	888	1,408
Inventories	65,393	(1,210)
Prepayments	(3,347)	(2,904)
Other current assets	270	2,004
Contract liabilities	(908)	(2,534)
Notes payable	(418)	(2,523)
Accounts payable	(113,300)	(25,757)
Trade payables to related parties	(6,399)	(10,277)
Other payables	(37,647)	(19,102)
Advance receipts	(326)	(226)
Other current liabilities	923	(78)
Net defined benefit liability	(28,054)	(60,564)
Other operating activities liability	-	2,899
Cash generated from (used in) operating activities	84,464	(102,443)
Interest received	279	463
Interest paid	(19,801)	(5,215)
Income tax received	3	-
Income tax paid	(1,813)	2,590
Net cash generated from (used in) operating activities	<u>63,132</u>	<u>(104,605)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of available-for-sale financial assets	-	19,403
Net cash outflow on acquisition of subsidiaries	-	(176,310)
Increase in non-current assets held for sale	-	(1,372)
Proceeds from disposal of non-current assets held for sale	-	952
Payments for property, plant and equipment	(36,298)	(64,891)

(Continued)

LES ENPHANTS CO., LTD.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
Proceeds from disposal of property, plant and equipment	\$ 286	\$ 106
Increase in refundable deposits	-	(1,213)
Decrease in refundable deposits	13,048	-
Payments for intangible assets	(3,469)	(6,736)
Increase in prepayments of equipment	(900)	-
Decrease in prepayments of equipment	-	2,839
Dividends received	6,431	10,597
Increase in restricted assets	<u>(5)</u>	<u>-</u>
Net cash used in investing activities	<u>(20,907)</u>	<u>(216,625)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	280,000	80,000
Proceeds from long-term borrowings	10,000	30,000
Repayments of long-term borrowings	(200,000)	(116,667)
Proceeds from guarantee deposits received	49	701
Repayment of lease liabilities	(180,480)	-
Dividends paid to owners of the Company	-	(102,162)
Payments for buy-back of ordinary shares	(52,875)	(97,196)
Other financing activity - decrease in restricted assets	<u>-</u>	<u>290,825</u>
Net cash (used in) generated from financing activities	<u>(143,306)</u>	<u>85,501</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(101,081)	(235,729)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>238,277</u>	<u>474,006</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 137,196</u>	<u>\$ 238,277</u>

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

(Concluded)

les enphants Co., Ltd.

Comparison Table of Amendments to the Rules and Procedure of Board of Director Meeting

Article Number	Original Article	Proposed Amendment	Description
Article 7	<p>Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting. When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.</p>	<p>Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</p> <p>According to Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of the Company Act, the majority or more of the Directors may convene the meeting on their own, and the Directors shall select one Director from among themselves to serve as the chair of the meeting.</p> <p>When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director</p>	<p>I. Some wordings under Paragraph 1 are revised. II. In accordance with the amendment to the Company Act on August 1, 2018, Paragraph 4 of the Article 203 stipulates that the first Board of Directors in each session shall be convened by more than half of the elected Directors, and Paragraph 3 of the Article 203-1, stipulates that the Board of Directors shall be convened by more than half of the Directors. The Paragraph 2 shall be revised. It is clearly stated that when the Board of Directors is convened by more than half of the Directors, including the first time in each session, the Directors shall select one Director from among themselves to serve as the chair of the meeting. III. The current Paragraph 2 is moved to Paragraph 3.</p>

Article Number	Original Article	Proposed Amendment	Description
		designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.	
Article 15	<p>For agenda items of which the Director or the juridical person the Director represents has a personal interest, the Director shall disclose the major aspects of such personal interest at the current Board meeting. If the interest may impair the interests of the Company, the Director shall not participate in and shall recuse himself/herself from the discussion and voting. Furthermore, such Director shall not exercise the voting right on behalf of another Director. When a Director is prohibited from exercising the voting right pursuant to this Article, the resolutions at the Board meetings shall be subject to Paragraph 3 of Article 206 of the Company Act where Paragraph 2 of Article 180 shall apply mutatis mutandis. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests</p>	<p>If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with</p>	<p>I. The current Paragraph 2 is moved to Paragraph 3, and in conjunction with the amendment to the Company Act on August 1, 2018, Paragraph 3 of Article 206 is moved to Paragraph 4 and the amendment refers to the Paragraph.</p>

Article Number	Original Article	Proposed Amendment	Description
	<p>of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.</p> <p>The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 3 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.</p>	<p>respect to that agenda item.</p> <p>The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 4 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.</p>	

[Attachment 2]

les enfants Co., Ltd.
Comparison Table of Amendments to the Ethical Corporate Management
Best-Practice Principles

Article Number	Original Article	Proposed Amendment	Description
Article 5		The Company shall abide by the operational philosophies of honesty, transparency, and responsibility, base policies on the principle of good faith and through the Board resolutions, establish good corporate governance and risk control and management mechanism to create an operational environment for sustainable development.	1. Newly added article 2. Refer to Article 5 - Policy of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
Article 6		The Company shall establish ethical management policies which clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. When establishing the prevention program, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating. The Company should communicate with employees, trade unions, important business transactions or other interested parties in the process of establishing the prevention program.	1. Newly added article 2. Refer to Article 6 - Prevention Scheme of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"
Article 7		The Company shall establish ethical management policies which clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. When establishing the prevention program, the	1. Newly added article 2. Refer to Article 7 - Prevention Scope of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Article Number	Original Article	Proposed Amendment	Description
		<p>Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating. The Company should communicate with employees, trade unions, important business transactions or other interested parties in the process of establishing the prevention program.</p>	
Article 8	<p>The Board of Directors and management strive to implement management policies based on integrity, and have demonstrated as such in its internal management and business activities.</p>	<p>The Company shall require directors and senior management to issue a statement of compliance with the integrity management policy, and require the employees to abide by the integrity management policy in terms of employment conditions.</p> <p>The Company and its business group shall clearly specify in their rules, external documents, and company websites the ethical corporate management policies and the commitment by the Board of Directors and the senior management for rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in business activities.</p> <p>For the ethical management policies, statements, commitments and implementation of Paragraphs 1 and 2, the Company should produce documented information and keep it properly.</p>	<p>1. Changes in article number. 2. Refer to Article 8 - Commitment and Implementation Amendment of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"</p>
Article 6 9	<p>The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.</p> <p>Before conducting business transactions, the Company should consider</p>	<p>The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.</p> <p>Before conducting business transactions, the Company should consider the legality,</p>	<p>1. Changes in article number. 2. Refer to Article 9 - the amended provisions for Integrity Management Business Activities of the "Ethical Corporate Management Best Practice Principles for</p>

Article Number	Original Article	Proposed Amendment	Description
	the legality, goodwill, and whether there is any dishonest behavior of the business partners. In addition to avoiding transactions with those who have records of dishonest behaviors, the Company should include a good faith clause when entering into a contract .	goodwill, and whether there is any dishonest behavior of their agents, suppliers, clients, or other business partners, and shall avoid any dealings with persons so involved. When entering into contracts with its agents, suppliers, clients, or other business partners, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy. In the event that the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts. .	TWSE/GTSM Listed Companies."
Article 14	The Company's personnel should strictly abide by the Company's confidentiality regulations, and must not disclose the Company's business secrets to others, and must not inquire or collect company business secrets that are not related to their duties.		1. This article is deleted 2. Transfer to the "Procedures for Ethical Corporate Management and Guidelines of Conduct"
Article 15	All company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.		1. This article is deleted 2. Transfer to the "Procedures for Ethical Corporate Management and Guidelines of Conduct"
Article 17		The Directors, managers, employees, mandataries, and those under substantial control of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical	1. Newly added article 2. Refer to Article 17 - Organization and Responsibility of the "Ethical Corporate Management Best Practice Principles for

Article Number	Original Article	Proposed Amendment	Description
		<p>conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>In order to improve the management of integrity management, the Company should set up a special unit subordinated to the Board of Directors, allocate sufficient resources and qualified personnel, be responsible for the formulation and supervision of the integrity management policy and prevention plan, and mainly manage the following matters, regularly (at least once a year) report to the Board of Directors:</p> <p>I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>II. Regularly analyze and evaluate the risks of dishonesty in the business scope, and formulate plans to prevent dishonesty, and formulate standard operating procedures and behavior guidelines for work business in each plan.</p> <p>III. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are</p>	<p>TWSE/GTSM Listed Companies."</p>

Article Number	Original Article	Proposed Amendment	Description
		<p>possibly at a higher risk for unethical conduct.</p> <p>IV. Promote and coordinate awareness and educational activities with respect to ethical policy.</p> <p>V. Develop a whistle-blowing system and ensure effective implementation.</p> <p>VI. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are operating effectively, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
Article 18	.	The Company's Directors, managers, employees, mandataries, and those under substantial control shall comply with laws and regulations and the prevention programs when conducting business.	<ol style="list-style-type: none"> 1. Newly added article. 2. Refer to Article 18 - Laws and Regulations of Business Execution of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
Article 19-(16)	When Directors, managers or other stakeholders attending or present at Board meetings deem that the proposals outlined by the Board of the Directors have direct or indirect interests with Directors of the Company and its subsidiaries or legal entities they represent, they shall explain the important contents of the interests in the Board meeting. If it is harmful to the interests of the Company, they shall not join the discussion and voting. Also, they shall not exercise their voting rights on behalf of other directors. Directors shall also exercise	<p>The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for Directors, managers, and other stakeholders attending or present at Board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>When Directors, managers or other stakeholders attending or present at Board meetings deem that the proposals outlined by the Board of the Directors have direct or indirect interests with</p>	<ol style="list-style-type: none"> 1. Changes in article number. 2. Refer to Article 19 - Avoidance of Interests of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and added the Paragraph 1.

Article Number	Original Article	Proposed Amendment	Description
	<p>self-discipline and must not support one another in improper dealings.</p> <p>The Directors, managers, employees, mandataries, and those under substantial control shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>Directors of the Company and its subsidiaries or legal entities they represent, they shall explain the important contents of the interests in the Board meeting. If it is harmful to the interests of the Company, they shall not join the discussion and voting. Also, they shall not exercise their voting rights on behalf of other directors. Directors shall also exercise self-discipline and must not support one another in improper dealings.</p> <p>The Directors, managers, employees, mandataries, and those under substantial control shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	
Article 20-(17)	<p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews from time to time so as to ensure that the design and enforcement of the systems are showing results. The Company's internal audit unit shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors. The internal audit unit may engage a certified public accountant to carry out the audit, and</p>	<p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews from time to time so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall formulate the relevant audit plan based on the assessment results of the risk of dishonesty, including the audit object, scope, project, frequency, etc., and check the compliance with the prevention plan, and may appoint an accountant to perform the audit. When necessary, professionals may be invited to assist.</p>	<ol style="list-style-type: none"> 1. Changes in article number. 2. Refer to Article 20 - Accounting and Internal Control of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," amended Paragraph 2 and updated the Paragraph 3..

Article Number	Original Article	Proposed Amendment	Description
	may engage professionals to assist if necessary.	The results of the verification in the preceding paragraph shall be reported to the senior management and the unit responsible for integrity management, and an audit report shall be prepared and submitted to the Board of Directors.	
Article 21	.	The Company shall establish operational procedures and guidelines of Article 6 in accordance hereof to guide Directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters: I. Standards for defining offering or acceptance of improper benefits. II. Procedures for offering legitimate political donations. III. Procedures for offering legitimate charity donations or sponsorships and the amount standard. IV. Rules for avoiding work-related conflicts of interests and how they should be reported and handled. V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business. VI. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct VII. Handling procedures for violations of these Principles. VIII. Disciplinary measures on offenders.	1. Newly added article 2. Refer to Article 21 - Procedures and Code of Conduct of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
Article 19	Upon awareness of any violations of the ethical management, the		1. This article is deleted 2. Add a reporting system and appeal

Article Number	Original Article	Proposed Amendment	Description
	<p>Company's directors, supervisors, employees, mandates and substantial controllers shall report the case to the audit unit, independent directors or supervisors. The Company shall keep the complainant's identity and contents of complaint in confidential. The complaints referred to in the preceding paragraph shall be investigated by the dedicated unit, and the dedicated unit shall record and maintain the investigation result and related documents. Any person who is proven to commit the violation upon investigation shall be punished pursuant to laws and the Company's relevant regulations. The Company's intranet shall immediately disclose the title and name of the violator, the date and details of the violation, and the actions taken in response.</p>		<p>system.</p>
Article 23		<p>The Company shall establish and implement a solid reporting system, which shall cover at least the following matters:</p> <ul style="list-style-type: none"> I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow insiders and outsiders to submit reports. II. The dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a Director or senior manager shall be reported to the Independent 	<p>1. Newly added article 2. Refer to Article 23 - Reporting System of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."</p>

Article Number	Original Article	Proposed Amendment	Description
		<p>Directors or Audit Committee. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>III. After the investigation of the whistleblower case is completed, the follow-up measures, which to be taken in accordance with the severity of the circumstances, shall be reported to the competent authority or transferred to the judicial organ for investigation if necessary.</p> <p>IV. Documentation and preservation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>V. The confidentiality of the identity of the informant and the content of the report, and allow anonymous reporting.</p> <p>VI. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>VII. Whistleblowing incentive measures.</p> <p>When material violations or concerns involving material impairment to the Company come to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the Independent Directors or supervisors in writing.</p>	
Article 24		The Company shall establish and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules. The Company shall make immediate disclosure on	1. Newly added article 2. Refer to Article 24 - Reporting System and Appeal System of the "Ethical Corporate Management Best Practice Principles for

Article Number	Original Article	Proposed Amendment	Description
		the Company's internal website of the titles and names of the violators, the date and details of the violation, and the actions taken in response.	TWSE/GTSM Listed Companies."

les enphants Co., Ltd.

Procedures for Ethical Corporate Management and Guidelines of Conduct

Article 1 (Objective and scope of application)

The Company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. To implement the integrity management policy and actively prevent dishonesty. The Company, in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and laws and regulations of the locations of the Company and group companies, stipulates the operating procedures and behavior guidelines, and specifically regulates the matters that the Company's personnel should pay attention to when performing business.

The Procedures and Guidelines are applicable to the Company's subsidiaries, any foundation of which the Company's direct or indirect contribution of funds exceeds 50% of the total fund received, and other institutions or juridical persons which are substantially controlled by the Company.

Article 2 (applicable objects)

For the purposes of these Procedures and Guidelines, the term "the Company's personnel" refers to any Director, Supervisor, manager, employee, mandataries or person having substantial control, of the Company or its group enterprises and organizations.

The Company's personnel, through the third party, directly or indirectly offer, promise to offer, request or accept any improper benefits will be presumed to be a conduct by the personnel of the Company.

Article 3 (dishonest behavior)

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, accepts, promises, or requests improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparty of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managers, employees, persons having substantial control, or other interested parties.

Article 4 (Interests)

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 (Specially Responsible Units and Duties)

The Company's designated audit office (hereinafter referred to as the Company's dedicated unit), which is subordinated to the Board of Directors, is equipped with sufficient resources and qualified personnel to handle the revision, implementation, interpretation, consulting services, and notification of this operating procedure and behavior guideline. For related operations and supervision and execution, the main

duties are to handle the following matters, and they should report to the Board of Directors regularly (at least once a year):

- I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- II. Regularly analyze and evaluate the risks of dishonesty in the business scope, and formulate plans to prevent dishonesty, and formulate standard operating procedures and behavior guidelines for work business in each plan.
- III. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Develop a whistle-blowing system and ensure effective implementation.
- VI. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are operating effectively, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
- VII. Production and proper preservation of the ethical management policy and its compliance statement, implementation of commitments and implementation and other relevant documented information.

Article 6 (Prohibition of offering or receiving undue benefits)

When directly or indirectly offering, accepting, promising to offer, or requesting benefits stipulated in Article 4, the Company's personnel shall conform to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," "Ethical Corporate Management Best Practice Principles," and "Procedures for Ethical Corporate Management and Guidelines of Conduct." The following items can only be implemented after relevant procedures are processed:

- I. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- II. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- III. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- IV. Attendance at folk festivals that are open to and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums from the management.

- VI. Providing or accepting money, property or other benefits from relatives or people who are frequent friends; or the majority of the Company's personnel by others as gifts.
- VII. Property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion, transfer, retirement, resignation, severance; or the injury, illness, or death of the recipient or the recipient's spouse, or lineal relative.
- VIII. Other conduct that complies with the rules of the Company.

Article 7 (Procedures for reception of improper interests)

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- I. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- II. If a relationship of interest exists between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

A "relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- I. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- II. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- III. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

This Company's dedicated unit shall view the nature and value of the first item interest and propose a return, payment, turn to public ownership, give to charity organization, or make other appropriate recommendations. The recommendation shall be implemented after reporting to the President and getting approval.

Article 8 (Prohibiting facilitation payment and handling of bribery)

The Company shall neither provide nor promise any facilitating payment.

Personnel of the Company who provide or promise bribes because of threats or intimidation shall record the process and report to their direct supervisor as well as notify the Company's dedicated unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency. Upon

receipt of the report under the preceding paragraph, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 (Processing procedures for political contributions)

The Company holds a politically neutral position and does not engage in political contributions. The Company's personnel are not allowed to engage in political activities of any political party or group during working hours and in workplaces. Posting political event posters, articles, and other relevant materials or sending or distributing these materials through email is also not permitted.

Article 10 (Processing procedures for charitable donations or sponsorships)

The Company shall provide charitable donations or sponsorships in accordance with the following matters:

- I. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.
- II. A written record of the decision making process shall be kept.
- III. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
- V. After the donation or sponsorship has been granted, it must be confirmed that the funds are used in accordance with the intended purpose.

Article 11 (Recusal)

When Directors, managers or other stakeholders attending or present at Board meetings deem that the proposals outlined by the Board of the Directors have direct or indirect interests with Directors of the Company and its subsidiaries or legal entities they represent, they shall explain the important contents of the interests in the Board meeting. If it is harmful to the interests of the Company, they shall not join the discussion and voting. Also, they shall not exercise their voting rights on behalf of other directors. Directors shall also exercise self-discipline and must not support one another in improper dealings.

Where the spouse or a blood relative within the second degree of kinship of a Director, or a Director's controlling or affiliated company has interests in the aforementioned agenda item, the Director shall be deemed to have a personal interest in the matter.

If the Company's personnel discover that they themselves or parties they represent have a conflict of interest while implementing company business, or if they themselves, their spouse, parents, offspring, or other stakeholders obtain improper interests, the situation shall be reported to their direct supervisors and the Company's dedicated unit. Direct supervisors shall provide appropriate guidance.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 (Organization and responsibility of confidentiality mechanism)

All departments of the Company shall strictly implement the management, preservation, and confidentiality procedures of the Company's business secrets, trademarks, patents, works, and other intellectual property and shall ensure the continued effectiveness of the Company's confidentiality mechanism.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

Article 13 (Prohibition on unfair competitive practices)

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14 (Prevention of damage to stakeholders by products or services)

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services, of which it shall observe and gather and publish all guidelines, in order to cause the Company's personnel to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall set policies that protect the rights and interests of consumers and other stakeholders and publish the policy on the Company's website. The goal is to prevent products or services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

When there are facts sufficient to recognize that the Company's products and services are a danger to the safety and health of consumers or other stakeholders, the Company shall investigate whether the facts are true, provide improvement measures on time, and if necessary, recycle the batch of products or stop the services.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the Board of Directors.

Article 15 (Prohibition of Insider trading and confidentiality agreement)

All company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Other agencies or personnel that participate in the Company's mergers, divisions, acquisitions, share transfers, important memoranda, strategic alliances, and other business cooperation plans or important contracts shall sign a confidentiality agreement with the Company. The signatory shall promise not to disclose the Company's trade secrets or other important information that they are aware of to others. The aforementioned information shall not be used without the Company's approval.

Article 16 (Following and proclaiming integrity management policy)

The Company shall require directors and senior management to issue a statement of compliance with the integrity management policy, and require the employees to abide by the integrity management policy in terms of employment conditions.

The Company shall disclose its ethical management policy in internal regulations, annual reports, on the Company's website, or via other announcement methods. The ethical management policy shall be announced at an appropriate time at product launches, investor conferences, and other public events so that suppliers, customers, and other business related organizations and personnel can clearly understand the Company's honest management concept and specifications.

Article 17 (Integrity management assessment before establishing a business relationship)

Before the Company establishes a business relationship with others, it shall first assess the legality and ethical management policy of the agent(s), supplier(s), customer(s), or other business dealing subjects. The Company shall first determine whether these subjects have been involved in dishonest behavior to ensure that they operate in a fair manner, have information transparency, and will not request, provide, or accept bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- II. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- III. Whether enterprise's business operations are located in a country with a high risk of corruption.
- IV. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- V. The long-term business condition and degree of goodwill of the enterprise.
- VI. Consultation with the enterprise's business partners on their opinion of the enterprise.
- VII .Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 (Clarifying ethical management policy to business subjects)

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19 (Avoid trading with dishonest operators)

The Company's personnel shall avoid businesses with agents, suppliers, customers, or other entities who engage in unethical conduct. Any existing business shall be stopped and the entities shall be listed on the banned list to implement the Company's ethical management policy.

Article 20 (Contracts stipulate integrity management)

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's integrity management, and shall make the integrity management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

- I. When each party is aware of the violation of the prohibition of acceptance of commissions, rebates or other improper contract benefits, they shall promptly inform other parties of their identity, offer, promise, demand or acceptance, amount or other improper interests, and provide relevant evidence and cooperate with other parties' investigations. If one party has been harmed, the harmed party can request compensation from the other party, and the compensation can be deducted from the contract price.
- II. If either party engages in dishonest commercial activity, the Company has the right to terminate the contract at any time without condition.
- III. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 (Handling of unethical conduct by the Company's personnel)

The Company encourages internal and external personnel to report dishonest or inappropriate behavior. A reward shall be given to the reporting person according to the severity of the reported violations. If internal personnel falsely report violations or make malicious accusations, they shall be punished according to regulations. In severe cases, the person can be dismissed.

An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:

- I. The whistleblower's name and identity card number, and an address, telephone number and e-mail address where he/she can be reached. Anonymous reporting is allowed.
- II. The informed party's name or other information sufficient to distinguish its identifying features.
- III. Specific facts available for investigation.

The Company's personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The Company's dedicated unit handles the report in the following procedures:

- I. Reported violations that involve ordinary employees shall be reported to the department supervisor. Reported violations that involve directors or executives shall be reported to Independent Directors.
- II. The Auditing Office of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
- III. If a person being reported is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical

management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company shall report to competent authorities, institute legal proceedings, and seek damages to safeguard its reputation and its rights and interests.

IV. Documentation of case acceptance, investigation processes, and investigation results shall be retained for five years and may be retained electronically. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.

V. If the reported violations have been verified, the Company's related units shall be instructed to discuss relevant internal control systems and operating procedures, and propose improvement measures to ensure that the same behavior is not repeated.

VI. The Company's dedicated unit shall report the violations, measures, and follow-up discussions and improvement measures to the Board of Directors.

Article 22 (Handling of other party's dishonest behavior towards the Company)

If any personnel of the Company discover that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 (Internal publicity, establishment of reward and punishment, appeal system and disciplinary action)

The Company's dedicated unit should regularly hold internal promoting activities and arrange for the Chairman of the Board, the President, or senior executives to convey the importance of integrity to Directors, employees, and assignees.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violate ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 (Implementation)

These Procedures shall be implemented after the Board of Directors has adopted with approval. The same procedures apply to any amendment.

When submitting the operating procedures and behavior guidelines to the Board of Directors for discussion, the opinions of each Independent Director shall be fully considered, and the opinions of their objections or reservations shall be stated in the minutes of the Board meeting; if the Independent Directors cannot attend the Board of Directors to express their objections or reservations, unless having justified reasons, a written opinion shall be issued in advance and set out in the minutes of the Board meeting

les enphants Co., Ltd.
Comparison Table of Amendments to the Corporate Social Responsibility Best Practice Principles

Article Number	Original Article	Proposed Amendment	Description
Article 3	The Company fulfills its corporate social responsibility and pays attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company values topics pertaining to the environment, society, and corporate governance and incorporates them into its management approaches and operating activities.	The Company fulfills its corporate social responsibility and pays attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company values topics pertaining to the environment, society, and corporate governance and incorporates them into its management approaches and operating activities. <u>The Company shall conduct risk assessments on environmental, social, and corporate governance issues related to its operations in accordance with the materiality principle, and implement relevant risk management policies or strategies.</u>	In line with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and with reference to the important international development trends and evaluation items in Paragraph 1 of Table 2-2-2 "Differences with the 'Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies' and the reasons for such differences," as attached in the "Regulations Governing Information to be Published in Annual Reports of Public Companies," Paragraph 2 is added.
Article 16	The Company shall pay attention to the risks and opportunities that climate change may have on operating activities, and conduct greenhouse gas inventory and plan to formulate relevant carbon management measures to reduce the impact of the Company's operations on the environment.	The Company shall evaluate the potential risks and opportunities of climate change to the Company now and in the future. It shall also count greenhouse gas emissions, water consumption and total weight of waste and plan to formulate relevant carbon management measures to reduce the impact of the Company's operations on the environment.	In line with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and with reference to the important international development trends and evaluation items in Paragraph 3(3) and 3(4) of Table 2-2-2 "Differences with the 'Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies' and the

			reasons for such differences," as attached in the "Regulations Governing Information to be Published in Annual Reports of Public Companies," this Paragraph is revised.
Article 20	The Company shall create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills. The Company shall appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.	The Company shall create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills. At the same time, reasonable employee welfare measures (including compensation, vacation, and other benefits) should be established and implemented, and the operating performance or results should be appropriately reflected in the employee compensation to ensure the recruitment, retention, and motivation of human resources to achieve the goal of sustainable management.	In line with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and with reference to the important international development trends and evaluation items in Paragraph 4(2) of Table 2-2-2 "Differences with the 'Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies' and the reasons for such differences," as attached in the "Regulations Governing Information to be Published in Annual Reports of Public Companies," Paragraph 2 is revised.
Article 23	The Company shall adhere to related regulations and international standards for product and service marketing and labeling. The Company shall not engage in any activities involving deceptive or misleading behaviors, frauds, or other actions which may diminish the trust of consumers or damage consumer interest. The Company shall provide transparent and effective	The Company shall adhere to related regulations and international standards for consumer health and safety, privacy, product and service marketing and labeling. The Company shall not engage in any activities involving deceptive or misleading behaviors, frauds, or other actions which may diminish the trust of consumers or damage consumer interest. The Company shall provide	In line with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and with reference to the important international development trends and evaluation items in

	<p>consumer complaint procedures for its products and services, and deal with consumer complaints fairly and immediately.</p>	<p>transparent and effective consumer complaint procedures for its products and services, and deal with consumer complaints fairly and immediately.</p>	<p>Paragraph 4(5) of Table 2-2-2 "Differences with the 'Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies' and the reasons for such differences," as attached in the "Regulations Governing Information to be Published in Annual Reports of Public Companies," Paragraph 1 is revised.</p>
<p>Article 26</p>	<p>The Company is advised to assess the impact its procurement has on society as well as the environment of the community that it is purchasing from, and shall cooperate with suppliers to jointly implement the corporate social responsibility. Prior to engaging in commercial dealings, the Company shall assess whether there is any record of a supplier's impact on the environment and society and avoid conducting transactions with suppliers that violate its corporate social responsibility policy. (Remaining text omitted)</p>	<p>The Company is advised to assess the impact its procurement has on society as well as the environment of the community that it is purchasing from, and shall cooperate with suppliers to jointly implement the corporate social responsibility. The Company should formulate supplier management policies and require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety, and health or human rights. Prior to engaging in commercial dealings, the Company shall assess whether there is any record of a supplier's impact on the environment and society and avoid conducting transactions with suppliers that violate its corporate social responsibility policy. (Remaining text omitted)</p>	<p>In line with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and with reference to the important international development trends and evaluation items in Paragraph 4(6) of Table 2-2-2 "Differences with the 'Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies' and the reasons for such differences," as attached in the "Regulations Governing Information to be Published in Annual Reports of Public Companies," Paragraph 2 is revised.</p>

[Attachment 5]

les enphants Co., Ltd.
Comparison Table of Amendments to the Rules and Procedures of Shareholders Meeting

Article Number	Original Article	Proposed Amendment	Description
Article 6	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, which may not be changed without a resolution of the Shareholders' Meeting.	If a shareholders' meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The relevant proposals (including extraordinary motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall be convened according to the scheduled agenda. The agenda shall not be altered without a resolution adopted at the shareholders' meeting.	In line with the TWSE/TPEX listed companies to fully implement electronic voting since 2018, and implement the spirit of case-by-case voting, Paragraph 1 is amended.
Article 12	When discussing the agenda item, the Chair may announce for the termination of the discussion when appropriate, and may announce to interrupt the discussion when necessary.	When discussing the motion, the chair may declare the end of the discussion in an appropriate period, and if necessary, announce the suspension of the discussion, withdraw the vote, and arrange for adequate voting time.	In order to avoid the shareholders' meeting convening right holders excessively reducing the voting time of shareholders, which result in the shareholders have no time to vote and affect the shareholders' exercise of voting rights, Paragraph 4 is amended.

[Attachment 6]

Les enphants Co.,Ltd. Nomination form for directors (including independent directors)

Number	Title	Name	Education	Experience	Current	Number of shares held when the transfer is stopped	Government represented or corporate	Whether it has been continuously served as an independent director for three terms Matter / reason
1	Chairman	Lin Po-Tsang	Bachelor Degree in Economic Development and International Relation, Cornell University,	OCP Asia, Senior Portfolio Manager Credit Suisse (Hong Kong) Managing Director	Chairman of Les enphants Co.,Ltd. Chairman of Shanghai les enphants Children Articles Co., Ltd. Chairman of Suzhou les enphants Children Articles Co., Ltd. Chairman of Shanghai Lead Han Trading Co., Ltd. Chairman of Shanghai Le Genius., Co. Ltd. Director of Genius Toy Taiwan Co., Ltd.	24,787,933	NO	NO
2	Director	Tseng Chia-Hung	Bachelor Degree, Department of Tourism Management, Chinese Culture University	Director of Les enphants Co.,Ltd. Director of Phoenix Tours International, Inc.	Director of Les enphants Co.,Ltd. Director of Phoenix Tours International, Inc.	8,095,017	NO	NO
3	Director	Huang Shao-Hua	Bachelor Degree, Telecommunication Engineering, National Chiao Tung University	Co-founder and Chairman of Acer	Director of Les enphants Co.,Ltd. Director of Acer Inc. Director of Motech Industries, Inc. Independent director of PChome Online Inc. Independent director of BIONET orp. Supervisor, Apacer Technology Inc.	0	NO	NO
4	Director	Lin Po-Wei	M.F.A. from Columbia University (U.S.A.)	Vice President of les enphants Co., Ltd. Director of Les enphants Co.,Ltd. Director of Les champions Co., Ltd. Shanghai les enphants Children Articles Co., Ltd. Representative of corporate director Suzhou les enphants Children Articles Co., Ltd. Representative of corporate director	Vice President of les enphants Co., Ltd. Director of Les enphants Co.,Ltd. Shanghai les enphants Children Articles Co., Ltd. Representative of corporate director Suzhou les enphants Children Articles Co., Ltd. Representative of corporate director	500,000	NO	NO
5	Independent Director	Wang Hsiao-Hui	BA, National Chengchi University	Independent Director of Les enphants Co.,Ltd. Independent Director, Far Eastern International Bank CTCI Corporation supervisor Deloitte Touche Tohmatsu Limited CPA	Independent Director of Les enphants Co.,Ltd. Independent Director, Far Eastern International Bank	0	NO	NO
6	Independent Director	Coi Cheng-Hsian	PhD, University of Minnesota, USA	Chairman, Bionet Corp CEO, Genetics Generation Advancement (GGA Corp.) Xunlian Biomedical Co., Ltd. Representative of corporate director Chairman of CROWN STAR ALLIANCE LIMITED Chairman of STAR FORD (SAMOA) LIMITED Independent Director of Chunghwa Chemical Synthesis & Biotech Co. Ltd. Independent Director of Les enphants Co.,Ltd. Independent Director of Lien Chang Electronics Enterprise Co., Ltd. Independent Director of Jamicon Electronics Corporation Director of SANHO CHEMICAL CO., LTD.	Chairman, Bionet Corp CEO, Genetics Generation Advancement (GGA Corp.) Xunlian Biomedical Co., Ltd. Representative of corporate director Chairman of CROWN STAR ALLIANCE LIMITED Chairman of STAR FORD (SAMOA) LIMITED Independent Director of Chunghwa Chemical Synthesis & Biotech Co. Ltd. Independent Director of Les enphants Co.,Ltd. Independent Director of Lien Chang Electronics Enterprise Co., Ltd. Independent Director of Jamicon Electronics Corporation Director of SANHO CHEMICAL CO., LTD.	0	NO	NO
7	Independent Director	Wu Chih-Wei	MBA California State University, Chico	Credit Suisse Taiwan, CEO/Countrv Head Standard Chartered Bank Taiwan.Executive Chairman/Countrv Management Hsinchu International Bank, General manger	Chih-Te investment co., Ltd. Chairman Cathay Real Estate Development Co., Ltd. Independent Director Longchen Paper & Packaging CO., LTD. Independent Director NIEN HSING TEXTILE CO., LTD. Independent Director Taiwan Farm Industry Co., Ltd. Director HEMATECH BIOTHERAPEUTICS INC. Director Preferred Bank USA Independent Director	0	NO	NO

[Appendix 1]

les enfants Co., Ltd.
Rules and Procedures of the Shareholders Meeting

(Approved by the Shareholders' Meeting on June 27, 2019)

Article 1: The Shareholders' Meeting of the Company shall, unless otherwise stipulated in the decrees, follow these rules.

Article 2: The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. When the legal person is appointed to attend as proxy, it may designate only one person to represent the shareholder in the meeting. Attendance and voting right that may be exercised at Shareholders' Meeting shall be calculated on the basis of the shares.

Article 3: The venue for a Shareholders' Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Shareholders' Meeting. The Meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Unless otherwise provided by regulations, Shareholders' Meeting is convened by the Board of Directors. The Company shall prepare the notice for Shareholders' Meeting 30 days prior to a regular Shareholders' Meeting or 15 days prior to a special Shareholders' Meeting, along with the form for the appointment of representation, matters to be recognized, matters to be discussed and information regarding the appointment or dismissal of directors in the form of electronic files and upload them to the Market Observation Post System. 21 days before the Company is to convene a regular shareholders' meeting, or 15 days before it convenes a special shareholders' meeting, it shall prepare an electronic file of the Shareholders' Meeting agenda handbook and the supplemental materials, and upload it to the Market Observation Post System. Before 15 days before the date of the Shareholders' Meeting, the Company shall have prepared the Shareholders' Meeting agenda handbook and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda handbook and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as be distributed on-site at the meeting place.

Election or dismissal of Directors, amendments to the Articles of Association, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Election or dismissal of Directors, amendments to the Articles of Association, reduction of capital, application for delisting, release of Directors from non-compete restrictions, earnings distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting with key contents detailed. None of the above matters may be raised by an extraordinary motion. The key contents may be posted on the website designated by the competent securities authority or the Company and the website shall be indicated in the above notice.

Article 4: It is advisable that Shareholders' Meetings convened by the Board of Directors be chaired by the Chair of the Board in person and attended by a majority of the Directors (including at least one Independent Director) in person. The attendance

shall be recorded in the meeting minutes. When the Chair of the Board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves. When Shareholders' Meeting is convened by other person having the convening right, such person shall act as the chairperson of that meeting.

Article 5: The Chair shall call the meeting to order at the appointed meeting time if the attending shareholders represent a majority of the total number of issued shares. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but 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, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 6: 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, which may not 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. The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. After the meeting has adjourned, the shareholders may not appoint another chair and continue the meeting either at the same or a different venue. If the Chair declares the meeting adjourned in violation of the Rules of Procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new Chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 7: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair. Shareholders and their proxies (collectively referred to as "shareholders") shall attend Shareholders' Meetings with their meeting pass, sign-in cards, or other certificates that validate the attendance. The Company may not arbitrarily add requirements demanding for other documents beyond those showing eligibility presented by shareholders. Solicitors for proxy forms shall also bring document(s) in proof of identity for verification. When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal. A shareholder who submits his/her slip for a speech but does not actually speak shall be considered as not having given a speech. If the content of his/her speech differs from that specified on the slip, the content of his/her speech 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 8: A single speech from an attending shareholder may not exceed 5 minutes, but the speech may be extended for an additional 3 minutes upon consent from the Chair.
- Article 9: Each shareholder may not speak more than twice on the same proposal.
- Article 10: After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.
- Article 11: When the speech of any shareholder is too long or exceeds the scope of the agenda item, the Chair may terminate the speech.
- Article 12: When discussing the agenda item, the Chair may announce for the termination of the discussion when appropriate, and may announce to interrupt the discussion when necessary.
- Article 13: Except as otherwise provided in the Company Act and in the Company's Articles of Association, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chair or a person designated by the Chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (MOPS). When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 14: 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 the Company. The result of voting shall be reported on-site at the meeting, and a record made of the vote.
- Article 15: When a meeting is in progress, the Chair may announce a break based on time considerations.
- Article 16: The Chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Article 17: Entire proceedings of Shareholders' Meeting shall be recorded on audio or video tape and preserved for at least 1 year.
- Article 18: The Company may appoint its attorneys, certified public accountants, or related persons to attend the Shareholders' Meeting.
- Article 19: These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meeting

[Appendix 2]

les enphants Co., Ltd.
Articles of Incorporation

Chapter I General Provisions

Article 1: The Company is organized in accordance with the Company Act. The name of the Company is 麗嬰房股份有限公司 in Chinese and les enphants Co., Ltd. in English.

Article 2: The Company's businesses are listed as follows:

1. C306010 Outerwear Knitting Mills.
2. F104110 Wholesale of Cloths, Clothes, Shoes, Hats, Umbrellas and Apparel, Clothing Accessories and Other Textile Products.
3. F204110 Retail Sale of Cloths, Clothes, Shoes, Hats, Umbrellas, Apparel, Clothing Accessories, and Other Textile Products.
4. CN01010 Furniture and Fixtures Manufacturing
5. CK01010 Footwear Manufacturing.
6. C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing
7. F105050 Furniture, Bedding, Kitchen Utensils, Installation Supplies Wholesale Industry
8. F205040 Furniture, Bedding, Kitchen Utensils, Installation Supplies Retail Industry
9. CH01040 Toys Manufacturing
10. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
11. F209060 Retail Sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
12. F102170 Wholesale of Food and Grocery
13. F203010 Retail Sale of Food and Grocery
14. F401010 International Trade
15. F114030 Wholesale of Motor Vehicle Parts and Supplies
16. F214030 Retail Sale of Motor Vehicle Parts and Supplies
17. F399040 Retail Business without Physical Stores
18. ZZ99999 Business Items not Prohibited or Restricted by Law except Those Requiring Special Approval
19. F108031 Wholesale of Drugs, Medical Goods
20. F208031 Retail Sale of Drugs, Medical Goods
21. F108040 Wholesale of Cosmetics
22. F208040 Retail Sale of Cosmetics
23. F107030 Wholesale of Cleaning Preparations.
24. F207030 Retail Sale of Cleaning Preparations.
25. F106020 Wholesale of Articles for Daily Use
26. F206020 Retail Sale of Articles for Daily Use
27. I103060 Management Consulting Services
28. I199990 Other Consultancy

Article 2-1: To achieve the objective of diversified business operations, the Company's total amount of reinvestment is not prohibited by Article 13 of the Company Act pertaining to the ratio of reinvestments.

Article 2-2: The Company may obtain external guarantees/endorsements due to business or investment needs.

Article 3: The Company's head office is located in Taipei City and may, if necessary, set up branch offices in - 61 - other appropriate locations upon resolution of the Board of Directors (the "Board").

Article 4: The Company's method of public disclosure is executed pursuant to the regulations for securities regulators.

Chapter II Shares

- Article 5: The total capital of the Company is rated at NT\$3.0 billion, divided into 300 million shares, and the amount per share is NT\$10, of which the Board of Directors is authorized to issue shares on a separate basis. NT\$50 million is retained from the total amount stated in the previous paragraph for a total of 5 million shares that are reserved for exercise as employee stock option certificates. The Board of Directors is authorized to issue the employee stock option certificates on a separate basis. The said employees shall include ones in the controlling or affiliated companies who met the conditions set by the Board.
- Article 5-1: Parties eligible to be transferred of treasury stocks repurchased by the Company pursuant to laws and regulations shall include employees in the controlling or affiliated companies who met certain conditions set by the Board. Employees eligible to subscribe new shares issued by the Company shall include ones in the controlling or affiliated companies who met certain conditions set by the Board. Employees eligible to receive restricted stocks issued by the Company shall include ones in the controlling or affiliated companies who met certain conditions set by the Board.
- Article 6: The shares of the Company are all registered shares. The shares are issued upon sign or seal from Directors who represent the Company and upon certification in accordance with relevant legal standards. The Company may be exempted from printing the share certificates stated in the above paragraph provided that it shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.
- Article 7: Shareholders of the Company shall submit signed/sealed signature cards to the Company's share transfer department for safekeeping and storage. When exercising the rights to dividend payment, incentives/bonuses and other written rights, the shareholders shall use the signature card as proof of their identities. Unless otherwise provided by regulations, shareholder affairs including share transfer, change of ownership, reporting of loss, damage, reporting lost seal, changes, or change of address will be processed in accordance with 'Regulations Governing the Administration of Shareholder Services of Public Companies.'
- Article 8: The transfer of shares shall be halted from 60 days prior to the commencement of an annual Shareholder's Meeting, 30 days from the commencement of a special Shareholders' Meeting, or 5 days prior to the ex-dividend date on which the Company issues dividends, bonuses, or other interests.

Chapter III Shareholders' Meeting

- Article 9: Shareholders' Meeting can be divided into regular meetings and special meetings. Regular meetings are convened once a year, and usually within six months of the end of each fiscal year by the Board of Directors according to legal regulations. Special meetings may be convened according to legal regulations when necessary.
- Article 10: When a shareholder is unable to attend a Shareholders' meeting for any reason, he/she may appoint a proxy to attend the meeting by providing a proxy form and state the scope of the proxy's authorization. Pursuant to the competent authority, shareholders of the Company may also exercise voting rights by electronic means. Those exercising their voting rights electronically shall be deemed equal to those shareholders present at the meeting, and all relevant matters shall be processed according to legal regulations.
- Article 11: Unless otherwise provided for under the Company Act, resolutions of Shareholders' Meetings shall be approved by the majority of shareholders who are present in a meeting which is attended by shareholders representing the majority of the total outstanding shares. Article 11-1: Approval by two-thirds of shareholders who are present in a Shareholders' Meeting which is attended by shareholders representing the majority of the total outstanding shares shall be made before the Company is to proceed with any share transfer to employees at prices lower than the average price of share repurchase, or to issue employee share option certificates at lower than fair market value.
- Article 12: Shareholders' Meeting convened by the Board of Directors shall have the Chairman of the Board as the Chair of the meeting. If the Chairman of the Board is on leave or is unable to exercise

power, the Vice Chairman of the Board shall stand proxy. If there is no Vice Chairman of the Board or the Vice Chairman is also on leave or unable to exercise power, the Chairman shall designate a Director as the substitute. If a substitute has not been designated by the Chairman, the Directors shall nominate a substitute among themselves. If the Shareholders' Meeting was convened by other authorized conveners, the convener shall take on the duty of the Chairman. If there is more than one convener, one shall be nominated to be the Chairman

Article 13: Unless the conditions of absence of voting rights stated in Article 179 and 197-1 of the Company Act are present in the shareholders, each share should have 1 voting right.

Article 14: Minutes of the Shareholders' Meeting shall be prepared, in which the date of the meeting, venue, name of the Chair, number of shareholders in attendance, number of shares represented, number of voting rights, resolutions and methods of resolution, and summary of the meeting and its results shall be documented and signed and sealed by the Chair. The minutes of the meeting is to be retained for the duration of the Company's existence. The attendance (sign-in) book of the shareholders and the proxy forms for attendance must have a retention period of at least one year.

Chapter IV: Directors and the Audit Committee

Article 15: The Company shall appoint seven to eleven Directors, whose term of service shall be three years, and they may be re-elected. The Company's Directors are elected using candidate nomination system. The shareholders shall elect the Directors from among the nominees listed in the roster of candidates. The number of the directors indicated in the preceding paragraph shall include three seats for Independent Directors which in turn shall be no fewer than one-fifth of the total Board size. The relevant matters concerning the methods of nomination and announcements of director candidates are governed by the relevant laws and regulations of the Company Act and the Securities and Exchange Act. Independent Directors and non-Independent Directors shall be elected together. Quota for the Independent Director and non-Independent Director shall be counted separately. After the Directors are elected, the Company shall purchase Directors' liability insurance for its Directors for carrying out the scope of their responsibilities during the terms of office upon approval by the Board of Directors. When a shareholder elects a Director, each share has the same voting rights as the number of Directors to be elected, and one person may be selected for election or may be allocated a number of elections. The resulting ballot paper represents a person with more voting rights and is elected as a Director.

Article 15-1: Pursuant to the Securities and Exchange Act, all Independent Directors of the Company will serve as members of the Audit Committee. Roles and obligations of the supervisor in the Company Act, Securities and Exchange Act and other legal regulations will be carried by the Audit Committee or its members. One of the Audit Committee members will serve as the convener of the Committee, and at least one shall be equipped with professional accounting or financial knowledge. Responsibilities, chapters of association, level of authority and other compliance matters for the Audit Committee shall be processed in accordance with the Company Act and relevant legal regulations from the competent authorities.

Article 16: The Board of Directors shall elect a Chairman of the Board and a Vice Chairman from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors. The Chairman shall externally represent the Company.

Article 17: When the Chairman of the Board is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall represent in place of the Chairman; if the Vice Chairman also is on leave or for any reason unable to exercise his/her power, the Chairman shall appoint one of the directors to represent as the chairperson. Where the Chairman does not make such a designation, the directors shall elect one person from among themselves to represent as the Chairperson.

Article 18: The Board of Directors meeting shall be convened by the Chairman or his proxy. The Chairman will preside over the meeting as the Chair. Unless otherwise stated in the Company Act, resolutions made by the Board meeting shall be made by a majority vote at a Board meeting attended by one-half of the Directors. In case a Director cannot attend a Board meeting in person, he/she may appoint another Director to attend in his/her behalf, he/she shall, in each time, issue a

written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A Director may accept the appointment to act as the proxy referred to in the preceding paragraph of one other Director only.

Article 18-1: In calling a meeting of the Board of Directors, a notice with reasons to convene specified shall be given to each Director through written correspondence, electronically, or fax no later than 7 days prior to the scheduled meeting date. However, the Company may convene a Board meeting at any time in the case of emergency. The aforementioned notice may be sent by means of electronic transmission, if agreed by the recipient(s) thereof.

Article 19: The powers and duties of the Board of Directors are as follows:

1. The decision-making of the business plan and supervision over the implementations of business activities.
2. The decision-making of important principles and contracts.
3. Review of the budget and closing account.
4. Propose increase/decrease in capital.
5. Preparation of profit distribution and deficit compensation.
6. Discussion and decision-making of external investment and partnership.
7. Decision-making of material asset acquisition and disposal.
8. Recruitment/termination of managers and decision-making over managerial compensations.
9. Convening the Shareholders' Meeting.
10. Other functional authority stated by legal regulations and the Shareholders' Meeting.

Article 20: The Company shall compensate its Directors for carrying out duties for the Company disregarding the Company's profitability. Compensations for Directors are delegated to the decision from the Board of Directors based on the level of participation and contributions of individual Directors in the Company's operations, and based on the domestic and international average industry standards. If the Company operates at a profit, additional remuneration is distributed pursuant to Article 26.

Article 21: Deleted.

Article 22: Deleted.

Chapter V Manager

Article 23: The Board of Directors may appoint CPA and attorneys as consultants or to appoint other managers based on business needs. The compensations of such parties may be decided by the Board of Directors, while appointment, termination, and other relevant matters will be processed pursuant to Articles 23 and Articles 29 to 34 in the Company Act.

Article 24: The Company adopts a fiscal year ending on December 31st on a full-year basis.

Article 25: At the end of a fiscal year, the Company shall prepare the following reports and statements to be reviewed by the Audit Committee, and an adoption by more than one-half of the members of the Audit Committee will be reached before submission to the regular Shareholders' Meeting for adoption:

1. Business report.
2. Financial statements.
3. Earnings distribution or accumulated deficit offset proposal.

Article 26: If the Company has gained profits (profitability refers to net profit before tax for the given year after deduction of the portion set aside for employee bonus) within a fiscal year, 5-7% and no more than 2% of the profits shall be reserved as the employees' compensation and directors' compensations respectively. However, in case of accumulated loss, certain profits shall first be reserved to cover them. The aforementioned employee bonus may be allocated by shares or cash, and recipients of such allocations shall include employees in the controlling or affiliated companies who meet the conditions set forth by the Board of Directors. Distribution of employee and Directors' compensations shall be passed by the Board of Directors and submitted to the Shareholders' Meeting for adoption. In the Board's special resolution to distribute the said employee bonus by shares, the Company may also resolve to distribute it by issuing new shares or repurchasing its own shares

Article 26-1: In case surplus is present after closing the accounts, the surplus will be appropriated in the following order:

1. Pay corporate income tax in accordance with regulations.
2. Cover previous deficits.
3. Appropriate 10% to be the legal surplus reserve.
4. Appropriate special reserve according to legal regulations.
5. If surplus is still present, the Board will propose motion for dividend and shareholders' bonus allocation, which will be submitted for the Shareholders' Meeting for adoption.

However, only when the dividend and bonus are to be distributed in the form of cash may the distribution be resolved by the Board and submitted for the Shareholders' Meeting for reporting.

Article 26-2: The distribution of the Company's dividends will be based on a balanced dividend policy; however, when no surplus can be allocated for a given year, share dividend can be issued from the reserve. However, the dividend policy in the previous paragraph may be adjusted based on the year's profitability and future capital needs, in which distribution of cash dividend may not be less than 10% of the year's total dividend distribution.

Chapter VII: Supplemental Provisions

Article 27: Any other matters not set forth in the Articles of Association shall be dealt with in accordance with the Company Act.

Article 28: The Articles of Association were established on April 13, 1973:

- The first amendment was made on May 29, 1973.
- The second amendment was made on April 1, 1975.
- The third amendment was made on May 15, 1976.
- The fourth amendment was made on April 15, 1978.
- The fifth amendment was made on October 8, 1979.
- The sixth amendment was made on October 8, 1980.
- The seventh amendment was made on October 20, 1981.
- The eighth amendment was made on January 28, 1983.
- The ninth amendment was made on June 1, 1987.
- The tenth amendment was made on May 2, 1988. - 65 -
- The eleventh amendment was made on May 2, 1989.
- The twelfth amendment was made on November 6, 1991.
- The thirteenth amendment was made on May 22, 1992.
- The fourteenth amendment was made on April 20, 1993.
- The fifteenth amendment was made on April 26, 1994.
- The sixteenth amendment was made on May 25, 1995.
- The seventeenth amendment was made on April 30, 1997.
- The eighteenth amendment was made on May 26, 2000.
- The nineteenth amendment was made on May 22, 2001.
- The twentieth amendment was made on May 28, 2002.
- The twenty-first amendment was made on June 12, 2003.
- The twenty-second amendment was made on June 10, 2005.
- The twenty-third amendment was made on June 9, 2006.
- The twenty-fourth amendment was made on June 15, 2007.
- The twenty-fifth amendment was made on June 13, 2008.
- The twenty-sixth amendment was made on June 17, 2010.
- The twenty-seventh amendment was made on June 24, 2011.
- The twenty-eighth amendment was made on June 22, 2013.
- The twenty-ninth amendment was made on June 18, 2014.
- The thirtieth amendment was made on June 22, 2016.
- The thirty-first amendment was made on June 22, 2017.
- The thirty-second amendment was made on June 27, 2019.

[Appendix 3]

. Les enfants Co., Ltd.
Rules for Election of Directors

Approved by the Shareholders' Meeting on June 27, 2019

- Article 1: Unless otherwise provided by the laws and regulations or the Articles of Associations, the Company's Directors election shall be conducted in accordance with the provisions of the Procedures.
- Article 2: The Company's Directors are elected using the cumulative voting method. Unless otherwise provided by the Articles of Associations, each share shall have voting rights equivalent to the number of Directors to be elected. Such voting rights can be combined to vote for one person, or divided to vote for several persons.
- Article 3: The Company's Director election shall take into account the Board of Directors (the Board) composition. Diversification shall be considered for the Board's composition, and appropriate diversification policies shall be formulated regarding the Board's own operation, operational type, and development needs, including but not limited to the following two main aspects:
1. Basic conditions and values: gender, age, nationality, and culture.
 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc. Board members shall possess knowledge, skills, and qualities required to carry out their duties. Abilities needed for each member are as follows:
 1. Operational judgment
 2. Accounting and financial analysis
 3. Business management
 4. Crisis management
 5. Industrial knowledge
 6. International market perspective
 7. Leadership
 8. Decision-making More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other Director. The Company's Board shall adjust its composition based on the results of performance evaluation.
- Article 4: The number of Directors is as specified in the Company's Articles of Association. Candidates who acquire more votes shall win the seats of Directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified available seats, such persons acquiring the same votes shall draw lots to - 80 - decide who should win the seats, and the Chairman shall draw lots on behalf of the candidate who is not present.
- Article 5: The Company's Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act. The shareholders shall elect Directors from the list of Director candidates. The Independent and Non-Independent Directors shall be elected simultaneously with the quotas of elected Directors calculated separately pursuant to Article 4. At least one Independent Director elected shall be

equipped with accounting or financial expertise. Also, the review outcomes shall be submitted to the shareholders for reference in order to elect the appropriate Directors.

Article 6: At the commencement of the election, the Chairman shall appoint several voting supervisors, ballot readers and ballot counters to carry out relevant tasks. The ballot boxes shall be prepared by the Board and publicly examined by the voting supervisors before the voting commences. Ballots are prepared by the Company with numbers assigned as the attendance card number. The number of voting rights associated with each ballot is also specified.

Article 7: If the candidate is a shareholder of the Company, voters shall enter the candidate's account name and shareholder account number in the "candidate" column. If the candidate is not a shareholder of the Company, voters shall enter the candidate's name and identification card number in the "candidate" column. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the column for the candidate's account name on the ballots, or both the name of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.

Article 8: The Company shall prepare the same number of ballots as Directors to be elected and the number of voting rights shall be specified on the ballots, which would be distributed to shareholders attending the shareholders' meeting. The attendance card numbers may be used to replace the names of shareholders on the ballots.

Article 9: Ballots are deemed void in any of the following circumstances:

1. Ballots not prepared by the Company's Board.
2. Blank ballots.
3. Illegible writing or modification.
4. For situations where the candidate is a shareholder, the account name or shareholder account number of the candidate entered in the ballot is inconsistent with the shareholders' register. For situations where the candidate is not a shareholder, the - 81 - name or identification card number of the candidate entered in the ballot is inconsistent upon verification.
5. Ballots with written characters or symbols other than the candidate's account name (name), shareholder number (identification card number), and the number of votes cast for the candidate.
6. Ballots on which the candidate's account name (name) or shareholder number (identification card number) are not entered.

Article 10: The ballots shall be counted right after the completion of vote casting, and the election results, including the list of Directors elected and the number of voting rights thereof, shall be announced by the Chairman at the meeting. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the voting supervisors and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 11: The Board shall issue elected notices to elected Directors.

Article 12: Matters not specified in the Procedures will be processed in accordance with the Company Act and relevant laws and regulations.

Article 13: The Procedures shall be implemented after being approved by the shareholders' meeting, as would any revision thereof

[Appendix 4]

les enphants Co., Ltd.
Rules and Procedures of Board of Director Meeting

Approved by the Board of Directors' Meeting on March 21, 2019.
The first amendment was approved by the Board of Directors' Meeting on November 14, 2017.

- Article 1 The Rules of Procedure for Board of Directors' Meeting (the Rules) are drawn up in accordance with Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies in order to build a sound governance system for the Board of Directors (the Board), reinforce its supervisory functions, and strengthen its management functions.
- Article 2 With regards to the Company's Board meetings, the main agenda items, operational procedures, matters required in the meeting minutes, public announcement, and other compliance requirements shall be handled in accordance with the provisions of the Rules.
- Article 3 The Board meetings shall be held at least once a quarter. In calling a meeting of the Board of Directors, a notice with reasons to convene specified shall be given to each Director no later than 7 days prior to the scheduled meeting date. However, the Company may convene a Board meeting at any time in the case of emergency. The aforementioned notice may be sent by means of electronic transmission, if agreed by the recipient(s) thereof. All matters set out in the subparagraphs of Paragraph 1, Article 12 of the Rules shall be specified in the notice of the reasons for calling Board meetings. None of them may be raised by an extraordinary motion except for emergency or legitimate reasons.
- Article 4 The Company's Board appoints the Chairman's Office to be the unit responsible for the Board meetings. The unit in-charge of the Board meetings shall draft the agenda of the Board meetings and provide sufficient meeting materials to be sent together with the meeting notice. If Directors consider the meeting materials to be insufficient, they may request the incharge unit to provide supplementary information. If Directors consider the materials concerning the proposals to be insufficient, the deliberation may be postponed upon a resolution of the Board.
- Article 5 When the Board meeting is convened, an attendance book shall be provided for the attending Directors to sign in and be available for future reference. Directors shall attend the Board meetings in person. The Director who is unable to attend in person shall appoint another Director to attend the meeting as proxy in accordance with Company's Articles of Association. Attendance by video conference shall be deemed as attendance in person. The Director who appoints another Director to attend the Board meetings, a letter of authorization shall be presented each time, indicating the scope of authorization with respect to the reasons for convening the Board meetings. A proxy under Paragraph 2 may accept a proxy from one person only.
- Article 6 The Board meetings shall be convened at the Company location and business hours or at a place and time convenient for the Directors to attend and suitable for such events.
- Article 7 The Board meetings shall be convened and chaired by the Chairman. However, the first Board meeting of each term shall be convened and chaired by the Director whose ballots represent the most voting rights at the shareholders' meeting. When there are two (2) or more persons with the right to convene, they shall choose one from among themselves. When the Chairman is on leave or for some reasons unable to exercise the power, the Vice Chairman shall serve as a proxy. If there is no Vice Chairman or the Vice Chairman is on leave or for some reasons unable to exercise the power, the Chairman shall appoint a Managing Director to serve as a proxy. If there is no Managing Directors, the Chairman shall appoint one Director to serve as a proxy. If the Chairman does not appoint a proxy, the Managing Directors and Directors shall elect one from among themselves.
- Article 8 When the Board meeting is convened, management units (or the unit appointed by the Board to be responsible for the Board meetings) shall have relevant information ready for attending Directors to examine. The Company may notify the personnel of relevant departments or

subsidiaries to attend the Board meetings depending on the subject matters of the agenda. If necessary, the CPAs, lawyers or other professionals may also be invited to be present at the meeting and provide explanations. However, they shall excuse themselves during discussion and voting. The Chairman shall call the meeting to order at the scheduled time when more than half of all Directors are in attendance. If half of all Directors were absent at the scheduled meeting time, the Chairman may announce to postpone the meeting. The postponement is limited to two times. If the number of Directors did not meet the quorum after two postponements, the Chairman shall reconvene the meeting in accordance with the procedures set out in Paragraph 2 of Article 3. The term "all Directors" as used in the preceding paragraph and in Subparagraph 2, Paragraph 2 of Article 16 means the actual number of Directors currently holding the positions.

Article 9 The process of the Board meetings shall be fully recorded in audio or video, and retained for at least five (5) years. It may be retained by electronic means. If litigation arises from the matters resolved in the Board meetings before the above retention period expires, the relevant audio or video recordings shall be retained until the conclusion of the litigation. If the Board meeting is convened by video conference, its video and audio recordings shall be part of the meeting minutes and shall be retained throughout the life of the Company.

Article 10 The agenda items of regular Board meetings shall include at least the following matters:

1. Report items: (1) Meeting minutes of the last Board meeting and implementation status. (2) Reporting on important financial and business matters. (3) Reporting on internal audit activities. (4) Other important matters to be reported.
2. Discussion items: (1) Items discussed and continued from the last meeting. (2) Items to be discussed at this meeting.
3. Extraordinary motions.

Article 11 The Board meetings shall proceed in accordance with the agenda in the meeting notice. However, the agenda can be changed if approved by the majority of attending Directors. The Chairman cannot announce the adjournment of the meeting before the completion of agenda unless agreed by the majority of attending Directors. During the Board meetings, if the number of Directors in attendance was less than the majority of Directors originally attending the meeting, the Chairman shall declare a temporary suspension of meeting upon a motion by the Directors in attendance. In which case, Paragraph 3 of Article 8 shall apply mutatis mutandis.

Article 12 The Company shall propose the following matters to be discussed at the Board meetings:

1. The Company's operating plans.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which are exempted from being audited and certified by the Certified Public Accountants (CPAs) according to the laws and regulations.
3. Adoption or amendment of the internal control system as stipulated in Article 14-1 of the Securities and Exchange Act, and assessment of the effectiveness of the internal control system.
4. Adoption or amendment of the Company's procedures for significant financial or business actions, e.g. Regulations Governing the Acquisition and Disposal of Assets, Procedures for Derivative Transactions, Procedures for Lending Funds to Other Parties, and Procedures for Endorsement and Guarantee, pursuant to Article 36-1 of the Securities and Exchange Act.
5. Raising, issuing, or privately placing equity-type securities.
6. Appointment or discharge of finance, accounting, or internal audit officers.
7. Donations to related parties or material donations to non-related parties. However, donations of public welfare nature as emergency relief for major natural disasters may be reported afterwards for acknowledgement in the next Board meeting.
8. Any other matters that shall be resolved by the shareholders' meetings or Board meetings pursuant to Article 14-3 of the Securities and Exchange Act, relevant laws and regulations, or the Company's Articles of Association; or that are deemed to be material by the regulatory authorities.

The term "related parties" used in Subparagraph 7 of the preceding paragraph is as defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." The term "material donations to non-related parties" means individual or the cumulative amount of donations to the same party within one year reaches NT\$100 million, or 1 percent of net operating revenue, or 5 percent of paid-in capital in the Company's audited financial statement for the most recent fiscal year.

The term "within one year" as used in the preceding paragraph means one year calculated retrospectively from the date on which the current Board meeting is held. The part for which the Company has obtained approval from the Board shall not be included.

The Company has Independent Directors and at least one of them shall attend the Board meetings in person. For matters specified to be resolved at the Board meeting in accordance with Article 14-3 of the Securities and Exchange Act, all Independent Directors shall attend in person. For ones who are unable to attend in person, they shall appoint other Independent Directors as a proxy. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting. If the Independent Directors are unable to attend the Board meetings in person to express their objections or reservations, unless they have legitimate reasons, they shall submit written statements in advance to be recorded in the minutes of Board meetings

Article 13 When the Chairman believes that the proposed resolution in Board meeting has been discussed sufficiently to put it to a vote, he/she shall announce the discussion closed and call for a vote. When a proposal comes to a vote at a Board meeting, if the Chairman puts the matter before all Directors present at the meeting and none voices an objection, the matter is deemed approved. If objection is voiced when enquired by the Chairman, the matter shall be put to a vote. The term "all directors present at the meeting" as used in the preceding Paragraph excludes Directors prohibited from exercise voting rights under Paragraph 1 of Article 15. The Chairman may adopt one of the following voting methods, unless objected by the attending Directors, where the Chairman shall make decisions by seeking the consent of the majority of attending Directors:

1. By a show of hands or a voting machine.
2. By voicing votes.
3. By casting ballots.
4. Methods adopted by the Company.

Article 14 Unless otherwise stipulated in the Securities and Exchange Act and the Company Act, the proposed resolutions in the Board meetings requires approvals from the majority of attending Directors which constitutes a majority of all Directors. When there are amendments or substitutes to a proposed resolution, the Chairman shall present these together with the original proposed resolution and determine their voting order. However, if any one of them has been adopted, the others shall be deemed vetoed and no further voting is required. If the voting requires voting supervisors and ballot counters, the Chairman shall appoint those personnel. The voting supervisors shall be Directors. The voting results shall be announced immediately at the meeting and recorded in the minutes.

Article 15 For agenda items of which the Director or the juridical person the Director represents has a personal interest, the Director shall disclose the major aspects of such personal interest at the current Board meeting. If the interest may impair the interests of the Company, the Director shall not participate in and shall recuse himself/herself from the discussion and voting. Furthermore, such Director shall not exercise the voting right on behalf of another Director. Where the spouse or a blood relative within the second degree of kinship of a Director, or a Director's controlling or affiliated company has interests in the aforementioned agenda item, the Director shall be deemed to have a personal interest in the matter. When a Director is prohibited from exercising the voting right pursuant to this Article, the resolutions at the Board meetings shall be subject to Paragraph 3 of Article 206 of the Company Act where Paragraph 2 of Article 180 shall apply mutatis mutandis.

Article 16 The resolutions of Board meetings shall be recorded in the meeting minutes which shall accurately record the following items:

1. The term (or year), time, and place of the Board meeting.
2. Name of the Chairman.
3. Directors' attendance status, including names and numbers of Directors who are present, on leave, and absent.
4. Names and titles of non-voting attendees.
5. Name of the recorder.
6. Report items.
7. Proposal matters and discussion items: The voting method and result of each proposed resolution; speech summary of Directors, professionals, and other persons; name of Director having a personal interest pursuant to the Paragraph 1 of the preceding Article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal; objections or reservations which are on the record or in writing per request; and written statements submitted by Independent Directors pursuant to Paragraph 5 of Article 12.
8. Extraordinary motions: Name of proposer, the voting method, and result of each proposed resolution; speech summary of Directors, professionals and other persons; name of Director having a personal interest pursuant to the Paragraph 1 of the preceding Article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal; and objections or reservations which are on the record or in writing per request.
9. Other matters that shall be recorded.

If any of the following applies to matters resolved in the Board meetings, besides being clearly specified in the meeting minutes, those matters shall be publicly announced and filed at the Market Observation Post System website designated by the Financial Supervisory Commission of the Executive Yuan within two (2) days from the date of Board meetings:

1. The Independent Director has objection or reservation on the record or in writing.
2. Matters which are approved by two-thirds of all Directors when the Company's Audit Committee does not approve. The attendance book of the Board meeting is a part of the meeting minutes and shall be retained throughout the life of the Company.

The meeting minutes shall be affixed with the Chairman's and the meeting recorder's signatures and seals, and distributed to all Directors within twenty (20) days after meeting. It shall be classified as the Company's important file and retained throughout the life of the Company. The meeting minutes set out in Paragraph 1 may be prepared and distributed by electronic means.

Article 17 Except for matters to be discussed at the Company's Board meetings set out in Paragraph 1 of Article 12, when the Board delegates its power in accordance with relevant laws and regulations or the Company's Articles of Association, the delegation of authority, contents or matters shall be definite and specific. However, matters involving material interest of the Company shall still be subject to the resolutions at the Board meetings.

Article 18 The Board is authorized to approve amendments to the Rules, if any, in the future

[Appendix 5]

les enphants Co., Ltd.

Ethical Corporate Management Best-Practice Principles

- Article 1 Les enphants Co., Ltd. (hereinafter referred to as the “Company”) establishes these Principles in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” to foster the Company’s corporate culture of ethical management and offer a reference framework for establishing good commercial practices. The Principles are applicable to the Company’s subsidiaries, any corporations to which the Company’s direct or indirect contribution of funds exceeds 50 per cent of the total funds received and other institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as the "business group").
- Article 2 When engaging in commercial activities, directors, managers, employees, and mandates of the Company or persons having substantial control over such companies (hereinafter referred to as "substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.
- Article 3 "Benefits" referred to herein mean any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic - 101 - premise to facilitate ethical corporate management.
- Article 5 The Company’s Board of Directors and management shall work hard to fulfill the commitment about ethical management policy and shall carry out the policies in internal management and in commercial activities.
- Article 6 The Company shall engage in business activities in a fair and transparent manner, based on the principle of good faith. Prior to any commercial transactions, the Company shall take into consideration the legality of its trading counterparts and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. Meanwhile, the contracts with the trading counterparts shall include terms requiring compliance with ethical corporate management policy.
- Article 7 When conducting business, the Company and its directors, managers, employees, mandates and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. ◦
- Article 8 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandates, and substantial controllers, shall comply with the Political

Donations Act and their own relevant internal operational procedures and shall not make such donations in exchange for commercial gains or business advantages.

- Article 9 When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandates and substantial controllers shall comply with relevant laws and regulations and internal operational procedures and shall not surreptitiously engage in bribery.
- Article 10 The Company and its directors, managers, employees, mandates and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.
- Article 11 The Company and its directors, managers, employees, mandates and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures and contractual provisions concerning intellectual property, and may not use, disclose, dispose or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.
- Article 12 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.
- Article 13 In the course of research and development, procurement, manufacture, provision or sale of products and services, the Company and its directors, managers, employees, mandates and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health and safety of consumers or other stakeholders. Where there are sufficient facts to establish that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders the Company shall, in principle, recall those products or suspend the services immediately.
- Article 14 The Company's staff shall strictly comply with the Company's non-disclosure requirements and be prohibited from disclosing any of the Company's business secrets known by them to any other persons or probing into or collecting the Company's business secrets unrelated to their job duties.
- Article 15 The Company's staff shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. The staff is also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.
- Article 16 When a proposal at a given Board of Directors' meeting concerns the personal interest of or the interest of the juristic person represented by any of the directors, managers and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in the discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and

must not support one another in improper dealings. The Company's directors, managers, employees, mandates and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 17 The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews from time to time so as to ensure that the design and enforcement of the systems are showing results. The Company's internal audit unit shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 18 The Company's Chairman, General Manager, or senior management officers shall communicate the importance of corporate ethics to its directors, employees and mandates on a regular basis. The Company shall periodically organize training and awareness programs for directors, managers, employees, mandates and substantial controllers and invite the companies' commercial transaction counterparts so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The Company shall integrate the policies of ethical corporate management into its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 19 Upon becoming aware of any violations of the ethical management, the Company's directors, employees, mandates and substantial controllers shall report the case to the audit unit, HR unit or independent directors. Where the case involves directors or high-rank management, it shall be reported to independent directors or the Audit Committee. The Company shall keep the complainant's identity and contents of the complaint confidential. The complaints referred to in the preceding paragraph shall be investigated by the dedicated unit and the dedicated unit shall record and maintain the investigation result and related documents. Any person who is proven to commit the violation upon investigation shall be punished pursuant to laws and the Company's relevant regulations. The Company's intranet shall immediately disclose the title and name of the violator, the date and details of the violation and the actions taken in response

Article 20 The Company shall disclose the measures taken for implementing ethical corporate management, the status of implementation, and the effectiveness of promotion on the Company's website, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

Article 21 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 22 The Principles shall be enforced upon resolution of the Board of Directors, and reported to the shareholders meeting. The same shall apply where the Principles are amended. When the Principles are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of

Directors' meeting. . An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors' meeting.

[Appendix 6]

les enphants Co., Ltd.
Corporate Social Responsibility Best Practice Principles

(Adopted by the Board of Directors on March 17, 2016)

Chapter I General Provisions

- Article 1 les enphants Co., Ltd (Hereinafter refer to the Company) has established the Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" to fulfill corporate social responsibilities and promote the economic, environmental, and social advancement for the purpose of achieving the Company's sustainable development.
- Article 2 The Principles applies to the Company and the entire operations of the Company and its business group.
- The Principles encourages the Company to actively fulfill its corporate social responsibility in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive advantages built on corporate social responsibility.
- Article 3 The Company fulfills its corporate social responsibility and pays attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company values topics pertaining to the environment, society, and corporate governance and incorporates them into its management approaches and operating activities.
- Article 4 To implement the corporate social responsibility, the Company is advised to follow the principles below:
- I. Implementation of corporate governance.
 - II. Foster a sustainable environment.
 - III. Protection of shareholders' rights
 - IV. Public welfare preservation.
 - V. Enhance the disclosure of information on the corporate social responsibility.
- Article 5 The Company shall formulate corporate social responsibility policies, systems, or related management policies with reference to the correlation between the development trends of domestic and foreign corporate social responsibility and the core business of the Company, the impact of the Company and its group companies on the overall operating activities on stakeholders, etc. To promote the plan in detail, the report of the Board of Directors must be submitted regularly.

Chapter II Exercising Corporate Governance

- Article 6 The Company shall follow the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies," the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Corporate Management and Guidelines of Conduct" to establish effective corporate governance frameworks and related ethical standards, so as to enhance corporate governance.
- Article 7 Directors of the Company shall fulfill their obligations as good managers by urging the Company to implement corporate social responsibility, and inspect at any time the

performance of implementation for continuing improvement, thereby ensuring the implementation of the corporate social responsibility.

The Board of Directors of the Company shall, during the Company's implementation of the corporate social responsibility, include the following items:

- I. Propose the mission or vision of the corporate social responsibility, formulate policies, systems or related guidelines.
- II. Incorporate the corporate social responsibility into the Company's business and development guidelines and ratify concrete promotional plans for corporate social responsibility.
- III. Ensure the real-time and correct disclosure of information on corporate social responsibility.

The Board of Directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8 The Company shall regularly organize education and training to fulfill corporate social responsibility, and publicize the Company's corporate social responsibility mission or vision, as well as policies, systems, or related management policies and specific promotion plans, in order to implement the Company's corporate social responsibility planning.

Article 9 To ensure proper management of corporate social responsibility, the Company shall assemble a task force of corporate social responsibility in the making, planning, and execution of corporate social responsibility policies, systems, strategies and projects. This task force should also report its progress regularly to the Board of Directors.

The Company shall adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

The employee performance evaluation system shall be combined with corporate social responsibility policies and the Company shall establish a clear and effective incentive and discipline system.

Article 10 Out of respect for stakeholders' interests, the Company shall identify its stakeholders and set up a stakeholders section on the official website. The Company shall use proper communication channels to understand the reasonable needs and expectations of stakeholders, and respond to key corporate social responsibility issues that are of utmost concern.

Chapter III Fostering a Sustainable Environment

Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12 The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13 The Company shall appoint a dedicated environmental management unit or team of personnel to establish, execute and maintain the environmental management system and action plans. This unit/team will also be responsible for organizing environmental education courses for the management and staff.

Article 14 The Company takes into account the impact on the ecology and promotes the sustainable consumption concepts. It also conducts research, procurement, production, operations, services, and other business activities based on the following principles to reduce the impact of the Company's operations on the natural environment and humans:

- I. Reduce resource and energy consumption of products and services.
- II. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
- III. Improve recyclability and reusability of raw materials or products.
- IV. Maximize the sustainability of renewable resources.
- V. Enhance the durability of products.
- VI. Improve efficiency of products and services.
- VII. Import green environmental protection materials to reduce environmental pollution.

Article 15 The Company shall pay attention to environmental protection measures such as internal water resources management, garbage disposal, resource recycling, and greening the environment, and make every effort to reduce the adverse impact on human health and the environment, hoping to become an environmentally friendly enterprise.

Article 16 The Company shall pay attention to the risks and opportunities that climate change may have on operating activities, and conduct greenhouse gas inventory and plan to formulate relevant carbon management measures to reduce the impact of the Company's operations on the environment.

Chapter IV Guarantee of Stakeholders' Rights and Interests

Article 17 The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company shall follow internationally recognized human rights for labor, such as freedom of association, collective bargaining power, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, eliminating discrimination in employment and employment, etc., and confirm that its human resources use policies are free of gender and ethnic, social and economic class, age, marriage and family status and other differential treatments, in order to implement the equality and fairness of employment, employment conditions, salary, benefits, training, evaluation, and promotion opportunities.

With regard to incidents that damage to labor rights, the Company shall provide effective and appropriate complaint mechanisms to ensure equality and transparency in the complaint filing process. The grievance channels shall be simple, convenient, and open, and respond to employees' complaints in an appropriate manner.

Article 18 The Company shall provide information for employees, so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

- Article 19 The Company shall provide safe and healthful work environments for employees, including necessary health and first-aid facilities, shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents and also shall implement regular safety and health education and training for employees.
- Article 20 The Company shall create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills. The Company shall appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.
- Article 21 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions.
- The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.
- The Company shall notify employees on changes in business operation likely to impose major impact on employees in a reasonable manner.
- Article 22 The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of its products and services. It shall establish and disclose policies for consumer rights and interests and enforce them in the course of business operations to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.
- Article 23 The Company shall adhere to related regulations and international standards for product and service marketing and labeling. The Company shall not engage in any activities involving deceptive or misleading behaviors, frauds, or other actions which may diminish the trust of consumers or damage consumer interest.
- The Company shall provide transparent and effective consumer complaint procedures for its products and services, and deal with consumer complaints fairly and immediately.
- Article 24 The Company shall evaluate and manage all types of risks that could cause interruptions in operations to reduce the impact on consumers and society.
- Article 25 The Company should abide by the Personal Data Protection Act and other relevant regulations, and truly respect the privacy rights of consumers and protect the personal data provided by consumers.
- Article 26 The Company is advised to assess the impact its procurement has on society as well as the environment of the community that it is purchasing from, and shall cooperate with suppliers to jointly implement the corporate social responsibility.
- Prior to engaging in commercial dealings, the Company shall assess whether there is

any record of a supplier's impact on the environment and society and avoid conducting transactions with suppliers that violate its corporate social responsibility policy.

When the Company enters into a contract with a major supplier, the content should include terms stipulating mutual compliance with corporate social responsibility policy and specify that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Chapter V Preserving Public Welfare

Article 27 The Company shall evaluate the impact of its business operations on the community, exert the power of operation locally, and adequately employ personnel from the location of the business operations to enhance community acceptance.

Article 28 The Company shall participate in public affairs and charity activities through commercial activities, in-kind donations, and corporate volunteer services to promote community development and benefit community groups.

Chapter VI Enhancing Disclosure of Corporate Social Responsibility Information

Article 29 The Company shall disclose information according to relevant laws and regulations and these Principles, and shall fully disclose relevant and reliable information relating to its corporate social responsibility to improve information transparency.

Relevant information relating to corporate social responsibility which the Company shall disclose includes:

I. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the Board of Directors.

II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.

III. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.

IV. Major stakeholders and their concerns.

V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.

VI. Other information related to corporate social responsibility initiatives.

Chapter VII Supplementary Provisions

Article 30 The Company shall continuously monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment to examine and improve the corporate social responsibility framework it has established and to obtain better results from the implementation of the corporate social responsibility policy.

Article 31 These Principles and amendments shall be implemented after the approval of the Board of Directors.

[Appendix 7]

les enphants Co., Ltd.
Shareholding of All Directors

The following is a summary of the number of shares held by all Directors as of the book closure period (April 14) for the 2020 Shareholders' Meeting:

April 14, 2020

Title	Name	Shares Held	
		Number of Shares	Holding Ratio
Chairman of the Board	Alex Lin	24,837,933	13.15%
Director	Brenda Lin	500,000	0.26%
Director	Andrew Liang	177,495	0.09%
Director	Chief and Son International Co., Ltd.	307,957	0.16%
Director	George Huang	0	0%
Director	Jonny Tseng	8,095,017	4.28%
Independent Director	Wang, Hsiao Hui	0	0%
Independent Director	Pan, Chin Tin	0	0%
Independent Director	Chris Tsai	0	0%
Subtotal of shares held by all Directors		33,918,402	17.95%
The minimum number of shares required to be held by the entire body of Directors		11,336,507	6.00%

1. Total shares issued as of April 14, 2020: 188,941,775 shares of common stock
2. The Company elected more than two independent directors at the same time, hence the minimum shareholding percentage for all Directors other than independent directors can be decreased to 80%.