

Stock Code: 2911

les enphants Co., Ltd.

2021 Shareholders' Meeting

Meeting Handbook

June 17, 2021

Table of Contents

	Page
Meeting Procedure	1
Meeting Agenda	2
Reporting Matters	3
Proposal Matters	7
Discussions	8
Extraordinary Motions	8
 Attachments	
1.Comparison Table of Amendments to the Articles of Incorporation	30
2.Comparison Table of Amendments to the Rules for the Election of Directors	33
 Appendices	
1.Rules and Procedure of Shareholders Meeting	35
2.Articles of Incorporation	38
3.Rules for the Election of Directors	43
4.Shareholding of All Directors	46

les enfants Co., Ltd.
2021 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. Extraordinary Motions

VIII. Adjournment

les enfants Co., Ltd.

2021 Shareholders' Meeting Agenda

I.Time: 9 a.m., June 17, 2021 (Thursday)

**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) 2020 Business Report.
- (II) 2020 Employees' and Directors' Remuneration Distribution Report.
- (III) 2020 Audit Committee's Audit Report.
- (IV) Subsidiary Suzhou les enfants Children Articles Co., Ltd. financial loan and endorsement guarantee that the balance exceeds the limit and the report on the implementation of the improvement plan.

VI.Proposal Matters:

- (I) 2020 Business Report and Financial Statements.
- (II) Appropriation to Offset Annual Losses of 2020.

VII.Discussions:

- (I) Amendments to the Articles of Incorporation.
- (II) Amendments to the Rules for the Election of Directors.

VIII.Extraordinary Motions

IX.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.

2020 business results

The consolidated revenue for the whole year was NT\$4,026 million, a decrease of 20.3% from the previous year; the operating gross profit margin was 44.2%, an increase of 1.5%; the control of operating expenses for the year was NT\$2,611 million from the previous year and is now NT\$2,103 million, a decrease of 19.5%; the consolidated operating loss was NT\$326 million, and the loss was NT\$128 million less than the previous year, a decrease of 28.2%.

As of the end of 2020, the number of direct physical channels across the Taiwan Strait was 548, including 227 in Taiwan and 321 in China. The overall number of channels decreased by 26 compared with the end of 2019. The annual revenue based on the place of business accounted for 57.2% in Taiwan and 42.8% in China.

For the non-operating profit and loss, the net non-operating income and expenses were NT\$45 million, and the net loss after tax for the whole year was NT \$317 million. The return on assets is -5.42%, the return on shareholders' equity is -13.33%, and the earnings per share is -1.72 NTD.

Summary of this year's business plan

In 2021, the core of the group's operations will be on the optimization of brand, merchandise, distribution, and supply chain management.

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

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

In January 2020, the outbreak of the new coronavirus pandemic caused damage to the global economy and the suspension of international transportation, disrupting the existing supply chain layout and also affecting people's livelihood and consumption power. China's economic growth rate in 2020 is 2.3%, a decrease of 3.8 percentage points from the previous year, and is a record low since the reform and opening up in 1978. Although the fourth quarter benefited from the continued substitution effect of the European and American epidemics and post-epidemic recovery demand, export growth boosted economic growth momentum, but overall domestic consumption remained weak. Employment issues and real estate financial risks are expected to continue in the future.

The number of registered newborns in China in 2020 was 10.035 million, a decrease of 14.89% from 11.79 million in 2019. The number of births has fallen for the fourth consecutive year. This shows

that the effect of China's 2015 "Comprehensive Second Childhood" policy has weakened and is affected by women of childbearing age. The decline in numbers, the high cost of housing and education, etc., have generally led to a general sluggishness of young people's willingness to give birth; the number of births in Taiwan in 2020 will decrease from 178,000 in 2019 to 165,000 (-7.0%). Although the cross-strait infant and child market is obviously affected by the trend of declining birthrates, parents are relatively stable and mature in economic capacity due to the trend of late marriage, and are more willing to invest in their children to give them the best choice. It is expected that the market will still have a certain amount of spending power.

In the external competitive environment, the epidemic disrupted the distribution of existing commodity supply chains in the retail industry, the "home economy" has risen, the consumption power of physical channels has declined, online channels have become the main consumer, and the rise of diversified interactive media platforms, cross-industry and joint names Become the norm, making industry competition more intense. In the future, how to break away from the existing operating framework, keep up with changes in consumer trends, and seize opportunities to engage with consumers is a common issue for retailers.

Future company development strategy

In spite of the impact of the pandemic in the past year, we still focused on the continuous improvement of brand power, strengthening consumers' value recognition of les enphants, and reorganizing the resources of the commodity supply chain to cope with the changes in consumption habits in the post-Covid era. Carry out strategic tasks such as the expansion of e-commerce channels, the integration and repositioning of virtual and real channels, the development of wholesale channels and the upgrading of consumer experience, to lay a good foundation for the industry and provide customers with safe, healthy, comfortable and environmentally friendly products. Adhering to the brand value of "Just be", we do not limit the possibility of future development, and move towards the corporate vision of "Wherever there are children, there will be les enphants", with the goal of creating an ecological chain for children, bringing customers a brand new experience.

"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: 2020 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 2020.

Proposal 3: 2020 Audit Committee's Audit Report

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

The Board of Directors has prepared the 2020 Business Report、Financial Statements and Appropriation to Offset Annual Losses of 2020. 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 25, 2021

Proposal 4: Subsidiary Suzhou les enfants Children Articles Co., Ltd. financial loan and endorsement guarantee that the balance exceeds the limit and the report on the implementation of the improvement plan..

(1) In accordance with the FSC's letter dated June 23, 2020, Jin Guan Zheng Shen Zi No. 1090347795.

(2) Subsidiary Suzhou les enfants Children Articles Co., Ltd decreased its net value due to the recognition of losses, which caused the fund loan and endorsement guarantee to exceed the limit. The improvement plan is as follows:(i.) The company's board of directors passed a resolution on May 7, 2020, through subsidiary LE Capital Enterprise Co., Ltd. indirectly increased the capital of Suzhou les enfants Children Articles Co., Ltd. with its own funds by US\$3 million, and on June 3, 2020, it was approved by the Investment Commission, MOEA with No. 10900148070 Letter. As of March 31, 2021, the capital increase case has been completed. (ii.) The board of directors of Shanghai les enfants Children Articles Co., Ltd. passed a resolution on February 25, 2021, to directly increase the capital of Suzhou les enfants Children Articles Co., Ltd. by US\$5 million with its own funds. The capital increase case is being implemented.

Proposal Matters

Proposal 1

Summary: Adoption of the Company's 2020 Business Report and Financial Statements.
(Proposed by the Board)

Explanation: les enphants' 2020 Business Report and Financial Statements have been audited and certified by 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 9-29# for details.)

Resolution:

Proposal 2

Summary: Appropriation to Offset Annual Losses of 2020 (Proposed by the Board)

Explanation:

- 1.The Company's deficit to be covered at the beginning of 2020 (NT\$400,424,035), other comprehensive profit and loss included in the retained surplus of (NT\$18,378,238), net loss for the period (NT\$319,546,944), and ending balance of deficit yet to be compensated (NT\$738,349,217) 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.

2020 Statements of Deficit Compensation

Item	Unit: NT\$
Deficit to be covered at the beginning of the term	(400,424,035)
Other comprehensive profit or loss transferred to retained earnings	(18,378,238)
Deficit to be covered after adjustment	(418,802,273)
Net loss for the period	(319,546,944)
Ending balance of deficit yet to be compensated	(738,349,217)

Note: The Company proposes not to distribute dividends.

Chairman: Alex Lin Manager: Spencer Chang Accounting Manager: Jason .Tsai

Resolution:

Discussions

Agenda 1

Summary: Please discuss the proposal to amend the Articles of Incorporation.
(proposed by the Board)

Explanation: To cooperate with the company's board of directors' organizational planning, it is proposed to amend some of the Articles of Incorporation as in Attachment 1.
(Please refer to #page30#)

Resolution:

Agenda 2

Summary: Please discuss the proposal to amend the Rules for the Election of Directors.
(proposed by the Board)

Explanation: In accordance with the Explanation of No.1080311451 of FSC's issuance on April 25, 2019, it is proposed to amend some of the Rules for the Election of Directors as in Attachment 2.
(Please refer to #page33#)

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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2020 and 2019, 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventories

As of December 31, 2020, the balance of inventories amounted to NT\$1,390,289 thousand. It is significant as it comprised 29% 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,

2020.

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, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 2020 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 25, 2021

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 283,189	6	\$ 412,115	8
Financial assets at fair value through other comprehensive income - current (Note 8)	289	-	179	-
Financial assets at amortized cost - current (Notes 9, 10 and 37)	56,298	1	55,405	1
Notes receivable (Notes 11 and 25)	26,181	1	21,266	-
Trade receivable from unrelated parties (Notes 11 and 25)	401,086	8	501,006	9
Other receivables, net (Note 11)	72,664	1	63,235	1
Current tax assets (Note 27)	-	-	601	-
Inventories (Note 12)	1,390,289	29	1,641,535	30
Prepayments	79,368	2	86,703	2
Other current assets	<u>1,924</u>	<u>-</u>	<u>6,235</u>	<u>-</u>
Total current assets	<u>2,311,288</u>	<u>48</u>	<u>2,788,280</u>	<u>51</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	2,635	-	7,225	-
Investments accounted for using the equity method (Note 14)	124,228	3	70,658	1
Property, plant and equipment (Notes 15 and 37)	685,503	14	761,609	14
Right-of-use assets (Notes 16 and 37)	654,770	13	725,469	13
Investment properties (Notes 17 and 37)	889,831	18	903,905	16
Other intangible assets (Note 18)	43,582	1	29,134	1
Deferred tax assets (Note 27)	64,452	1	144,427	3
Refundable deposits	<u>84,059</u>	<u>2</u>	<u>73,675</u>	<u>1</u>
Total non-current assets	<u>2,549,060</u>	<u>52</u>	<u>2,716,102</u>	<u>49</u>
TOTAL	<u>\$4,860,348</u>	<u>100</u>	<u>\$5,504,382</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 37)	\$ 831,857	17	\$ 915,188	17
Financial liabilities at fair value through profit of loss - current (Note 7)	37	-	36	-
Contract liabilities - current (Note 25)	75,471	2	74,335	1
Notes payable (Note 21)	528	-	153	-
Trade payables to unrelated parties (Note 21)	459,904	9	453,281	8
Trade payables to related parties (Note 36)	8,952	-	9,788	-
Other payables (Note 22)	323,384	7	360,721	7
Current tax liabilities (Note 27)	284	-	423	-
Lease liabilities - current (Note 16)	184,966	4	200,742	4
Advance receipts	549	-	461	-
Current portion of long-term borrowings (Notes 20 and 37)	11,074	-	40,000	1
Other current liabilities (Note 22)	<u>42,863</u>	<u>1</u>	<u>28,669</u>	<u>-</u>
Total current liabilities	<u>1,939,869</u>	<u>40</u>	<u>2,083,797</u>	<u>38</u>
NON-CURRENT LIABILITIES				

Long-term borrowings (Notes 20 and 37)	1,849	-	-	-
Deferred tax liabilities (Note 27)	9	-	37,817	1
Lease liabilities - non-current (Note 16)	562,324	11	613,819	11
Net defined benefit liability - non-current (Note 23)	128,157	3	141,376	2
Guarantee deposits received	44,081	1	49,009	1
Other non-current liabilities (Notes 22)	<u>-</u>	<u>-</u>	<u>1,463</u>	<u>-</u>
 Total non-current liabilities	 <u>736,420</u>	 <u>15</u>	 <u>843,484</u>	 <u>15</u>
 Total liabilities	 <u>2,676,289</u>	 <u>55</u>	 <u>2,927,281</u>	 <u>53</u>
 EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	<u>1,846,778</u>	<u>38</u>	<u>1,963,248</u>	<u>36</u>
Capital surplus	<u>905,938</u>	<u>19</u>	<u>871,382</u>	<u>16</u>
Retained earnings				
Legal reserve	197,866	4	197,866	3
Special reserve	109,317	2	109,317	2
Accumulated deficit	<u>(738,351)</u>	<u>(15)</u>	<u>(400,426)</u>	<u>(7)</u>
Total retained earnings	<u>(431,168)</u>	<u>(9)</u>	<u>(93,243)</u>	<u>(2)</u>
Other equity	<u>(179,830)</u>	<u>(4)</u>	<u>(181,286)</u>	<u>(3)</u>
Treasury shares	<u>-</u>	<u>-</u>	<u>(50,147)</u>	<u>(1)</u>
 Total equity attributable to owners of the Company	 2,141,718	 44	 2,509,954	 46
 NON-CONTROLLING INTERESTS	 <u>42,341</u>	 <u>1</u>	 <u>67,147</u>	 <u>1</u>
 Total equity	 <u>2,184,059</u>	 <u>45</u>	 <u>2,577,101</u>	 <u>47</u>
 TOTAL	 <u>\$4,860,348</u>	 <u>100</u>	 <u>\$5,504,382</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, 2020 AND 2019**

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 36)	\$4,025,561	100	\$5,049,750	100
OPERATING COSTS (Notes 12, 26 and 36)	<u>2,247,990</u>	<u>56</u>	<u>2,892,893</u>	<u>57</u>
GROSS PROFIT	<u>1,777,571</u>	<u>44</u>	<u>2,156,857</u>	<u>43</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	1,657,533	41	2,061,388	41
General and administrative expenses	444,113	11	519,460	10
Expected credit loss	<u>1,697</u>	<u>-</u>	<u>30,166</u>	<u>1</u>
Total operating expenses	<u>2,103,343</u>	<u>52</u>	<u>2,611,014</u>	<u>52</u>
LOSS FROM OPERATIONS	<u>(325,772)</u>	<u>(8)</u>	<u>(454,157)</u>	<u>(9)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 36)				
Interest income	1,196	-	2,280	-
Other income	99,920	2	88,906	2
Other gains and losses	(6,606)	-	8,268	-
Finance costs	(45,714)	(1)	(52,176)	(1)
Share of loss or profit of associates	<u>(3,714)</u>	<u>-</u>	<u>6,216</u>	<u>-</u>
Total non-operating income and expenses	<u>45,082</u>	<u>1</u>	<u>53,494</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(280,690)	(7)	(400,663)	(8)

INCOME TAX EXPENSE (Note 27)	<u>36,548</u>	<u>1</u>	<u>9,898</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(317,238)</u>	<u>(8)</u>	<u>(410,561)</u>	<u>(8)</u>
OTHER COMPREHENSIVE LOSS (Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,518)	-	6,399	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(1,425)	-	952	-
Share of other comprehensive (loss) income of associates accounted for using the equity method	\$ (449)	-	\$ 254	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>69</u>	<u>-</u>	<u>(1,280)</u>	<u>-</u>
	<u>(9,323)</u>	<u>-</u>	<u>6,325</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	18,426	-	(47,867)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	(3,354)	-	(67)	-
Income tax relating to items that may be reclassified subsequently to loss or profit	<u>(8,468)</u>	<u>-</u>	<u>10,976</u>	<u>-</u>
	<u>6,604</u>	<u>-</u>	<u>(36,958)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(2,719)</u>	<u>-</u>	<u>(30,633)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (319,957)</u>	<u>(8)</u>	<u>\$ (441,194)</u>	<u>(9)</u>

NET LOSS (PROFIT) ATTRIBUTABLE

TO:

Owners of the Company	\$ (319,547)	(8)	\$ (358,711)	(7)
Non-controlling interests	<u>2,309</u>	<u>-</u>	<u>(51,850)</u>	<u>(1)</u>
	<u>\$ (317,238)</u>	<u>(8)</u>	<u>\$ (410,561)</u>	<u>(8)</u>

TOTAL COMPREHENSIVE LOSS
(INCOME) ATTRIBUTABLE TO:

Owners of the Company	\$ (323,798)	(8)	\$ (397,883)	(8)
Non-controlling interests	<u>3,841</u>	<u>-</u>	<u>(43,311)</u>	<u>(1)</u>
	<u>\$ (319,957)</u>	<u>(8)</u>	<u>\$ (441,194)</u>	<u>(9)</u>

LOSS PER SHARE (NEW TAIWAN
DOLLARS; Note 28)

Basic	<u>\$ (1.72)</u>	<u>\$ (1.84)</u>
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The accompanying notes are an integral part of the consolidated financial statements.

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(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 Statement Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2019	\$ 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 income (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 (loss) income 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
Net (loss) profit for the year ended December 31, 2020	-	-	-	-	(319,547)	-	-	-	(319,547)	2,309	(317,238)
Other comprehensive (loss) income for the year ended December 31, 2020, net of income tax	-	-	-	-	(7,717)	6,889	(3,423)	-	(4,251)	1,532	(2,719)
Total comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	(327,264)	6,889	(3,423)	-	(323,798)	3,841	(319,957)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(31,767)	(31,767)	-	(31,767)
Cancellation of treasury shares	(116,470)	34,556	-	-	-	-	-	81,914	-	-	-
Changes due to disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(41,318)	(41,318)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(11,718)	(953)	-	-	(12,671)	12,671	-
Share-based payment arrangements	-	-	-	-	1,057	-	(1,057)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 1,846,778	\$ 905,938	\$ 197,866	\$ 109,317	\$ (738,351)	\$ (175,108)	\$ (4,722)	\$ -	\$ 2,141,718	\$ 42,341	\$ 2,184,059

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(280,690)	\$(400,663)
Adjustments for:		
Depreciation expenses	330,199	355,464
Amortization expenses	12,299	12,917
Expected credit loss recognized on accounts receivable	1,697	30,166
Net loss (gain) on fair value change of financial assets designated as at fair value through profit or loss	1	(64)
Finance costs	45,714	52,176
Interest income	(1,196)	(2,280)
Dividend income	(28)	-
Share of loss (profit) of associates	3,714	(6,216)
Loss on disposal of property, plant and equipment	5,487	8,732
Loss on disposal of investment property	13,391	-
Loss on disposal of intangible assets	10	21
Impairment losses	27,332	-
Net gain on lease modification	(337)	(1,152)
Changes in operating assets and liabilities		
Notes receivable	(4,915)	15,160
Trade receivables from unrelated parties	82,287	184,731
Trade receivables from related parties	-	33
Other receivables	12,049	(48,768)
Inventories	200,379	298,008
Prepayments	5,216	47,900
Other current assets	1,101	11,913
Contract liabilities - current	1,136	(39,035)
Notes payable	526	(549)
Trade payables to unrelated parties	7,288	(216,071)
Trade payables to related parties	(5,651)	6,162
Other payables	(32,497)	(5,723)
Advance receipts	88	(10,694)
Other current liabilities	15,128	(49,539)
Net defined benefit liability	<u>(20,737)</u>	<u>(28,450)</u>
Cash generated from operating activities	418,991	214,179
Interest received	1,196	2,280
Interest paid	(46,802)	(52,500)
Income tax received	725	-
Income tax paid	<u>(2,135)</u>	<u>(39,191)</u>
Net cash generated from operating activities	<u>371,975</u>	<u>124,768</u>

(Continued)

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$(29,394)	\$ -
Disposal of financial assets at fair value through other comprehensive income	9,769	-
Purchase of financial assets at amortized cost	(38,779)	(55,716)
Proceeds from sales of financial assets at amortized cost	20,741	55,544
Disposal of interests in subsidiaries	(17,256)	-
Payments for property, plant and equipment	(69,763)	(126,267)
Proceeds from disposal of property, plant and equipment	4,493	628
Increase in refundable deposits	(12,189)	-
Decrease in refundable deposits	-	14,306
Payments for intangible assets	(27,041)	(17,580)
Payments for investment properties	(39)	(4,171)
Dividends received	625	6,431
Increase in restricted assets	<u>-</u>	<u>(5)</u>
Net cash used in investing activities	<u>(158,833)</u>	<u>(126,830)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	321,015
Repayments of short-term borrowings	(76,846)	-
Proceeds from short-term bills payable	-	59,938
Repayments of short-term bills payable	-	(100,000)
Proceeds from long-term borrowings	14,987	10,000
Repayments of long-term borrowings	(42,345)	(200,000)
Refund of guarantee deposits received	(5,578)	(1,015)
Proceeds from payables to related parties	9,421	-
Repayments of payables to related parties	(4,710)	-
Repayment of lease liabilities	(198,574)	(212,624)
Increase in other non-current liabilities	-	524
Payments for buy back of ordinary shares	<u>(31,767)</u>	<u>(52,875)</u>
Net cash used in financing activities	<u>(335,412)</u>	<u>(175,037)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(6,656)</u>	<u>(8,329)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(128,926)	(185,428)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>412,115</u>	<u>597,543</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$283,189</u>	<u>\$412,115</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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020, the balance of inventories amounted to NT\$609,054 thousand. It is significant as it comprised 17% 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, 2020.

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, 2020 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 Ya-ling Wong.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 25, 2021

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 102,251	3	\$ 137,196	3
Financial assets at fair value through other comprehensive income - current (Note 7)	289	-	179	-
Financial assets at amortized cost - current (Notes 8, 9 and 35)	40,262	1	38,260	1
Notes receivable (Notes 10 and 23)	872	-	730	-
Trade receivables from unrelated parties (Notes 10 and 23)	172,150	5	202,929	5
Trade receivables from related parties (Notes 23 and 34)	89,480	2	74,543	2
Other receivables, net (Note 10)	224	-	467	-
Current tax assets (Note 25)	-	-	19	-
Inventories (Note 11)	609,054	17	740,031	18
Prepayments	19,269	1	20,290	-
Other current assets	<u>43</u>	<u>-</u>	<u>86</u>	<u>-</u>
Total current assets	<u>1,033,894</u>	<u>29</u>	<u>1,214,730</u>	<u>29</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	2,635	-	3,356	-
Investments accounted for using the equity method (Notes 12 and 22)	1,523,956	42	1,761,670	42
Property, plant and equipment (Notes 13 and 35)	319,586	9	343,627	8
Right-of-use assets (Note 14)	449,434	12	534,849	13
Investment properties (Notes 15 and 35)	202,742	6	219,444	5
Intangible assets (Note 16)	20,513	1	13,258	-
Deferred tax assets (Note 25)	-	-	58,525	2
Refundable deposits	<u>42,858</u>	<u>1</u>	<u>44,429</u>	<u>1</u>
Total non-current assets	<u>2,561,724</u>	<u>71</u>	<u>2,979,158</u>	<u>71</u>
TOTAL	<u>\$3,595,618</u>	<u>100</u>	<u>\$4,193,888</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 35)	\$ 300,000	8	\$ 360,000	9
Contract liabilities - current (Note 23)	46,892	1	49,064	1
Notes payable (Note 19)	528	-	-	-
Trade payables to unrelated parties (Note 19)	176,286	5	157,699	4
Trade payables to related parties (Note 34)	1,439	-	594	-
Other payables (Note 20)	131,236	4	139,988	3
Current tax liabilities (Note 25)	-	-	423	-
Lease liabilities - current (Note 14)	139,966	4	146,828	3
Advance receipts (Notes 20 and 34)	571	-	483	-
Current portion of long-term borrowings (Notes 18 and 35)	-	-	40,000	1
Other current liabilities (Note 20)	<u>1,736</u>	<u>-</u>	<u>2,572</u>	<u>-</u>

Total current liabilities	<u>798,654</u>	<u>22</u>	<u>897,651</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 25)	-	-	37,817	1
Lease liabilities - non-current (Note 14)	532,270	15	613,819	15
Net defined benefit liability - non-current (Note 21)	120,233	3	132,007	3
Other non-current liabilities (Notes 20 and 34)	<u>2,743</u>	-	<u>2,640</u>	-
Total non-current liabilities	<u>655,246</u>	<u>18</u>	<u>786,283</u>	<u>19</u>
Total liabilities	<u>1,453,900</u>	<u>40</u>	<u>1,683,934</u>	<u>40</u>
EQUITY				
Ordinary shares	<u>1,846,778</u>	<u>52</u>	<u>1,963,248</u>	<u>47</u>
Capital surplus	<u>905,938</u>	<u>25</u>	<u>871,382</u>	<u>21</u>
Retained earnings				
Legal reserve	197,866	6	197,866	5
Special reserve	109,317	3	109,317	3
Accumulated deficit	<u>(738,351)</u>	<u>(21)</u>	<u>(400,426)</u>	<u>(10)</u>
Total retained earnings	<u>(431,168)</u>	<u>(12)</u>	<u>(93,243)</u>	<u>(2)</u>
Other equity	<u>(179,830)</u>	<u>(5)</u>	<u>(181,286)</u>	<u>(5)</u>
Treasury shares	-	-	<u>(50,147)</u>	<u>(1)</u>
Total equity	<u>2,141,718</u>	<u>60</u>	<u>2,509,954</u>	<u>60</u>
TOTAL	<u>\$3,595,618</u>	<u>100</u>	<u>\$4,193,888</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, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Loss Earnings Per Share)**

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 34)	\$ 2,214,173	100	\$ 2,481,564	100
OPERATING COSTS (Notes 11, 21, 24 and 34)	<u>1,258,467</u>	<u>57</u>	<u>1,405,690</u>	<u>57</u>
GROSS PROFIT	955,706	43	1,075,874	43
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>923</u>	<u>-</u>	<u>696</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>956,629</u>	<u>43</u>	<u>1,076,570</u>	<u>43</u>
OPERATING EXPENSES (Notes 21, 24 and 34)				
Selling and marketing expenses	838,704	38	965,559	39
General and administrative expenses	<u>176,936</u>	<u>8</u>	<u>190,434</u>	<u>7</u>
Total operating expenses	<u>1,015,640</u>	<u>46</u>	<u>1,155,993</u>	<u>46</u>
LOSS FROM OPERATIONS	<u>(59,011)</u>	<u>(3)</u>	<u>(79,423)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 34)				
Interest income	223	-	279	-
Other income	15,674	1	18,833	1
Other gains and losses	(6,139)	-	(2,824)	-
Finance costs	(19,001)	(1)	(19,790)	(1)
Share of loss of subsidiaries and associates	<u>(237,341)</u>	<u>(11)</u>	<u>(326,606)</u>	<u>(13)</u>
Total non-operating income and expenses	<u>(246,584)</u>	<u>(11)</u>	<u>(330,108)</u>	<u>(13)</u>

LOSS BEFORE INCOME TAX	(305,595)	(14)	(409,531)	(16)
INCOME TAX (EXPENSE) BENEFIT (Note 25)	<u>(13,952)</u>	<u>(1)</u>	<u>50,820</u>	<u>2</u>
NET LOSS FOR THE YEAR	<u>(319,547)</u>	<u>(15)</u>	<u>(358,711)</u>	<u>(14)</u>
OTHER COMPREHENSIVE LOSS (Notes 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (7,172)	-	\$ 3,768	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(611)	-	952	-
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	(3,357)	-	982	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(754)</u>	<u>-</u>
	<u>(11,140)</u>	<u>-</u>	<u>4,948</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	15,357	1	(55,096)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(8,468)</u>	<u>(1)</u>	<u>10,976</u>	<u>-</u>
	<u>6,889</u>	<u>-</u>	<u>(44,120)</u>	<u>(2)</u>
Other comprehensive loss for the year, net of income tax	<u>(4,251)</u>	<u>-</u>	<u>(39,172)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (323,798)</u>	<u>(15)</u>	<u>\$ (397,883)</u>	<u>(16)</u>
LOSS PER SHARE (NEW TAIWAN DOLLARS; Note 26)				
Basic	<u>\$ (1.72)</u>		<u>\$ (1.84)</u>	

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

LES ENPHANTS CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Notes 22 and 24)			Other Equity (Note 22)		Treasury Shares (Note 22)	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, 2019	\$ 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
Net loss for the year ended December 31, 2020	-	-	-	-	(319,547)	-	-	-	(319,547)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(7,717)	6,889	(3,423)	-	(4,251)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(327,264)	6,889	(3,423)	-	(323,798)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(31,767)	(31,767)
Cancellation of treasury shares	(116,470)	34,556	-	-	-	-	-	81,914	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(11,718)	(953)	-	-	(12,671)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,057	-	(1,057)	-	-
BALANCE AT DECEMBER 31, 2020	\$ 1,846,778	\$ 905,938	\$ 197,866	\$ 109,317	\$ (738,351)	\$ (175,108)	\$ (4,722)	\$ -	\$ 2,141,718

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(305,595)	\$(409,531)
Adjustments for:		
Depreciation expenses	203,465	229,585
Amortization expenses	8,110	7,380
Finance costs	19,001	19,790
Interest income	(223)	(279)
Share of loss of subsidiaries and associates	237,341	326,606
Loss on disposal of property, plant and equipment	3,146	3,819
Net loss on disposal of investments	6,027	-
Realized gain on the transactions with subsidiaries and associates	(923)	(696)
Net gain on lease modification	(337)	(240)
Changes in operating assets and liabilities		
Notes receivable	(142)	(549)
Trade receivables from unrelated parties	30,779	26,527
Trade receivables from related parties	(14,937)	4,977
Other receivables	243	888
Inventories	130,977	65,393
Prepayments	1,021	(3,347)
Other current assets	43	270
Contract liabilities - current	(2,172)	(908)
Notes payable	528	(418)
Trade payables to unrelated parties	18,587	(113,300)
Trade payables to related parties	845	(6,399)
Other payables	(6,779)	(37,647)
Advance receipts	88	(326)
Other current liabilities	(836)	923
Net defined benefit liability	(18,946)	(28,054)
Cash generated from operating activities	309,311	84,464
Interest received	223	279

Interest paid	(19,144)	(19,801)
Income tax received	19	3
Income tax paid	<u>(2,135)</u>	<u>(1,813)</u>
Net cash generated from operating activities	<u>288,274</u>	<u>63,132</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,002)	(5)
Payments for property, plant and equipment	(18,383)	(36,298)
Proceeds from disposal of property, plant and equipment	2,217	286
Decrease in refundable deposits	1,571	12,148
Payments for intangible assets	(15,365)	(3,469)
Dividends received	<u>625</u>	<u>6,431</u>
Net cash used in investing activities	<u>(31,337)</u>	<u>(20,907)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ -	\$ 280,000
Repayments of short-term borrowings	(60,000)	-
Proceeds from long-term borrowings	-	10,000
Repayments of long-term borrowings	(40,000)	(200,000)
Proceeds from guarantee deposits received	103	49
Repayment of lease liabilities	(160,218)	(180,480)
Payments for buy-back of ordinary shares	<u>(31,767)</u>	<u>(52,875)</u>
Net cash used in financing activities	<u>(291,882)</u>	<u>(143,306)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,945)	(101,081)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>137,196</u>	<u>238,277</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 102,251</u>	<u>\$ 137,196</u>

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

les enfants Co., Ltd.

Comparison Table of Amendments to the Articles of Incorporation

Article Number	Original Article	Proposed Amendment	Description
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.	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.	The company will not set up the Vice Chairman in the future, therefore remove the vice chairman and other related words.
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.	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.	The company will not set up the Vice Chairman in the future, therefore remove the vice chairman and other related words.
Article 17	When the Chairman of the Board is on leave or for any	When the Chairman of the Board is on leave or for	The company will not set up the Vice Chairman in

Article Number	Original Article	Proposed Amendment	Description
	<p>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.</p>	<p>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.</p>	<p>the future, therefore remove the vice chairman and other related words.</p>
Article 28	<p>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,</p>	<p>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</p>	<p>Add revised version.</p>

Article Number	Original Article	Proposed Amendment	Description
	<p>1994. The sixteenth amendment was made on April 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.</p>	<p>was made on April 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. <u>The thirty-third amendment was made on June 17, 2021.</u></p>	

les enfants Co., Ltd.

Comparison Table of Amendments to the Rules for the Election of Directors

Article Number	Original Article	Proposed Amendment	Description
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.	Delete	In accordance with the Explanation of No.1080311451 of FSC's issuance on April 25, 2019 · The election of directors and supervisors of listed (counter) companies should adopt a candidate nomination system from 2021. Shareholders should choose from the list of candidates for directors. Shareholders can learn the names 、 academic experience and other information of candidates from the list of candidates before the shareholders meeting is held. It is not necessary to use shareholder account number or ID number to identify candidates, delete and adjust the follow-up article number
Article 8 7	Article <u>8</u>	Article <u>7</u>	Adjust the number
Article 9 8	Article <u>9</u> 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	Article <u>8</u> Ballots are deemed void in any of the following circumstances: 1. The ballot was not prepared by a person with the right to convene . 2. A blank ballot is placed in the ballot box. 3. Illegible writing or modification. 4. For situations where the candidate is a shareholder, the account name or	1. In accordance with Article 173 of the Company Law, the shareholders under certain circumstances (such as when the board of directors does not give notice of the convening), it may report to the competent authority to convene by itself, so to adjust the first item of this article.

Article Number	Original Article	Proposed Amendment	Description
	<p>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.</p> <p>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.</p> <p>6. Ballots on which the candidate's account name (name) or shareholder number (identification card number) are not entered.</p>	<p>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 name or identification card number of the candidate entered in the ballot is inconsistent upon verification. The candidate whose name is entered in the ballot does not conform to the director candidate list.</p> <p>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. Other words or marks are entered in addition to the number of voting rights allotted.</p> <p>6. Ballots on which the candidate's account name (name) or shareholder number (identification card number) are not entered.</p>	<p>2. In accordance with the Explanation of No.1080311451 of FSC's issuance on April 25, 2019 , the election of directors and supervisors of listed (counter) companies should adopt a candidate nomination system from 2021. Shareholders should choose from the list of candidates for directors. , So you only need to confirm the identity of the candidate</p>
Article 10-13 9-12	Article 10-13	Article 9-12	Adjust the number

[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 enfants 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 19) for the 2021 Shareholders' Meeting:

April 19, 2021

Title	Name	Shares Held	
		Number of Shares	Holding Ratio
Chairman of the Board	Alex Lin	24,837,933	13.45%
Director	Brenda Lin	500,000	0.27%
Director	Huang Shao-Hua.	0	0%
Director	Tseng Chia-Hung	8,095,017	4.38%
Independent Director	Wang Hsiao Hui	0	0%
Independent Director	Wu Chih-Wei	0	0%
Independent Director	Tsai Cheng-Hsian	0	0%
Subtotal of shares held by all Directors		33,432,950	18.10%
The minimum number of shares required to be held by the entire body of Directors		11,080,667	6.00%

1.Total shares issued as of April 19, 2021: 184,677,775 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%.