

Stock Code: 2911

les enphants Co., Ltd.

2022 Shareholders' Meeting

Meeting Handbook

June 23, 2022

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les enfants Co., Ltd.
2022 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.

2022 Shareholders' Meeting Agenda

- I. Means of Meeting: Physical Shareholders' Meeting**
- II. Time: 9 a.m., June 23, 2022 (Thursday)**
- III. Venue: Education Training Center at B1, No. 60, Alley 321, Yangguang St., Neihu Dist., Taipei City**
- IV. Calling the Meeting to order**
- V. Chairperson Remarks**
- VI. Reporting Matters:**
 - (I) 2021 Business Report.
 - (II) 2021 Employees' and Directors' Remuneration Distribution Report.
 - (III) 2021 Audit Committee's Audit Report.
 - (IV) Reported that the loss of the company reached half of the paid-in capital..
- VII. Proposal Matters:**
 - (I) 2021 Business Report and Financial Statements.
 - (II) Appropriation to Offset Annual Losses of 2021.
- VIII. Discussions:**
 - (I) Amendments to the Procedures for Making Endorsements and Guarantees.
 - (II) Amendments to the Procedures for Lending Funds.
 - (III) Amendments to the Operating Procedures for Engaging in Derivatives Trading.
 - (IV) Amendments to the Operating Procedures for Acquisition or Disposal of Assets.
- IX. Extraordinary Motions**
- X. Adjournment**

Reporting Matters

Proposal 1:

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. At the same time, we are keeping a close watch on post-Covid consumer trends, and adapting accordingly.

2021 Business Results

Consolidated revenue for the year was NT\$3,711 million, a decrease of 7.8% from the previous year; operating gross profit margin was 43.9%, a decrease of 0.3 percentage points; the control of operating expenses for the year increased from NT\$2,103 million in the previous year to NT\$2,154 million, an increase of 2.4%; consolidated operating loss was NT\$523 million, a loss of NT\$197 million more, or 60.5% higher than the previous year.

As of the end of 2021, there will be 528 direct-operated physical channels across the Taiwan Strait, including 207 in Taiwan and 321 in China. The overall number of channels has decreased by 20 compared with the end of 2021. Annual revenue accounted for 58.3% in Taiwan and 41.7% in China by business location.

As for non-business profit and loss, the net non-operating income and expenses amounted to NT\$292 million, and the net loss after tax for the year was NT\$246 million. The return on assets was -4.03%, the return on shareholders' equity was -11.94%, and the earnings per share was -1.32 yuan.

Outline of this year's business plan

The core of the Group's operations is the optimization of brand, commodity, channel, and supply chain management. The specific operating policies are as follows:

- Private brand value enhancement
- Development of home and healthy living products and channels
- All-channel integration of virtual and real operations
- Diversified operation of online (including overseas cross-border e-commerce) sales platforms
- Supply chain management optimization
- Member data utilization and social media management capability improvement
- China's multi-brand development and market segmentation
- The regionalization of China's franchise and wholesale business is deeply rooted

Influenced by the overall business environment, regulatory environment and external competitive environment

In 2021, the world was still affected by the new coronavirus epidemic, international shipping problems continued, and inflation was a concern caused by rising cost of raw materials. China's economic growth rate of 8.1% in 2021 is mainly due to the growth momentum of foreign trade brought about by the demand for global economic recovery. Its investment growth has slowed down, and the implementation of policies such as epidemic prevention and control, real estate regulation, and various industry supervision have led to continued sluggish domestic consumption in China. Taiwan's economy grew by 6.45%, benefiting from good growth in foreign trade and investment. However, the outbreak of cluster infections in the middle of the

year severely hit domestic consumption. With the help of the government's various revitalization measures and the anniversary of department stores, it gradually stabilized in Q4. However, the cross-strait epidemic continues to spread in many places, global supply chain problems continue, and the international situation is turbulent, the future economic and environmental situation is still subject to change.

The number of births in China in 2021 is 10.61 million, a decrease of 12% from 12 million in 2019. Since the implementation of the "universal two-child policy" in 2015, the number of births has recorded negative growth for the fifth consecutive year. The Chinese government will implement the three-child birth policy in 2021, cancel "social support payments", and abolish relevant regulations on over-birth penalties. The loosening of the birth policy is expected to ease the decline in the number of births. Taiwan will have 154,000 births in 2021, a 6.9% decrease from 165,000 in 2020. Although the number of births on both sides of the strait has been declining for a long time, due to the late marriage trend in recent years, the economic ability of new parents is relatively stable, and they are more demanding on the quality of life.

The willingness to spend on children has grown significantly compared with the past. In the future, the market size of infants and young children will not be greatly reduced due to the trend of low birthrate, and will still maintain a certain consumption power.

In terms of the external competitive environment, with the popularization of anti-epidemic life and the acceleration of changes in the industrial environment, the demand for sports and outdoor leisure activities continues to increase, the sustainable brand management has attracted attention, the influence of key opinion leaders and consumers has increased, and new types of With the development of the consumer ecosystem, the flow of physical people moving towards large shopping malls, the strong growth of social media and e-commerce platforms, and the popularization of consumer technology, cross-industry co-branding has become the norm. Competition is more intense.

Future company development strategy

With the development of science and technology, the supplies needed for parenting are changing with each passing day, but the desire of parents to love and protect their children is a constant principle. les enphants adheres to the core vision, mission and values that it has always adhered to, and is committed to serving young families, helping parents realize their love for their children as their utmost responsibility, and giving children the best service and choice.

In the rapidly changing retail environment, we still glimpse the development potential of the market, focus on our brand core competitiveness, insist on high quality and safety, strengthen product design and development, continue to optimize supply chain management, develop new channels and new customers, Customer relationship management and service upgrades, laying a deeper foundation for the industry, establish a reliable and trustworthy interactive relationship with parents, and create a high-quality and beautiful consumer experience.

In the future, we will continue to be active, innovative and adaptable, stick to our mission, realize the brand value of "just be" and the vision of "where there are children, there is les enphants", and invite les enphants employees, customers and shareholders to accompany us in protecting our children's growth!

Chairman / Alex Lin

General Manager / Spencer Chang

Proposal 2: 2021 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 2021.

Proposal 3: 2021 Audit Committee's Audit Report

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

The Board of Directors has prepared the 2021 Business Report、Financial Statements and Appropriation to Offset Annual Losses of 2021. 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 24, 2022

Proposal 4: Reported that the loss of the company reached half of the paid-in capital

(1) The company's financial statement on December 31, 2021, after the audit by the accountant, the accumulated loss to be compensated was NT\$971,240,773, which has reached 1/2 of the paid-in capital of NT\$1,846,778,000 . According to Article 211 of the Company Law, it needs to be reported to the shareholders' meeting .

(2) The loss of the Company amounted to half of the paid-in capital, which was mainly due to the fact that the market was affected by unfavorable factors such as the declining birthrate, the COVID-19 and the year-on-year increase in raw material costs and personnel costs, resulting in consecutive years of losses.

(3) The relevant operational measures are as follows:

Operation: We will continue to strengthen consumer recognition through the enhancement of brand power, and reorganize commodity supply chain resources to generate revenue, stabilize costs, and reduce losses.

Financial aspects: It is planned to make up for the loss with statutory surplus reserve of NT\$197,867,272 and capital reserve of NT\$773,373,501, and the loss to be made up at the end of the period is 0.

Proposal Matters

Proposal 1

Summary: Adoption of the Company's 2021 Business Report and Financial Statements.
(Proposed by the Board)

Explanation: les enphants' 2021 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 4-5#, and #Pages 11-37# for details.)

Resolution:

Proposal 2

Summary: Appropriation to Offset Annual Losses of 2021 (Proposed by the Board)

Explanation:

1. The Company's deficit to be covered at the beginning of 2021 (NT\$738,349,217), other comprehensive profit and loss included in the retained surplus of NT\$10,191,630), net loss for the period (NT\$243,083,186), and ending balance of deficit yet to be compensated (NT\$971,240,773) were planned to make up for the statutory surplus reserve of NT\$197,867,272 and capital reserve of NT\$773,373,501, and the loss to be made up at the end of the period is 0.
2. The Company proposes not to distribute dividends this year as there is no profit available for appropriation.

2021 Statements of Deficit Compensation

Item	Unit: NT\$
Deficit to be covered at the beginning of the term	(738,349,217)
Other comprehensive profit or loss transferred to retained earnings	10,191,630
Deficit to be covered after adjustment	(728,157,587)
Net loss for the period	(243,083,186)
Ending balance of deficit yet to be compensated	(971,240,773)
+ the statutory surplus reserve	197,867,272
+ capital reserve	773,373,501
Losses to be made up at the end of the period	0

Note: The Company proposes not to distribute dividends.

The capital reserve is planned to first make up for the loss with the premium part of the stock issuance, and then make up for the shortfall by the treasury stock transaction

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

Resolution:

Discussions

Agenda 1

Summary: Please discuss the proposal to amend the Procedures for Making Endorsements and Guarantees. **(proposed by the Board)**

Explanation: In line with the revision of relevant laws and regulations, it is proposed to revise some provisions of the Procedures for Making Endorsements and Guarantees as in Attachment 1.
(Please refer to #page38#)

Resolution:

Agenda 2

Summary: Please discuss the proposal to amend the Procedures for Lending Funds. **(proposed by the Board)**

Explanation: In line with the revision of relevant laws and regulations, it is proposed to revise some provisions of the Procedures for Lending Funds as in Attachment 2.
(Please refer to #page40#)

Resolution:

Agenda 3

Summary: Please discuss the proposal to amend the Operating Procedures for Engaging in Derivatives Trading. **(proposed by the Board)**

Explanation: In line with the revision of relevant laws and regulations, it is proposed to revise some provisions of the Operating Procedures for Engaging in Derivatives Trading as in Attachment 3.
(Please refer to #page43#)

Resolution:

Agenda 4

Summary: Please discuss the proposal to amend the Operating Procedures for Acquisition or Disposal of Assets. **(proposed by the Board)**

Explanation: In line with the revision of relevant laws and regulations, it is proposed to revise some provisions of the Operating Procedures for Acquisition or Disposal of Assets as in Attachment 4.

(Please refer to #page45#)

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, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2021 and 2020, 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value. The net realizable value was based on judgments and accounting estimates made by management; therefore, we identified the valuation of inventories as a key audit matter in our audit for the year ended December 31, 2021.

The main audit procedures that we performed in respect of the valuation of inventories 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 reasonableness of the net realizable value.

Disposal of right-of-use assets (land use rights) and property, plant and equipment

In order to repay bank loans and utilize funds flexibly, the Group disposed of the right-to-use assets (land use rights) and buildings of Suzhou Les Enphants Children Articles Co., Ltd., located in Taicang City, Suzhou to invest in the establishment of Suzhou Les Enphants Logistics Co., Ltd. After selling the entire equity of Suzhou Les Enphants Logistics Co., Ltd. to unrelated parties, the Group immediately leased back the right-of-use assets (land use rights) and buildings on the account of Suzhou Les Enphants Logistics Co., Ltd. and recognized the gain on disposal of \$232,602 thousand. Refer to Notes 4 and 16 of the consolidated financial statements. Since the gain on disposal accounted for pre-tax net loss of (100.94)% was significant to the consolidated financial statements, we considered such disposal of right-of-use assets (land use rights) and property, plant and equipment as a key audit matter in 2021.

We performed the main audit procedures as follows:

1. We obtained the board meeting minutes of Company and confirmed the resolution of the disposal. We verified management's compliance in the acquisition and disposal of assets.
2. We obtained the sales contract, real estate transfer documents and relevant tax documents, checked the property transfer certificate, and confirmed that gains or losses

on disposal were properly calculated and expressed.

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, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 2021 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 audits resulting in this independent auditors' report are Shu-chuan Yeh and Ya-ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2022

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 751,337	14	\$ 283,189	6
Financial assets at fair value through other comprehensive income - current (Note 8)	-	-	289	-
Financial assets at amortized cost - current (Notes 9, 10 and 37)	40,263	1	56,298	1
Notes receivable (Notes 11 and 25)	25,249	-	26,181	1
Trade receivable from unrelated parties, net (Notes 11 and 25)	434,664	8	401,086	8
Other receivables, net (Note 11)	198,031	4	72,664	1
Inventories (Note 12)	1,476,179	27	1,390,289	29
Prepayments	104,526	2	79,368	2
Other current assets	<u>2,681</u>	<u>-</u>	<u>1,924</u>	<u>-</u>
Total current assets	<u>3,032,930</u>	<u>56</u>	<u>2,311,288</u>	<u>48</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	54	-	2,635	-
Investments accounted for using the equity method (Note 14)	111,285	2	124,228	3
Property, plant and equipment (Notes 15 and 37)	519,130	10	685,503	14
Right-of-use assets (Notes 16 and 37)	703,672	13	654,770	13
Investment properties (Notes 17 and 37)	867,828	16	889,831	18
Other intangible assets (Note 18)	42,862	1	43,582	1
Deferred tax assets (Note 27)	49,219	1	64,452	1
Refundable deposits	<u>81,312</u>	<u>1</u>	<u>84,059</u>	<u>2</u>
Total non-current assets	<u>2,375,362</u>	<u>44</u>	<u>2,549,060</u>	<u>52</u>
TOTAL	<u>\$ 5,408,292</u>	<u>100</u>	<u>\$ 4,860,348</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 37)	\$ 1,091,033	20	\$ 831,857	17
Financial liabilities at fair value through profit of loss - current (Note 7)	8	-	37	-
Contract liabilities - current (Note 25)	68,819	1	75,471	2
Notes payable (Note 21)	9,536	-	528	-
Trade payables to unrelated parties (Note 21)	657,824	12	459,904	9
Trade payables to related parties (Note 36)	6,942	-	8,952	-
Other payables (Note 22)	369,919	7	323,384	7
Current tax liabilities (Note 27)	1,029	-	284	-
Lease liabilities - current (Note 16)	210,872	4	184,966	4
Advance receipts	1,368	-	549	-
Current portion of long-term borrowings (Notes 20 and 37)	1,691	-	11,074	-
Other current liabilities (Note 22)	<u>37,336</u>	<u>1</u>	<u>42,863</u>	<u>1</u>
Total current liabilities	<u>2,456,377</u>	<u>45</u>	<u>1,939,869</u>	<u>40</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 20 and 37)	-	-	1,849	-

Deferred tax liabilities (Note 27)	-	-	9	-
Lease liabilities - non-current (Note 16)	871,678	16	562,324	11
Net defined benefit liability - non-current (Note 23)	96,814	2	128,157	3
Guarantee deposits received	<u>46,565</u>	<u>1</u>	<u>44,081</u>	<u>1</u>
 Total non-current liabilities	 <u>1,015,057</u>	 <u>19</u>	 <u>736,420</u>	 <u>15</u>
 Total liabilities	 <u>3,471,434</u>	 <u>64</u>	 <u>2,676,289</u>	 <u>55</u>
 EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	<u>1,846,778</u>	<u>34</u>	<u>1,846,778</u>	<u>38</u>
Capital surplus	<u>905,938</u>	<u>17</u>	<u>905,938</u>	<u>19</u>
Accumulated deficit				
Legal reserve	197,866	4	197,866	4
Special reserve	109,317	2	109,317	2
Accumulated deficit	<u>(971,244)</u>	<u>(18)</u>	<u>(738,351)</u>	<u>(15)</u>
Total retained earnings	<u>(664,061)</u>	<u>(12)</u>	<u>(431,168)</u>	<u>(9)</u>
Other equity	<u>(195,407)</u>	<u>(4)</u>	<u>(179,830)</u>	<u>(4)</u>
 Total equity attributable to owners of the Company	 1,893,248	 35	 2,141,718	 44
 NON-CONTROLLING INTERESTS	 <u>43,610</u>	 <u>1</u>	 <u>42,341</u>	 <u>1</u>
 Total equity	 <u>1,936,858</u>	 <u>36</u>	 <u>2,184,059</u>	 <u>45</u>
 TOTAL	 <u>\$ 5,408,292</u>	 <u>100</u>	 <u>\$ 4,860,348</u>	 <u>100</u>

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 36)	\$3,711,748	100	\$4,025,561	100
OPERATING COSTS (Notes 12, 26 and 36)	<u>2,080,980</u>	<u>56</u>	<u>2,247,990</u>	<u>56</u>
GROSS PROFIT	<u>1,630,768</u>	<u>44</u>	<u>1,777,571</u>	<u>44</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	1,620,707	44	1,657,533	41
General and administrative expenses	533,765	14	444,113	11
Expected credit (gain) loss	<u>(816)</u>	<u>-</u>	<u>1,697</u>	<u>-</u>
Total operating expenses	<u>2,153,656</u>	<u>58</u>	<u>2,103,343</u>	<u>52</u>
LOSS FROM OPERATIONS	<u>(522,888)</u>	<u>(14)</u>	<u>(325,772)</u>	<u>(8)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26, 30 and 36)				
Interest income	706	-	1,196	-
Other income	122,016	3	99,920	2
Other gains and losses	224,072	6	(6,606)	-
Finance costs	(49,130)	(1)	(45,714)	(1)
Share of loss or profit of associates	<u>(5,216)</u>	<u>-</u>	<u>(3,714)</u>	<u>-</u>
Total non-operating income and expenses	<u>292,448</u>	<u>8</u>	<u>45,082</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(230,440)	(6)	(280,690)	(7)
INCOME TAX EXPENSE (Note 27)	<u>15,620</u>	<u>1</u>	<u>36,548</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(246,060)</u>	<u>(7)</u>	<u>(317,238)</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

9,777 - (7,518) -

Unrealized gain (loss) on investments
in equity instruments at fair value
through other comprehensive income

7,306 - (1,425) -

Share of other comprehensive income
(loss) of associates accounted for
using the equity method

337 - (449) -

Income tax relating to items that will
not be reclassified subsequently to
profit or loss

(1,966) - 69 -
15,454 - (9,323) -

Items that may be reclassified
subsequently to profit or loss:

Exchange differences on translation of
the financial statements of foreign
operations

\$ (10,719) - \$ 18,426 -

Share of other comprehensive loss of
associates accounted for using the
equity method

(5,876) - (3,354) -

Income tax relating to items that may
be reclassified subsequently to loss or
profit

- - (8,468) -
(16,595) - 6,604 -

Other comprehensive loss for the
year, net of income tax

(1,141) - (2,719) -

TOTAL COMPREHENSIVE LOSS FOR THE
YEAR

\$(247,201) (7) \$(319,957) (8)

NET (LOSS) PROFIT ATTRIBUTABLE TO:

Owners of the Company	\$ (243,083)	(7)	\$ (319,547)	(8)
Non-controlling interests	<u>(2,977)</u>	<u>-</u>	<u>2,309</u>	<u>-</u>
	<u>\$ (246,060)</u>	<u>(7)</u>	<u>\$ (317,238)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE (LOSS) PROFIT				
ATTRIBUTABLE TO:				
Owners of the Company	\$ (248,470)	(7)	\$ (323,798)	(8)
Non-controlling interests	<u>1,269</u>	<u>-</u>	<u>3,841</u>	<u>-</u>
	<u>\$ (247,201)</u>	<u>(7)</u>	<u>\$ (319,957)</u>	<u>(8)</u>
LOSS PER SHARE (NEW TAIWAN DOLLARS; Note 28)				
Basic	<u>\$ (1.32)</u>		<u>\$ (1.72)</u>	

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity (Notes 24 and 31)		Treasury Shares (Note 24)	Total	Non-controlling Interests (Notes 24, 31 and 32)	Total Equity
	Ordinary Shares (Note 24)	Capital Surplus (Note 24)	Accumulated Deficit (Notes 24, 26 and 31)		Exchange Differences on Translation of the Financial Statements Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
			Legal Reserve	Special Reserve	Accumulated Deficit						
BALANCE AT JANUARY 1, 2020	\$ 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	-
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	42,341	2,184,059
Net loss for the year ended December 31, 2021	-	-	-	-	(243,083)	-	-	-	(243,083)	(2,977)	(246,060)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	9,672	(16,430)	1,371	-	(5,387)	4,246	(1,141)
Total comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(233,411)	(16,430)	1,371	-	(248,470)	1,269	(247,201)
Disposal of investments in equity investments designated as at fair value through other comprehensive income	-	-	-	-	518	-	(518)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 1,846,778	\$ 905,938	\$ 197,866	\$ 109,317	\$ (971,244)	\$ (191,538)	\$ (3,869)	\$ -	\$ 1,893,248	\$ 43,610	\$ 1,936,858

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(230,440)	\$(280,690)
Adjustments for:		
Depreciation expense	331,434	330,199
Amortization expense	12,958	12,299
Expected credit (reversed) loss recognized on trade receivables	(816)	1,697
Net loss (gain) on fair value change of financial assets designated as at fair value through profit or loss	(29)	1
Finance costs	49,130	45,714
Interest income	(706)	(1,196)
Dividend income	(1,359)	(28)
Share of loss of associates	5,216	3,714
(Gain) loss on disposal of property, plant and equipment	(225,813)	5,487
Loss on disposal of investment property	4,041	13,391
Loss on disposal of intangible assets	-	10
Gain on disposal of investments	(569)	-
Impairment losses	52,086	27,332
Net gain on lease modification	(1,592)	(337)
Changes in operating assets and liabilities		
Notes receivable	932	(4,915)
Trade receivables from unrelated parties	(32,896)	82,287
Other receivables	5,932	12,049
Inventories	(85,890)	200,379
Prepayments	(25,158)	5,216
Other current assets	(757)	1,101

Contract liabilities - current	(6,652)	1,136
Notes payable	9,008	526
Trade payables to unrelated parties	197,920	7,288
Trade payables to related parties	(1,941)	(5,651)
Other payables	45,675	(32,497)
Advance receipts	819	88
Other current liabilities	(5,527)	15,128
Net defined benefit liability	<u>(21,566)</u>	<u>(20,737)</u>
Cash generated from operating activities	73,440	418,991
Interest received	706	1,196
Interest paid	(48,980)	(46,802)
Income tax received	-	725
Income tax paid	<u>(2,097)</u>	<u>(2,135)</u>
Net cash generated from operating activities	<u>23,069</u>	<u>371,975</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	\$(169,994)	\$ (29,394)
Disposal of financial assets at fair value through other comprehensive income	181,369	9,769
Return of capital from financial assets at fair value through other comprehensive income	1,034	-
Purchase of financial assets at amortized cost	(5,360)	(38,779)
Proceeds from sales of financial assets at amortized cost	21,395	20,741
Disposal of interests in subsidiaries	-	(17,256)
Payments for property, plant and equipment	(76,809)	(69,763)
Proceeds from disposal of property, plant and equipment	462,967	4,493
Increase in refundable deposits	-	(12,189)
Decrease in refundable deposits	2,747	-
Payments for intangible assets	(12,409)	(27,041)
Payments for investment properties	(688)	(39)
Proceeds from disposal of investment properties	675	-
Dividends received	<u>3,575</u>	<u>625</u>

Net cash generated from (used in) investing activities	<u>408,502</u>	<u>(158,833)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	267,409	-
Repayments of short-term borrowings	-	(76,846)
Proceeds from long-term borrowings	-	14,987
Repayments of long-term borrowings	(11,127)	(42,345)
Proceeds from guarantee deposits received	2,796	-
Refund of guarantee deposits received	-	(5,578)
Proceeds from payables to related parties	-	9,421
Repayments of payables to related parties	-	(4,710)
Repayment of lease liabilities	(212,623)	(198,574)
Payments for buy back of ordinary shares	<u>-</u>	<u>(31,767)</u>
Net cash generated from (used in) financing activities	<u>46,455</u>	<u>(335,412)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(9,878)</u>	<u>(6,656)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	468,148	(128,926)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>283,189</u>	<u>412,115</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 751,337</u>	<u>\$ 283,189</u>

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, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2021 and 2020, 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, 2021. 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

(Including inventories held by the investments accounted for using the equity method in subsidiaries.)

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; therefore, we identified the valuation of inventories as a key audit matter in our audit for the year ended December 31, 2021.

The main audit procedures that we performed in respect of the valuation of inventories 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 reasonableness of the net realizable value.

Disposal of Right-of-use Assets (Land Use Rights) and Property, Plant and Equipment of Investments Accounted for Using Equity Method in Subsidiaries

In order to repay bank loans and utilize funds flexibly, Les Enphants Co., Ltd. disposed of the right-to-use assets (land use rights) and buildings of Suzhou Les Enphants Children Articles Co., Ltd. accounted as investments accounted for using equity method, located in Taicang City, Suzhou to invest in the establishment of Suzhou Les Enphants Logistics Co., Ltd. After selling the entire equity of Suzhou Les Enphants Logistics Co., Ltd. to unrelated parties, Les Enphants Co., Ltd. immediately leased back the right-of-use assets (land use rights) and buildings on the account of Suzhou Les Enphants Logistics Co., Ltd. and recognized the gain on disposal of \$232,602 thousand. Since the gain on disposal accounted for pre-tax net loss of (96.37)% was significant, we considered such disposal of right-of-use assets (land use rights) and property, plant and equipment as a key audit matter in 2021.

We performed the main audit procedures as follows:

1. We obtained the board meeting minutes of Les Enphants Co., Ltd. and confirmed the resolution of the disposal. We verified management's compliance in the acquisition and disposal of assets.
2. We obtained the sales contract, real estate transfer documents and relevant tax documents,

checked the property transfer certificate, and confirmed that gains or losses on disposal were properly calculated and expressed.

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 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, 2021 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 audits resulting in this independent auditors' report are Shu-chuan Yeh and Ya-ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2022

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 185,636	5	\$ 102,251	3
Financial assets at fair value through other comprehensive income - current (Note 7)	-	-	289	-
Financial assets at amortized cost - current (Notes 8, 9 and 35)	40,263	1	40,262	1
Notes receivable (Notes 10 and 22)	530	-	872	-
Trade receivables from unrelated parties (Notes 10 and 22)	204,114	6	172,150	5
Trade receivables from related parties (Notes 22 and 34)	83,454	2	89,480	2
Other receivables, net (Note 10)	366	-	224	-
Inventories (Note 11)	603,275	17	609,054	17
Prepayments	19,817	1	19,269	1
Other current assets	<u>111</u>	<u>-</u>	<u>43</u>	<u>-</u>
Total current assets	<u>1,137,566</u>	<u>32</u>	<u>1,033,894</u>	<u>29</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	54	-	2,635	-
Investments accounted for using the equity method (Notes 12 and 21)	1,348,824	38	1,523,956	42
Property, plant and equipment (Notes 13 and 35)	308,373	9	319,586	9
Right-of-use assets (Note 14)	460,901	13	449,434	12
Investment properties (Notes 15 and 35)	221,630	6	202,742	6
Intangible assets (Note 16)	19,668	1	20,513	1
Refundable deposits	<u>40,730</u>	<u>1</u>	<u>42,858</u>	<u>1</u>
Total non-current assets	<u>2,400,180</u>	<u>68</u>	<u>2,561,724</u>	<u>71</u>
TOTAL	<u>\$ 3,537,746</u>	<u>100</u>	<u>\$ 3,595,618</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 35)	\$ 340,000	10	\$ 300,000	8
Contract liabilities - current (Note 22)	46,697	1	46,892	1
Notes payable (Note 18)	9,536	-	528	-
Trade payables to unrelated parties (Note 18)	224,260	6	176,286	5
Trade payables to related parties (Note 34)	3,862	-	1,439	-
Other payables (Note 19)	178,244	5	131,236	4
Lease liabilities - current (Note 14)	155,127	5	139,966	4
Advance receipts (Notes 19 and 34)	1,390	-	571	-
Other current liabilities (Note 19)	<u>1,192</u>	<u>-</u>	<u>1,736</u>	<u>-</u>
Total current liabilities	<u>960,308</u>	<u>27</u>	<u>798,654</u>	<u>22</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Note 14)	584,375	16	532,270	15
Net defined benefit liability - non-current (Note 20)	92,860	3	120,233	3
Other non-current liabilities (Notes 19 and 34)	<u>6,955</u>	<u>-</u>	<u>2,743</u>	<u>-</u>

Total non-current liabilities	<u>684,190</u>	<u>19</u>	<u>655,246</u>	<u>18</u>
Total liabilities	<u>1,644,498</u>	<u>46</u>	<u>1,453,900</u>	<u>40</u>
EQUITY				
Ordinary shares	<u>1,846,778</u>	<u>52</u>	<u>1,846,778</u>	<u>52</u>
Capital surplus	<u>905,938</u>	<u>26</u>	<u>905,938</u>	<u>25</u>
Accumulated deficit				
Legal reserve	197,866	6	197,866	6
Special reserve	109,317	3	109,317	3
Accumulated deficit	<u>(971,244)</u>	<u>(28)</u>	<u>(738,351)</u>	<u>(21)</u>
Total retained earnings	<u>(664,061)</u>	<u>(19)</u>	<u>(431,168)</u>	<u>(12)</u>
Other equity	<u>(195,407)</u>	<u>(5)</u>	<u>(179,830)</u>	<u>(5)</u>
Total equity	<u>1,893,248</u>	<u>54</u>	<u>2,141,718</u>	<u>60</u>
TOTAL	<u>\$ 3,537,746</u>	<u>100</u>	<u>\$ 3,595,618</u>	<u>100</u>

LES ENPHANTS CO., LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Loss Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 34)	\$ 2,057,024	100	\$ 2,214,173	100
OPERATING COSTS (Notes 11, 20, 23 and 34)	<u>1,173,045</u>	<u>57</u>	<u>1,258,467</u>	<u>57</u>
GROSS PROFIT	883,979	43	955,706	43
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>456</u>	<u>-</u>	<u>923</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>884,435</u>	<u>43</u>	<u>956,629</u>	<u>43</u>
OPERATING EXPENSES (Notes 20, 23 and 34)				
Selling and marketing expenses	802,963	39	838,704	38
General and administrative expenses	171,842	9	176,936	8
Expected credit gain	<u>(401)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>974,404</u>	<u>48</u>	<u>1,015,640</u>	<u>46</u>
LOSS FROM OPERATIONS	<u>(89,969)</u>	<u>(5)</u>	<u>(59,011)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23, 27 and 34)				
Interest income	163	-	223	-
Other income	28,391	2	15,674	1
Other gains and losses	(1,976)	-	(6,139)	-
Finance costs	(18,336)	(1)	(19,001)	(1)
Share of loss of subsidiaries and associates	<u>(159,639)</u>	<u>(8)</u>	<u>(237,341)</u>	<u>(11)</u>
Total non-operating income and expenses	<u>(151,397)</u>	<u>(7)</u>	<u>(246,584)</u>	<u>(11)</u>

LOSS BEFORE INCOME TAX	(241,366)	(12)	(305,595)	(14)
INCOME TAX EXPENSE (Note 24)	<u>1,717</u>	<u>-</u>	<u>13,952</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(243,083)</u>	<u>(12)</u>	<u>(319,547)</u>	<u>(15)</u>
OTHER COMPREHENSIVE LOSS (Notes 20, 21 and 24)				
Remeasurement of defined benefit plans	\$ 10,141	1	\$ (7,172)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(1,767)	-	(611)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>2,669</u>	<u>-</u>	<u>(3,357)</u>	<u>-</u>
	<u>11,043</u>	<u>1</u>	<u>(11,140)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	(16,430)	(1)	15,357	1
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(8,468)</u>	<u>(1)</u>
	<u>(16,430)</u>	<u>(1)</u>	<u>6,889</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(5,387)</u>	<u>-</u>	<u>(4,251)</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (248,470)</u>	<u>(12)</u>	<u>\$ (323,798)</u>	<u>(15)</u>
LOSS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
Basic	<u>\$ (1.32)</u>		<u>\$ (1.72)</u>	

LES ENPHANTS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 21)	Capital Surplus (Note 21)	Accumulated Deficit (Notes 21 and 23)			Other Equity (Note 21)		Treasury Shares (Note 21)	Total Equity
			Legal Reserve	Special Reserve	Accumulated Deficit	Exchange Differences on Translation of the Financial Statements of	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other		
BALANCE AT JANUARY 1, 2020	\$ 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
Net loss for the year ended December 31, 2021	-	-	-	-	(243,083)	-	-	-	(243,083)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	9,672	(16,430)	1,371	-	(5,387)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(233,411)	(16,430)	1,371	-	(248,470)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	518	-	(518)	-	-
BALANCE AT DECEMBER 31, 2021	\$ 1,846,778	\$ 905,938	\$ 197,866	\$ 109,317	\$ (971,244)	\$ (191,538)	\$ (3,869)	\$ -	\$ 1,893,248

LES ENPHANTS CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(241,366)	\$(305,595)
Adjustments for:		
Depreciation expense	196,093	203,465
Amortization expense	9,318	8,110
Expected credit gain	(401)	-
Finance costs	18,336	19,001
Interest income	(163)	(223)
Dividends income	(945)	-
Share of loss of subsidiaries and associates	159,639	237,341
Loss on disposal of property, plant and equipment	2,605	3,146
Gain on disposal of investments	(569)	-
Impairment Losses	35,137	6,027
Realized gain on the transactions with subsidiaries and associates	(456)	(923)
Net gain on lease modification	(418)	(337)
Changes in operating assets and liabilities		
Notes receivable	342	(142)
Trade receivables from unrelated parties	(31,964)	30,779
Trade receivables from related parties	6,026	(14,937)
Other receivables	259	243
Inventories	5,779	130,977
Prepayments	(548)	1,021
Other current assets	(68)	43
Contract liabilities - current	(195)	(2,172)
Notes payable	9,008	528
Trade payables to unrelated parties	47,974	18,587
Trade payables to related parties	2,423	845
Other payables	46,444	(6,779)
Advance receipts	819	88
Other current liabilities	(544)	(836)

Net defined benefit liability	<u>(17,232)</u>	<u>(18,946)</u>
Cash generated from operating activities	245,333	309,311
Interest received	163	223
Interest paid	(18,291)	(19,144)
Income tax received	-	19
Income tax paid	<u>(1,717)</u>	<u>(2,135)</u>
Net cash generated from operating activities	<u>225,488</u>	<u>288,274</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	638	-
Return of capital from financial assets at fair value through other comprehensive income	1,034	-
Purchase of financial assets at amortized cost	(1)	(2,002)
Payments for property, plant and equipment	\$ (29,045)	\$ (18,383)
Proceeds from disposal of property, plant and equipment	-	2,217
Decrease in refundable deposits	2,128	1,571
Payments for intangible assets	(8,473)	(15,365)
Dividends received	<u>3,133</u>	<u>625</u>
Net cash used in investing activities	<u>(30,586)</u>	<u>(31,337)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	40,000	-
Repayments of short-term borrowings	-	(60,000)
Repayments of long-term borrowings	-	(40,000)
Proceeds from guarantee deposits received	4,212	103
Repayment of lease liabilities	(155,729)	(160,218)
Payments for buy-back of ordinary shares	<u>-</u>	<u>(31,767)</u>
Net cash used in financing activities	<u>(111,517)</u>	<u>(291,882)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	83,385	(34,945)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>102,251</u>	<u>137,196</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 185,636</u>	<u>\$ 102,251</u>

[Attachment 1]

les enfants Co., Ltd.

Comparison Table of Amendments to the Procedures for Making Endorsements and Guarantees

Article Number	Original Article	Proposed Amendment	Description
Article 10	<p>Public announcement and regulatory filing procedure The Company shall carry out the public announcement and regulatory filing of the balance of endorsement and guarantee made by the Company and its subsidiaries in the previous month by 10th day of each month. Where the Company's balance of Endorsements and Guarantees reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence: I. The aggregate balance of endorsement and guarantee made by the Company and its subsidiaries reaches 50 percent or more of the Company net worth as stated in its latest financial statement. II. The aggregate balance of endorsement and guarantee made by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company net worth as stated in its latest financial statement. III. The balance of Endorsements and Guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all Endorsements and</p>	<p>Public announcement and regulatory filing procedure The Company shall carry out the public announcement and regulatory filing of the balance of endorsement and guarantee made by the Company and its subsidiaries in the previous month by 10th day of each month. Where the Company's balance of Endorsements and Guarantees reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence: I. The aggregate balance of endorsement and guarantee made by the Company and its subsidiaries reaches 50 percent or more of the Company net worth as stated in its latest financial statement. II. The aggregate balance of endorsement and guarantee made by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company net worth as stated in its latest financial statement. III. The balance of Endorsements and Guarantees by the Company and its subsidiaries for a single enterprise reaches</p>	<p>Reference to the provisions of Article 9, Paragraph 4, Paragraph 1 of the Standards for the Preparation of Financial Reports of Securities Issuers, amend Paragraph 1, Paragraph 3.</p>

Article Number	Original Article	Proposed Amendment	Description
	<p>Guarantees for, nvestment of a long-term nature in and balance of loans to, such enterprise reach 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>IV.The amount of new Endorsements and Guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to sub-paragraph 4 of the preceding paragraph. The balance of Endorsements and Guarantees made by a subsidiary to the net worth referred to in the preceding paragraph shall refer to the balance of Endorsements and Guarantees made by the subsidiary to the Company's net worth.</p>	<p>NT\$10 million or more and the aggregate amount of all Endorsements and Guarantees for, <u>carrying amount of investments using the equity method</u> and balance of loans to, such enterprise reach 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>IV.The amount of new Endorsements and Guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to sub-paragraph 4 of the preceding paragraph. The balance of Endorsements and Guarantees made by a subsidiary to the net worth referred to in the preceding paragraph shall refer to the balance of Endorsements and Guarantees made by the subsidiary to the Company's net worth.</p>	

les enfants Co., Ltd.**Comparison Table of Amendments to the Procedures for Lending Funds**

Article Number	Original Article	Proposed Amendment	Description
Article 4	<p>The aggregate amount of loans and the maximum amount permitted to a single borrower:</p> <p>The aggregate amount of loans to the borrowers who do business with the Company and need short-term financing shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director, respectively. The total thereof shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director.</p> <p>The limit of loan to each borrower is defined as follows subject to the reason of loaning:</p> <p>(i) For the borrower who does business with the Company, the individual loan shall be no more than 40% the Company's purchase from or sale to it for the most recent year or until the loan is made, whichever is higher.</p> <p>(ii) For the borrower who needs the short-term financing, the individual loan shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director.</p>	<p>The aggregate amount of loans and the maximum amount permitted to a single borrower:</p> <p>The aggregate amount of loans to the borrowers who do business with the Company and need short-term financing shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director, respectively. The total thereof shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director.</p> <p>The limit of loan to each borrower is defined as follows subject to the reason of loaning:</p> <p>(i) For the borrower who does business with the Company, the individual loan shall be no more than 40% the Company's purchase from or sale to it for the most recent year or until the loan is made, whichever is higher.</p> <p>(ii) For the borrower who needs the short-term financing, the individual loan shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director.</p> <p>Where a subsidiary of the Company makes loans to others, the Company shall instruct it to formulate its</p>	<p>According to the proviso of Article 3, Item 4 of the "Guidelines for the Handling of Fund Loans and Endorsement Guarantees of Public Offering Companies", the limit and duration of fund loans should be clearly specified.</p>

Article Number	Original Article	Proposed Amendment	Description
	<p>Where a subsidiary of the Company makes loans to others, the Company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others to govern the limit of loaning, provided that the aggregate amount of short-term financing shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director, unless it refers to the loaning between the foreign subsidiaries in which the Company owns 100% of the voting rights, directly and indirectly. The aggregate amount of loaning and amount of loaning shall refer to the accumulated balance of the loan</p>	<p>own Operational Procedures for Loaning Funds to Others to govern the limit of loaning, provided that the aggregate amount of short-term financing shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director, unless it refers to the loaning between the foreign subsidiaries in which the Company owns 100% of the voting rights, directly and indirectly.</p> <p><u>However, the total amount of capital loan shall not exceed 100% of the company's net worth, and the individual loan amount shall not exceed 100% of the company's net worth; and the loan period shall not exceed five years.</u></p> <p>The aggregate amount of loaning and amount of loaning shall refer to the accumulated balance of the loan</p>	
Article 6	<p>Duration of loans and calculation of interest: I. Duration of loans shall be no more than 180 days, provided that it may be extended upon approval of the Board of Directors, in special cases. The extended repayment date for short-term financing, if any, shall be no more than one year after the original repayment date.</p>	<p>Duration of loans and calculation of interest: <u>I. Duration of loans shall be no more than one year.</u></p>	<p>According to Article 3, Paragraph 2 of the "Guidelines for the Handling of Fund Loans and Endorsement Guarantees of Public Offering Companies", the loan period is limited to one year or one business cycle, but the company does not have a special business cycle. In accordance with the provisions of Article 14, Paragraphs 2 and 3 of</p>

Article Number	Original Article	Proposed Amendment	Description
			<p>the same Act, the Board of Directors is only granted the authority to allocate or revolve loans within one year within 10% of the net value of the financial statements.</p> <p>In view of the above, the rule that the loan and term may be extended by exception by the board of directors is deleted</p>

[Attachment 3]

les enfants Co., Ltd.

Comparison Table of Amendments to the Operating Procedures for Engaging in Derivatives Trading

Article Number	Original Article	Proposed Amendment	Description
Article 2	The Procedure shall be implemented in accordance with the official letter of Securities and Futures Commission, Ministry of Finance under (85) Tai -Cai-Zhen(1) No. 01165.	<u>The Procedure shall be implemented in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</u>	Amended by the Financial Supervision and Administration Commission Jin Guan Zheng Fa Zi No. 1070341072 on November 26, 2018
Article 3	The derivatives referred to herein mean the exchange contracts whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.	<u>Derivative commodities referred to in this program refer to forward contracts, options whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables Options contracts, futures contracts, leveraged margin contracts, exchange contracts, combinations of the above contracts, or combination contracts or structured commodities embedded in derivative commodities. The so-called forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sale) contracts.</u>	Amended in accordance with Article 4, Paragraph 1, Point 1 of the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies ".
Article 4	The term "exchange contracts" does not include insurance contracts, performance contracts, after-sale service contracts, long-term leasing contracts, or long-term purchase (sales) agreements	Delete	
Article 22	The Procedure was	The Procedure was enacted	Added last revision

Article Number	Original Article	Proposed Amendment	Description
	enacted on November 20, 1997. 1st amendments were made on June 22, 2017.	on November 20, 1997. 1st amendments were made on June 22, 2017. <u>2nd amendment were made on June 23, 2022.</u>	date

les enfants Co., Ltd.

Comparison Table of Amendments to the the Operating Procedures for Acquisition or Disposal of Assets

Article Number	Original Article	Proposed Amendment	Description
Article 8 the first item of subparagraph 7 of subparagraph 1	: 7. Other than the six preceding subparagraphs, any asset transactions, disposals of claims by financial institutions or engagement in investment in Mainland China with transaction amount reaching 20 percent of the Company's paid-in capital or NT\$300 million. However, the following situations are exceptions: (1) Purchase or sale of domestic government bonds.	: 7. Other than the six preceding subparagraphs, any asset transactions, disposals of claims by financial institutions or engagement in investment in Mainland China with transaction amount reaching 20 percent of the Company's paid-in capital or NT\$300 million. However, the following situations are exceptions: (1) Purchase or sale of domestic government bonds <u>or foreign government bonds with a credit rating not lower than my country's sovereign rating.</u>	Amend the first item of subparagraph 7 of subparagraph 1 to relax the issuance of foreign public bonds whose trading rating is not lower than my country's sovereign rating, and also exempt from public announcement and declaration.
Article 10 Item 1, paragraph 3	: 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, the Company shall contact CPAs to take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) and to express specific comments on the reasons for the discrepancy and the appropriateness of the trading price:	: 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, the Company shall contact CPAs to take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) and to express specific comments on the reasons for the discrepancy and the appropriateness of	1. Article 5 has been amended and added to require external experts to issue opinions in accordance with the self-discipline rules of their respective trade associations, and the procedures that should be implemented by accountants to issue opinions have been covered, so the words that require handling are deleted. 2. Fill in the missing text.

Article Number	Original Article	Proposed Amendment	Description
		<p>the trading price: (1) The difference between the valuation result and the transaction amount is More than 20% of the transaction amount. (2) The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount.</p>	
Article 11	<p>For the acquisition or disposal of marketable securities, the Company shall, before the date of occurrence, obtain the target company's latest CPA-audited or reviewed financial statements as a reference for the assessment of the transaction price. In addition, where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the transaction price. If the CPA requires expert reports, actions shall be taken in accordance with Auditing Standards No. 20 published by ARDF. However, marketable securities with quoted prices in an active market or otherwise regulated by the Financial Supervisory Commission do not fall under this constraint.</p>	<p>For the acquisition or disposal of marketable securities, the Company shall, before the date of occurrence, obtain the target company's latest CPA-audited or reviewed financial statements as a reference for the assessment of the transaction price. In addition, where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the transaction price. If the CPA requires expert reports, actions shall be taken in accordance with Auditing Standards No. 20 published by ARDF. However, marketable securities with quoted prices in an active market or otherwise regulated by the Financial Supervisory Commission do not fall under this constraint.</p>	The reasons are the same as Article 10
Article 12	<p>For the acquisition or disposal of intangible assets or right-of-use assets thereof or membership with transaction amount reaches</p>	<p>For the acquisition or disposal of intangible assets or right-of-use assets thereof or membership with transaction amount reaches</p>	The reasons are the same as Article 10

Article Number	Original Article	Proposed Amendment	Description
	<p>20 percent of the Company's paid-in capital or NT\$300 million, except for transactions with domestic government agencies, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the transaction price. The CPAs shall proceed in accordance with Auditing Standards No. 20 published by ARDF.</p>	<p>20 percent of the Company's paid-in capital or NT\$300 million, except for transactions with domestic government agencies, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the transaction price. The CPAs shall proceed in accordance with Auditing Standards No. 20 published by ARDF.</p>	
<p>Article 14 Paragraph 2</p>	<p>:</p> <p>When issuing appraisal reports or opinions, personnel referred to in the preceding paragraph shall comply with the following rules:</p> <p>I. Before accepting cases, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When auditing cases, they shall carefully plan and carry out adequate procedures in order to form conclusions and issue reports or Opinions based on those conclusions. All procedures carried out, data collected, and conclusions drawn shall be fully and accurately documented in the working papers.</p> <p>III. The source of data, parameters and information used shall be assessed item-by-item for their comprehensiveness, accuracy, and reasonableness in order to serve as the basis for issuing appraisal reports or opinions.</p> <p>IV. A statement shall be</p>	<p>:</p> <p>When issuing appraisal reports or opinions, personnel referred to in the preceding paragraph shall comply with the self-discipline regulations of the trade associations to which it belongs and the following rules:</p> <p>I. Before accepting cases, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When executing the cases, they shall carefully plan and carry out adequate procedures in order to form conclusions and issue reports or Opinions based on those conclusions. All procedures carried out, data collected, and conclusions drawn shall be fully and accurately documented in the working papers.</p> <p>III. The source of data, parameters and information used shall be assessed item-by-item for their</p>	<p>1. To regulate the issuance of valuation reports or opinions by professional appraisers and their appraisers, accountants, lawyers or securities underwriters. In addition to the items listed in the current Paragraph 2, they shall also follow their respective subparagraphs</p> <p>2. Amend the text of the second, third and fourth paragraphs of the second paragraph</p>

Article Number	Original Article	Proposed Amendment	Description
	<p>issued stating the professional competence and independence of associated personnel, and that the information used is assessed to be reasonable and accurate, and they are in compliance with applicable laws and regulations.</p>	<p>appropriateness and reasonableness in order to serve as the basis for issuing appraisal reports or opinions. IV.A statement shall be issued stating the professional competence and independence of associated personnel, and that the information used is assessed to be reasonable and appropriateness, and they are in compliance with applicable laws and regulations.</p>	
Article 16	<p>Where the Company acquires or disposes of real estate or right-of-use assets thereof, or other non-real estate assets or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million, except for the purchase or sale of government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions before entering the contract and making payments: The transaction may be proceeded upon the consent of two-thirds of all Directors if the majority of all Audit Committee members does</p>	<p>Where the Company acquires or disposes of real estate or right-of-use assets thereof, or other non-real estate assets or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million, except for the purchase or sale of government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions before entering the contract and making payments: The transaction may be proceeded upon the consent of two-thirds of all Directors if the</p>	<p>1. In order to strengthen the management of related party transactions, protect the rights of minority shareholders to express their opinions on the transactions between the company and related parties, and prevent the company from conducting major related party transactions through subsidiaries of non-domestic public offering companies, it is clearly stated that the public offering company or its non-domestic public offering subsidiaries has a transaction of acquiring or disposing of assets with a related party in Paragraph 1, and the transaction amount is more than 10% of the total</p>

Article Number	Original Article	Proposed Amendment	Description
	<p>not approve. In such a case, the resolutions of the Audit Committee shall be recorded in the minutes of the Board meeting. The terms "all Audit Committee members" and "all Directors" as used are actual number of persons currently holding those positions.</p> <p>1.Purpose, necessity and expected benefits of the asset acquisition or disposal.</p> <p>2.Reasons for choosing the related party as trading counterparty.</p> <p>3.Information related to the assessment of reasonableness of preliminary transaction terms in accordance with relevant provisions for the acquisition of real estate or right-of-use assets thereof from related party.</p> <p>4.Items such as the related party's original acquisition date, price, trading counterparty and the counterparty's relations to the Company and the related party.</p> <p>5.Monthly cash flow forecasts of the coming year starting from the estimated contract-signing month and the assessments on necessity of transaction and reasonableness of fund utilization.</p> <p>6.Appraisal reports produced by professional appraisers or CPAs' opinions which are obtained in accordance with Article 15 of the Regulations.</p> <p>7.Restrictions and other important stipulations for the transaction.</p> <p>The calculation of the</p>	<p>majority of all Audit Committee members does not approve. In such a case, the resolutions of the Audit Committee shall be recorded in the minutes of the Board meeting. The terms "all Audit Committee members" and "all Directors" as used are actual number of persons currently holding those positions.</p> <p>1.Purpose, necessity and expected benefits of the asset acquisition or disposal.</p> <p>2.Reasons for choosing the related party as trading counterparty.</p> <p>3.Information related to the assessment of reasonableness of preliminary transaction terms in accordance with relevant provisions for the acquisition of real estate or right-of-use assets thereof from related party.</p> <p>4.Items such as the related party's original acquisition date, price, trading counterparty and the counterparty's relations to the Company and the related party.</p> <p>5.Monthly cash flow forecasts of the coming year starting from the estimated contract-signing month and the assessments on necessity of transaction and reasonableness of fund utilization.</p> <p>6.Appraisal reports produced by professional appraisers or CPAs' opinions which are obtained in accordance with Article 15 of the</p>	<p>assets of the public offering company, the public offering company shall submit the relevant information to the shareholders' meeting for approval before it can be approved. In the case of non-public offering subsidiaries, matters that should be submitted to the shareholders' meeting for approval shall be handled by the parent company of the public offering at the next higher level.</p> <p>2. Considering the overall business planning needs of the public offering company and its parent company, subsidiary companies, or their subsidiaries, and considering the exemption specifications of the major international capital markets, the proviso relaxes the exemption of shareholders' meeting resolutions for transactions between these companies.</p> <p>3. If a transaction with a significant related person falls under the circumstances specified in Subparagraphs 1 to 3 of Paragraph 1 of</p>

Article Number	Original Article	Proposed Amendment	Description
	<p>transaction amount in the preceding Paragraph shall be done in accordance with Paragraph 2, Article 8 herein. The term "within one year" means one year calculated retrospectively from the date of transaction. The part for which the Company has obtained approval from the Audit Committee and the Board of Directors in accordance with the Regulations shall not be included.</p> <p>For companies having Independent Directors in place, opinions of Independent Directors shall be fully considered when transactions are submitted to the Board of Directors for discussion in accordance with Paragraph 1 herein. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting.</p>	<p>Regulations. 7.Restrictions and other important stipulations for the transaction. The calculation of the transaction amount in the preceding Paragraph shall be done in accordance with Paragraph 2, Article 8 herein. The term "within one year" means one year calculated retrospectively from the date of transaction. The part for which the Company has obtained approval from the Audit Committee and the Board of Directors in accordance with the Regulations shall not be included. If the company or the company's subsidiary that is not a domestic public offering company has the first transaction, and the transaction amount is more than 10% of the total assets of the public offering company, the company shall submit the information listed in the first paragraph to the shareholders' meeting for approval After that, the transaction contract can be signed and payment can be made. However, the transaction between the company and its subsidiaries or the company's subsidiaries is not limited to this. For companies having Independent Directors in place, opinions of</p>	<p>Article 185 of the Company Act, the resolution of the shareholders' meeting shall be handled in accordance with the special resolution of Article 185 of the Company Act. And in accordance with the previously opened matters and the relevant provisions of the company law.</p>

Article Number	Original Article	Proposed Amendment	Description
		<p>Independent Directors shall be fully considered when transactions are submitted to the Board of Directors for discussion in accordance with Paragraph 1 herein. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting.</p> <p>The calculation of the transaction amount in Paragraph 1 and the preceding Paragraph shall be done in accordance with Paragraph 2, Article 8 herein. The term "within one year" means one year calculated retrospectively from the date of transaction. The part for which the Company has obtained approval from the Audit Committee 、</p> <p>Shareholders' meeting and the Board of Directors in accordance with the Regulations shall not be included.</p>	
Article 17	: <p>4. A publicly offered company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital acquire real estate use rights assets for business use.</p>	: <p>4. The Company and Subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital acquire real estate use rights assets for business use.</p>	text correction
Article 21	Unless otherwise stipulated by other laws or where there are special circumstances that have already been reported and approved by the Financial Supervisory Commission, the Company and other companies participating in the merger, demergers, or acquisition	Unless otherwise stipulated by other laws or where there are special circumstances that have already been reported and approved by the Financial Supervisory Commission, the Company and other companies participating in the merger, demergers, or	Synchronized with Items 3 and 4 of Article 25 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies "

Article Number	Original Article	Proposed Amendment	Description
	<p>shall convene the Board of Directors' meeting and shareholders' meeting on the same day to resolve matters related to the merger, spin off or acquisition.</p> <p>Unless otherwise stipulated by other laws or where there are special circumstances that have already been reported and approved by the Financial Supervisory Commission, the Company and other companies participating in the transfer of shares shall convene the Board of Directors' meeting on the same day.</p>	<p>acquisition shall convene the Board of Directors' meeting and shareholders' meeting on the same day to resolve matters related to the merger, spin off or acquisition.</p> <p>Unless otherwise stipulated by other laws or where there are special circumstances that have already been reported and approved by the Financial Supervisory Commission, the Company and other companies participating in the transfer of shares shall convene the Board of Directors' meeting on the same day.</p> <p>When the company participates in a merger, division, acquisition or share transfer, or when the stock is traded at the business office of a securities firm, a complete written record of the following information shall be made and kept for five years for inspection: 1. Basic information of personnel: including all persons involved in the merger, division, acquisition or share transfer plan or implementation of the plan before the information is released, their professional titles, names, and ID numbers (passport numbers in the case of foreigners). 2. Dates of important matters: including the date of signing the letter of intent or memorandum,</p>	

Article Number	Original Article	Proposed Amendment	Description
		<p>entrusting financial or legal advisors, signing contracts and the board of directors. 3. Important documents and minutes: including merger, division, acquisition or share transfer plan, letter of intent or memorandum, important contracts and minutes of board meetings. When the company participates in the merger, division, acquisition or share transfer listing or the stock is traded at the business office of the securities firm, it shall, within two days from the date when the resolution of the board of directors is passed, submit the information in the first and second paragraphs of the preceding paragraph to the Internet in the prescribed format. The online information system application will be submitted to the Association for future reference.</p>	
Article 21-1 (NEW)	<p>All those who participate in or know about the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment, and shall not disclose the content of the plan to the public before the information is made public, and shall not sell or merge, Shares and other equity securities of all companies involved in a division, acquisition or share transfer.</p>		<p>Synchronized with Article 26 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p>

Article Number	Original Article	Proposed Amendment	Description
Article 23-2 (NEW)	<p>If a company's subsidiary is a non-domestic public offering company, and there are circumstances that should be announced and reported as stipulated in Articles 8 and 9, the company shall implement it.</p> <p>The term "subsidiary" as mentioned in the preceding paragraph shall be governed by the provisions on the paid-in capital or total assets stipulated in the reporting standards in the first paragraph of Article 8, and shall be subject to the company's paid-in capital or total assets.</p>		Synchronized with Article 34 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

[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 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 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 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.
- The thirty-third amendment was made on August 11, 2021.

[Appendix 3]

. Les enfants Co., Ltd.

Procedures for Making Endorsements and Guarantees

Approved by Shareholders' Meeting on June 22, 2017

Article 1: Purpose and legal basis

In order to protect shareholders' equity, well found financial management and reduce operational risk, the Company establishes the Operating Procedure in accordance with the related laws and decrees promulgated by Financial Supervisory Commission, Executive Yuan ("FSC").

Article 2: Scope:

I. Endorsements and Guarantees for financing:

- (i) Bill discount financing;
- (ii) Endorsements or guarantees made to meet the financing needs of another company;
- (iii) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.

II. Customs duty Endorsements and Guarantees: which means an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.

III. Other Endorsements and Guarantees: which mean endorsements or guarantees beyond the scope of the above two sub-paragraphs.

IV. Any creation by the Company of a pledge or mortgage on its personal property or real property as security for the loans of another company shall also comply with the Procedures.

Article 3: Counterparts of Endorsements and Guarantees

The Company may make Endorsements and Guarantees for the following companies:

I. Any company doing business with the Company;

II. A company in which the Company directly and indirectly holds more than 50 per cent of the voting shares.

III. A company that directly and indirectly holds more than 50 per cent of the voting shares in the Company.

IV. Where the Company fulfills its contractual obligations by providing mutual Endorsements and Guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make Endorsements and Guarantees for each other, and the amount of Endorsements and Guarantees may not exceed 10% of the net worth in the Company's most recent financial statements audited, certified or reviewed by the independent auditor, provided that this restriction shall not apply to Endorsements and

Guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares, but only the limit referred to in Article 4 shall apply.

“Subsidiary” shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4: Limit of Endorsements and Guarantees

- I. The aggregate amount of Endorsements and Guarantees made by the Company for others shall be no more than 50% of the net worth in the most recent financial statements audited, certified or reviewed by the independent auditor, , and the authorized limit on Endorsements and Guarantees made by the Company to any single entity shall not exceed 50% of the net worth in the Company’s most recent financial statements audited, certified or reviewed by the independent auditor . The aggregate amount of Endorsements and Guarantees to be made by the Company and any of its subsidiaries shall be no more than 50% of the Company’s net worth in the most recent financial statements audited, certified or reviewed by the independent auditor , and the authorized limit on Endorsements and Guarantees made by the Company and to any single entity shall not exceed 50% of the Company’s net worth in the most recent financial statements audited, certified or reviewed by the independent auditor.
- II. Where an endorsement and guarantee is made due to needs arising from business dealings, in addition to said requirements about authorized limit, the individual endorsement and guarantee made therefor shall be no more than the transaction value between both parties. The transaction value refers to the purchase or sale amount between both parties, whichever is higher.

Article 5: Decision making and level of authority

- I. The Company may make Endorsements and Guarantees only upon resolution and approval of the Board of Directors. The Board of Directors may authorize the chairman to make decisions within a specific limit of NT\$20 million per single transaction pursuant to the Operating Procedures at first, and then have it ratified by the most recent board meeting subsequently.
- II. Where the Company needs to exceed the limits set out herein to satisfy its business requirements, and where the conditions set out herein are complied with, it shall obtain approval from the Board of Directors and a majority of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement and guarantee. It shall also amend the Operating Procedures accordingly and submit the same to the shareholders meeting for ratification. Where the shareholders meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.
- III. When the Company discusses the motion at a board meeting pursuant to the preceding two sub-paragraphs, the Board of Directors shall take into full consideration each independent director's opinion and the independent directors' opinions specifically

expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Article 6: Procedures for Making Endorsements and Guarantees

- I. To request Endorsements and Guarantees made by the Company, the endorsed and guaranteed company shall submit an application form to the Company's Financial Division. Financial Division shall conduct credit investigation on the endorsed and guaranteed company, evaluate its risk and prepare the evaluation record. The record shall be submitted to the General Manager and Chairman for approval upon review. If necessary, specific collateral shall be required.
- II. Financial Division shall conduct a credit investigation and risk evaluation on the endorsed and guaranteed company. The evaluation shall cover:
 - (iv) The necessity of and reasonableness of making Endorsements and Guarantees;
 - (v) Measure whether the amount of endorsement is required based on the endorsed and guaranteed company's financial position;
 - (vi) Whether the accumulated Endorsements and Guarantees still fall within the limit of facility;
 - (vii) Where the endorsement and guarantee is made due to needs arising from business dealings, evaluation standards shall be specified for determining whether the amount of endorsement and guarantee is commensurate to the total amount of trading between the two companies.
 - (viii) Effect on the Company's operational risk, financial position and shareholders' equity;
 - (ix) Whether it is necessary to acquire collateral, and appraised value of the collateral;
 - (x) Submit the credit investigation and risk evaluation record about the endorsement and guarantee.
- III. The Company shall prepare a memorandum book for its endorsement and guarantee activities and record in detail the entity for which the endorsement and guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairman of the Board, the date the endorsement and guarantee is made, and the matters to be carefully evaluated under the preceding paragraph.
- IV. Financial Division shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures to help the certified public accountants issue adequate audit report.
- V. Where as a result of changes of the Company's condition the entity for which an endorsement and guaranteed is made no longer meets the requirements of the

Operating Procedures, or the amount of endorsement and guarantee exceeds the limit due to the changes of the calculation basis for the limit, the Company shall eliminate the amount of endorsement and guarantee to the entity or the excess in the amount upon expiration of the time limit set in the contract, or within the specific time limit referred to in the corrective action plans, and submit the plans to the Audit Committee, and report them to the Board of Directors.

Article 7: Cancellation of endorsement and guarantee

- I. Where the endorsement and guarantee documents or notes need to be terminated upon clearance of obligation or novation, the endorsed and guaranteed company shall deliver the original endorsement and guarantee documents via its official letter to the Company's Financial Division to enable the Financial Division to affix the stamp "Cancellation" thereon and return the same. The official letter shall be recorded for reference.
- II. Financial Division shall record the cancellation of endorsement and guarantee into the Memorandum to reduce the amount of endorsement and guarantee.

Article 8: Internal control

- I. The Company's internal auditors shall audit the Operating Procedure and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
- II. The endorsement and guarantee made by the Company shall comply with the required procedure. In the case of any material violation found, the manager and person-in-charge shall be disciplined subject to the circumstances.

Article 9: Custody of corporate chop and procedure thereof

- I. The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for Endorsements and Guarantees. The chop and guarantee instruments shall be kept in the custody of a dedicated person and may be used to seal or issue negotiable instruments only in prescribed procedures. Appointment, dismissal or transfer of the dedicated person shall be subject to approval of the Board of Directors.
- II. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the Board of Directors.

Article 10: Public announcement and regulatory filing procedure

The Company shall carry out the public announcement and regulatory filing of the balance of endorsement and guarantee made by the Company and its subsidiaries in the previous month by 10th day of each month. Where the Company's balance of Endorsements and Guarantees reaches one of the following levels, the Company shall announce and report such event within

two days commencing immediately from the date of occurrence:

- I. The aggregate balance of endorsement and guarantee made by the Company and its subsidiaries reaches 50 percent or more of the Company net worth as stated in its latest financial statement.
- II. The aggregate balance of endorsement and guarantee made by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company net worth as stated in its latest financial statement.
- III. The balance of Endorsements and Guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all Endorsements and Guarantees for, investment of a long-term nature in and balance of loans to, such enterprise reach 30 percent or more of the Company's net worth as stated in its latest financial statement.
- IV. The amount of new Endorsements and Guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to sub-paragraph 4 of the preceding paragraph.

The balance of Endorsements and Guarantees made by a subsidiary to the net worth referred to in the preceding paragraph shall refer to the balance of Endorsements and Guarantees made by the subsidiary to the Company's net worth.

Article 11: Where a subsidiary of the Company intends to make Endorsements and Guarantees for others, the Company shall instructs it to formulate its own Operational Procedures for Making endorsement and guarantee for Others as required.

Article 12: For circumstances in which an entity for which the Company makes any endorsement and guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the financial unit shall summarize the increase/decrease in Endorsements and Guarantees and balance on a monthly basis and report the same to the supervisor as required. The internal auditors shall audit the Operating Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violations found. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 13: Any matters not covered herein shall be implemented in accordance with the related laws and the Company's related regulations.

Article 14: The Operating Procedure shall be approved by a majority of the Audit

Committee members, and submitted for approval by the shareholders meeting upon approval of the Board of Directors. Where it is impossible to have the Procedures approved by a majority of the Audit Committee members, it may be subject to approval of more than second-thirds of the whole directors, and the resolution of the Audit Committee shall be recorded in the directors' meeting minutes. The Audit Committee members and all directors shall be counted based on those who hold the position currently.

Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion for discussion by the shareholders meeting. The same shall apply to any amendments to the Procedures.

When discussing the motion, the board shall take into full consideration each independent director's opinion, and the independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting

[Appendix 4]

. Les enphants Co., Ltd.
Procedures for Lending Funds

Approved by Shareholders' Meeting on June 22, 2017

Article 1: Purpose and legal basis

In order to manage funds effectively and reduce financial risk, the Company establishes the Operating Procedure for Loaning to Others in accordance with the related laws and decrees promulgated by Financial Supervisory Commission, Executive Yuan ("FSC").

Article 2: Borrower:

- I. Any one doing business with the Company;
- II. Any one where the short-term financing is needed between it and the Company.

Article 3: The necessity of and reasonableness of short-term financing:

Where the short-term financing is needed, only the following circumstances may apply:

- I. Where the company's subsidiary needs the short-term financing to meet business needs;
- II. Where another company or firm needs short-term financing to meet business needs in order to purchase materials or seek revolving fund;

Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower:

The aggregate amount of loans to the borrowers who do business with the Company and need short-term financing shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director, respectively. The total thereof shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director.

The limit of loan to each borrower is defined as follows subject to the reason of loaning:

- (i) For the borrower who does business with the Company, the individual loan shall be no more than 40% the Company's purchase from or sale to it for the most recent year or until the loan is made, whichever is higher.
- (ii) For the borrower who needs the short-term financing, the individual loan shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director.

Where a subsidiary of the Company makes loans to others, the Company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others to govern the limit of loaning, provided that the aggregate amount of short-term financing shall be no more than 40% of the net worth of the most recent financial statements audited, certified or reviewed by the independent director, unless it refers to

the loaning between the foreign subsidiaries in which the Company owns 100% of the voting rights, directly and indirectly.

The aggregate amount of loaning and amount of loaning shall refer to the accumulated balance of the loan

Article 5: Operating Procedure for Loaning:

I. Credit investigation:

To borrow funds from the Compa

ny, the borrower shall submit the company information and financial information as required to apply with the Company in writing for the facility.

Upon receipt of the application, Financial Division shall investigate and evaluate the business carried out by the borrower and the borrower's financial position, solvency and credit, profitability and purpose of loan, and produce the relevant report.

Financial Division shall conduct thorough investigation and evaluation on the borrower.

The evaluation shall cover at least:

- (i) The necessity of and reasonableness of extending loans to others'
- (ii) Measure whether the amount of loan is required based on the borrower's financial position;
- (iii) Whether the accumulated loan still falls in the limit of facility;
- (iv) Effect on the Compan
- y's operational risk, financial position and shareholders' equity;
- (v) Whether it is necessary to acquire collateral, and appraised value of the collateral;
- (vi) Submit the borrower's credit investigation and risk evaluation record.

II. Safeguarding:

The Company shall request the promissory note bearing the same amount to secure the loan to the borrower, and demand that the borrower should pledge personal property or real property, if necessary.

For the security for obligation referred to in the preceding paragraph, where the debtor asks any individual or company with considerable financial position and credit to secure the loan in lieu of collateral, the Board of Directors shall handle it according to the credit investigation report submitted by Financial Division. Where the loan is secured by a company, please note whether the company's articles of incorporation provide any clauses about guarantee making.

III. Scope of authorization:

Before making a loan of funds to others, the Company shall have the Financial Division conduct a credit investigation, and make the loan upon approval of the General Manager and resolution of the board. The Company shall not empower any other person to make such decision.

Loans of funds between the Company and its subsidiaries shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the

chairman may be authorized, for a specific borrower, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the borrower to draw down.

When the Company discusses the motion at a board meeting, the Board of Directors shall take into full consideration each independent director's opinion, and the independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

The "certain monetary limit" mentioned in the preceding item shall be in compliance with Article 4 herein. In addition, the authorized limit on loans extended by the Company to any single entity shall not exceed 10% of the net worth in the Company's most recent financial statements.

Article 6: Duration of loans and calculation of interest:

I. Duration of loans shall be no more than 180 days, provided that it may be extended upon approval of the Board of Directors, in special cases. The extended repayment date for short-term financing, if any, shall be no more than one year after the original repayment date.

II. The loan interest shall be no less than the highest interest rate accruing on the short-term borrowed by the Company from a financial institute. The Company will collect the loan interest once per month, provided that it may be adjusted upon approval of the Board of Directors, in special cases.

Article 7: Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.

I. After allocating the loan, please keep noticing the borrower's and guarantor's financial, business and related credit status. Where some collateral is provided, please also note any changes in the value of collateral, and report any material change to the Chairman of Board, and take appropriate measures to respond to the situation per the Chairman's instruction.

II. Where the borrower wishes to repay the loan when due or prior to expiration of the loan, he/she shall calculate the payable interest at first and then repay the principle plus the interest. Then, the loan secured by the promissory note may be canceled and the promissory note may be returned to the borrower, or the mortgage/pledge may be canceled.

III. The borrower shall repay the principal plus interest when the loan becomes due. Where it is impossible to repay the debt when due and it is necessary to apply for an extension, the borrower shall file an application in advance. Upon approval of the Board of Directors, the repayment of each loan may be extended for no more than three months and the extension may be granted for no more than once. Where the

borrower fails to comply with the requirement, the Company may proceed to render punishment and claim damages based on the collateral or against the guarantor.

Article 8: Internal control:

- I. The Company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated as required.
- II. The Company's internal auditors shall audit the Operating Procedure and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violations found. In the case of any material violation found, the manager and person-in-charge shall be disciplined subject to the circumstances.
- III. If, as a result of a change in circumstances, the loan balance exceeds the limit, the Company shall adopt corrective action plans and submit the plans to the Audit Committee to strengthen the Company's internal control.

Article 9: Public announcement and regulatory filing:

- I. The Company shall carry out the public announcement and regulatory filing of the balance of loan made by the Company and its subsidiaries in the previous month by 10th day of each month.
- II. Where the Company's balance of loan reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (i) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company net worth as stated in its latest financial statement.
 - (ii) The balance of loan by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - (iii) The amount of new loans by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

The balance of loans made by a subsidiary to net worth referred to in the preceding paragraph shall refer to the balance of loans made by the subsidiary to the Company's net worth.

Article 10: Other matters:

I. Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others as required.

II. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures to help the certified public accountants issue adequate audit report.

III. Any matters not covered herein shall be implemented in accordance with related laws and the Company's related regulations.

Article 11: Effect and amendment:

The Operating Procedures established by the Company shall be approved by a majority of the Audit Committee members and submit to for approval by the shareholders meeting upon approval of the Board of Directors . Where it is impossible to have the Procedures approved by a majority of the Audit Committee members, it may be subject to the approval of more than two-thirds of the whole directors and submitted for approval by the shareholders meeting after the resolution of the Audit Committee is recorded in the directors' meeting minutes. Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion for discussion by the shareholders meeting. The same shall apply to any amendments to the Procedure. When the Company discusses the motion at a board meeting, the Board of Directors shall take into full consideration each independent director's opinion, and the independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

[Appendix 5]

. Les enfants Co., Ltd.
Operating Procedures for Engaging in Derivatives Trading

Chapter 1. Purpose

- Article 1 In order to establish the Company's operating procedure for engaging in derivatives trading, strengthen the derivatives risk management and fulfill information disclosure, the Company hereby enacts the Operating Procedure.
- Article 2 The Procedure shall be implemented in accordance with the official letter of Securities and Futures Commission, Ministry of Finance under (85) Tai-Cai-Zhen(1) No. 01165.

Chapter 2. Trading principles and strategies

- Article 3 The derivatives referred to herein mean the exchange contracts whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.
- Article 4 The term "exchange contracts" does not include insurance contracts, performance contracts, after-sale service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
- Article 5 The Company engages in the derivatives transactions limited to those for the purpose of hedging or the commodities invested upon approval of the competent authority.
- Article 6 Hedging strategies for the derivatives trading conducted by the Company:
- I. Set the total amount of derivatives contracts that may be traded and the maximum loss limit on total trading and for individual contracts (i.e. the stop-loss point).
 - II. Periodically evaluate the Company's income and performance in engaging in derivatives trading;
 - III. Strictly evaluate trading counterparts' credit status and competency;
 - IV. All transactions and related operations shall comply with the Regulations Governing Establishment of Internal Control Systems by Public Companies and related laws.
- Article 7 Limit of the amount of derivatives trading conducted by the Company:
- I. The total amount of the derivatives trading conducted by the Company shall refer to the total transaction amount of hedging assets;
 - II. Limit of the losses from derivatives trading conducted by the Company (i.e. the stop-loss point) shall be 30% of the total trading and for individual contracts.

Chapter 3. Operating Procedure

- Article 8 The responsibilities about the Company's engagement in derivatives are categorized as following:

I.Audit unit: Supervision of trading procedure, audit on trading logs and risk follow-up and appraisal.

II.Accounting unit: Accounting treatment, public announcement and regulatory filing.

III.Trading unit: Execution of transactions, control over transactions, evaluation on trading counterparts, and performance evaluation.

IV.Settlement unit: Confirmation and settlement of transactions.

V.Custodian unit: Custodian of trading contracts and documents.

The Company's personnel engaged in derivatives trading may not serve concurrently in confirmation and settlement operations.

Article 9 The Board of Directors shall resolve the following motions,when the Company engages in derivatives trading:

I.Authorization of traded objects and types and list of commodities.

II.Authorization of the trading counterparts' list and limit of facility to trading counterparts.

III.Authorization of various single transactions.

Notwithstanding, the transaction amount reaching 10% of the net worth of the Company's most recent financial statements audited,certified or reviewed by the independent director, if any, shall be subject to approval of a majority of the whole Audit Committee members, and submitted to the Board of Directors for resolution.Where it is impossible to have the Procedures approved by a majority of the Audit Committee members, it may be subject to approval of more than second-thirds of the whole directors, and the resolution of the Audit Committee shall be recorded in the directors' meeting minutes.When discussing the motion, the board shall take into full consideration each independent director's opinion,and the independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Chapter 4. Public announcement and regulatory filing procedure

Article 10 The Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated under subparagraph 1(2),subparagraph 3 and subparagraph 4 of Article 15 herein shall be recorded in detail in the log book.

Article 11 The Company shall submit the audit report on derivatives trading and the internal audit report, as well as the status of implementation of the audit plan for the operating year, to the Financial Supervisory Commission for public announcement by the end of February of each year.

Article 12 The Company shall report the status of improvement on any extraordinary circumstances in derivatives trading procedures to Financial Supervisory Commission for public announcement by the end of May of each year.

Chapter 5. Accounting treatment principles

Article 13 The Company's derivatives accounting treating policy aims to fairly present the trading procedure and results based on complete account books, documents and accounting record in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and related laws.

Article 14 Deleted

Chapter 6. Internal control system

Article 15 Summary of the evaluation on the Company's performance in engaging in derivatives trading:

I. The audit shall pay attention to the supervision and control of risk over derivatives trading in the following manner and report the result to the Board of Directors:

1. Periodically evaluate the Company's performance in engaging in derivatives trading;
2. Periodically evaluate whether the risk management policies adopted currently are adequate and strictly comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Operating Procedure.
3. Supervise the trading and income thereof; in the event of any Extraordinary circumstances, take necessary responsive measures, and report it to the Board of Directors immediately, in which case the Board of Directors shall have independent directors attend the meeting to show their opinion.

II. The Board of Directors shall designate the high-rank management personnel to produce risk evaluation report and submit the same to the Board of Directors periodically. The contents of the report shall include financial risk management (i.e. the credit risk, market risk, liquidity risk and cash flow risk, et al.). The high-rank management personnel shall work in the departments different from those of the personnel engaged in trading, confirmation and settlement operations.

III. The trading unit shall make evaluation at least once per week, subject to the derivatives trading positions held and changes in the market; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to the chairman or the senior management personnel authorized by the Board of Directors.

IV. The Board of Directors shall periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

Article 16 1. Credit risk: The Company's trading counterparts are limited to banks or Internationally renowned financial institutes which do business with the Company and are able to provide professional information.

2. Market risk: The Company shall control the risk over financial derivatives arising from fluctuation in interest rate or foreign exchange rate, or the changes in market price resulting from other factors, from time to time.

3. Liquidity risk: To ensure the liquidity, the Company's trading counterparts shall hold sufficient equipment, information and trading capacity, and are able to trade in any markets.

4. Cash flow risk: the Company shall maintain sufficient quick assets and financing facility to respond to the need for fund of settlement.

5. Operational risk: The Company shall expressly define the limit of authorization and relevant operating procedures to prevent operational risk.

6. Legal risk: Where the Company engages in derivatives trading involving legal issues, the Company shall consult its paralegals or external legal advisers.

Chapter 7. Internal audit system

Article 17 The internal audit personnel shall prepare the audit draft when conducting the internal audit, and periodically make a determination of the suitability of internal controls on derivatives trading, and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report and submit the same to the chairman. If any material violation is discovered, the Audit Committee shall be notified in writing.

Article 18 The audit and test conducted by the internal audit personnel shall cover the policies for engaging derivatives trading, limit of trading, trading procedure, settlement procedure, valuation operation and risk control.

Article 19 The internal audit personnel shall review the trading at the trading price deviating from market price, abnormal trading volume, and special trading beyond the business hours and outside the business place, and submit report on potential effect caused to the Company therefore for review and approval.

Article 20 The internal audit personnel shall conduct the periodic audit on derivative trading in the following manner:

I. For finance and treasury operations, at least once per six months.

II. For computerized operations and information management, at least once per year.

Chapter 8. bylaw

Article 21 The amendments to the Operating Procedures shall be approved by a majority of the Audit Committee members, and enforced upon approval by the shareholders meeting after passing the Board of Directors.

Where it is impossible to have the Procedures approved by a majority of the Audit Committee members, it may be subject to the approval of more than two-thirds of the

whole directors and submitted for approval by the shareholders meeting after the resolution of the Audit Committee is recorded in the directors' meeting minutes.

When discussing the motion, the board shall take into full consideration each independent director's opinion, and the independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Article 22 The Procedure was enacted on November 20, 1997.

1st amendments were made on June 22, 2017.

[Appendix 6]

. Les enfants Co., Ltd.
Operating Procedures for Acquisition or Disposal of Assets

Approved by the Shareholders' Meeting on June 27, 2019.

Article 1 Purpose

The Regulations are established to safeguard assets and implement information disclosure. Acquisition or disposal of the Company's asset shall comply with the Regulations.

Article 2 Legal basis

The Regulations are established pursuant to Article 36-1 of the Securities Exchange Act, and relevant laws and regulations of the Financial Supervisory Commission.

Article 3 The term "assets" as used in the Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, marketable securities representing interest in a fund, depositary receipts, call (put) warrants, beneficiary securities and asset-backed securities.
2. Real estate (including land, houses and buildings, investment property, land use right, and inventories of construction industry) and equipment.
3. Memberships.
4. Intangible assets such as patents, copyrights, trademarks and licenses.
5. Right-of-use assets.
6. Financial institutions' claims (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of through legal mergers, spin off, acquisitions or transfers of shares.
9. Other important assets.

Article 4 Evaluation procedures

1. Acquisition or disposal of marketable securities not traded on securities exchange or over-the-counter (OTC) venue shall be based on the book value per share, profitability, future development potential, market interest rate, bond coupon rate, the credibility of the debtor and the prevailing transaction price.
2. Acquisition or disposal of marketable securities traded on securities exchange or OTC venue shall be processed in accordance with the prevailing prices of equity or bonds.
3. Acquisition or disposal of assets other than the ones described in the preceding two subparagraphs shall be implemented in any of the following methods: inquiry, bidding, price negotiation or tendering. The Company shall also take into account the publicly announced current value, assessed present value, actual trading price of neighboring

realestate, etc. If the transaction meets the standards for public announcement and filing criteria set out in the Regulations, the Company shall also take into account the appraisal reports issued by professional appraisers.

Professional appraisers: The term means real estate appraisers or others who are legally permitted to engage in real estate and equipment appraisal business.

Article 5 Procedures for acquisition or disposal of assets

1. For the acquisition or disposal of assets, the in-charge unit shall assess matters, including the reasons, subject matters, transaction counterparts, transfer prices, collection/payment terms and price references, and submit to the authorized decision-making units for approval. The management unit is responsible for the execution. Actions shall be taken according to the Company's internal control rules and the Regulations.
2. For long-term and short-term securities investment, the Finance Division is the implementation unit. For real estate and other fixed assets, the user unit and authorized decision-making units are the implementation units. For assets other than securities investments, real estate and other fixed assets, they shall be assessed by relevant implementation units before proceeding.
3. Asset acquisition or disposal operations shall be conducted according to the Company's internal control regulations. Where any material violation is found, relevant personnel shall be penalized according to the severity of the violation.

Article 6 Approval authority

Article 5 The term "authorized decision-making unit" as used in Subparagraph 1 of Article 5 is determined based on the laws and the Company's level of authority. If the Board of Directors is the authorized decision-making unit, opinions of every Independent Director shall be fully considered. Objections from Independent Directors shall be recorded in the minutes of the Board meeting.

Article 7 Investment limits

The total amount of non-operating real estate or right-of-use assets or marketable securities acquired by the Company shall not exceed 30 percent of the Company's total assets. The investment in marketable securities as a whole shall not exceed 20 percent of the Company's total assets and the acquisition of individual marketable security shall not exceed 10 percent of the Company's total assets.

Article 8 Standards for public announcement and filing

For acquisition or disposal of assets, the Company shall make public an

nouncement and file in prescribed format based on the nature of transaction at websites designated by the Financial Supervisory Commission within two days commencing immediately from the date of occurrence if any of the following circumstance exists:

- 1.Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party or non-real estate assets or right-of-use assets from or to a related party with transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million.However, this does not apply to the purchase or sale of domestic government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- 2.Engagement in a merger, spin off, acquisition or transfer of shares.
- 3.Losses from derivatives trading exceed the upper limit for aggregate or individual contracts set out in the Regulations adopted by the Company.
- 4.Acquisition or disposal of assets classified as operating equipment from or to a non-related party with transaction amount less than NT\$500 million.
- 5.For the Company's engagement in the construction business, the acquisition or disposal of real estate for construction use from or to a non-related party with transaction amount reaching NT\$500 million.
- 6.Real estate acquired by means of contracting others to construct on the Company's own land, contracting others to construct on leased land, distributing housing units in a joint construction project, distributing profit in a joint construction project or selling of housing units separately in a joint construction project with expected investment less than NT\$500 million.
- 7.Other than the six preceding subparagraphs, any asset transactions, disposals of claims by financial institutions or engagement in investment in Mainland China with transaction amount reaching 20 percent of the Company's paid-in capital or NT\$300 million. However, the following situations are exceptions:
 - (1)Purchase or sale of domestic government bonds.
 - (2)Purchase or sale of bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The transaction amount in the preceding paragraphs shall be calculated as follows:

- 1.Every transaction amount.
- 2.The accumulative amount of acquisition or disposal of subject matters of the same category from the same counterparty within one year.
- 3.The accumulative amount of acquisition or disposal of real estate of the same development project or right-of-use assets thereof within one year (the acquisition and disposal amounts shall be accumulated separately).
- 4.The accumulative amount of acquisition or disposal of the same securities within one year (the acquisition and disposal amounts shall be accumulated separately).

The term "within one year" as used in the preceding paragraphs means one year calculated retrospectively from the date of transaction. The part which has been publicly announced in accordance with the Regulations shall not be included.

The Company shall update the status of derivative trading of the Company and its subsidiaries that are not domestic public companies as of the end of previous month in the prescribed format at the information filing website designated by the Financial Supervisory Commission by the tenth of each month.

If the Company has to amend errors or omissions in items announced, the Company shall announce and declare all items again within two days commencing immediately from the date it becomes aware of the issue. Regarding the Company's acquisition or disposal of assets, the Company shall keep related contracts, minutes, memorandum books, appraisal reports and opinions of certified public accountants (CPAs), lawyers or securities underwriters available at its office. Unless otherwise provided in other laws, these documents shall be retained for five years at least.

Article 9 Deadline for public announcement and filing

After transactions are publicly announced and filed pursuant to the preceding provisions, the Company shall make public announcement and file relevant information at websites designated by the Financial Supervisory Commission within two days commencing immediately from the date of occurrence if any of the following circumstance exists:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The mergers, spin off, acquisitions or transfers of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and filed information.

Article 10 Regarding the acquisition or disposal of real estate or equipment or right-of-use assets thereof, except for transactions with domestic government agencies, commissioned construction on own land, commissioned construction on leased land or acquisition or disposal of operating equipment or right-of-use assets thereof, the Company shall obtain an appraisal report produced by a professional appraiser before the date of occurrence and meet the following criteria when the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million:

1. When a limited price, specific price or special price must be used as reference for the trading price due to special circumstances, such trading shall be submitted to the Board of Directors for approval. The same procedures shall apply for any subsequent changes to the trading terms.
2. Where the transaction amount is NT\$1 billion or more, appraisal reports from two or more professional appraisers shall be obtained.

3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, the Company shall contact CPAs to take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) and to express specific comments on the reasons for the discrepancy and the appropriateness of the trading price:

4. The date of report issued by a professional appraiser shall not be more than three months earlier than the contract date. However, if the same period of publicly announced current value is applicable and the report is no earlier than six months, the original professional appraiser may issue an opinion.

Article 11 For the acquisition or disposal of marketable securities, the Company shall, before the date of occurrence, obtain the target company's latest CPA-audited or reviewed financial statements as a reference for the assessment of the transaction price. In addition, where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the transaction price. If the CPA requires expert reports, actions shall be taken in accordance with Auditing Standards No. 20 published by ARDF. However, marketable securities with quoted prices in an active market or otherwise regulated by the Financial Supervisory Commission do not fall under this constraint.

Article 12 For the acquisition or disposal of intangible assets or right-of-use assets thereof or membership with transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million, except for transactions with domestic government agencies, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the transaction price. The CPAs shall proceed in accordance with Auditing Standards No. 20 published by ARDF.

Article 12-1 The calculation of transaction amounts referred to in the preceding three Articles shall be done in accordance with Paragraph 2 of Article 8 herein. The term "within one year" as used in the preceding paragraphs means one year calculated retrospectively from the date of transaction. The part for which appraisal reports from professional appraisers or CPAs' opinions have been obtained in accordance with the Regulations shall not be included.

Article 13 Where the Company acquires or disposes of assets through court auctions, certificates issued by the court may substitute for appraisal reports or CPAs' opinions.

Article 14 The professional appraisers and related appraising personnel from whom the Company obtains appraisal reports and the CPAs, lawyers or securities underwriters from whom the Company acquires opinions shall meet the

following requirements:

- I. The person has never been sentenced to imprisonment of one year or above for a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have passed since the person has served his/her sentence, the period of probation has expired or the person has been pardoned.
- II. The person shall not be a related party or a related party in substance.
- III. If the Company needs to obtain appraisal reports from two or more professional appraisers, those professional appraisers or appraising personnel cannot be related parties or related parties in substance to each other.

When issuing appraisal reports or opinions, personnel referred to in the preceding paragraph shall comply with the following rules:

- I. Before accepting cases, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When auditing cases, they shall carefully plan and carry out adequate procedures in order to form conclusions and issue reports or Opinions based on those conclusions. All procedures carried out, data collected, and conclusions drawn shall be fully and accurately documented in the working papers.
- III. The source of data, parameters and information used shall be assessed item-by-item for their comprehensiveness, accuracy, and reasonableness in order to serve as the basis for issuing appraisal reports or opinions.
- IV. A statement shall be issued stating the professional competence and independence of associated personnel, and that the information used is assessed to be reasonable and accurate, and they are in compliance with applicable laws and regulations.

Article 15 Regarding acquisition or disposal of assets between the Company and related parties, the related resolution procedures and reasonableness assessment of the transaction, etc. shall be carried out in accordance with the relevant regulations. Where the transaction amount exceeds 10 percent of the Company's total assets, the Company shall also obtain appraisal reports produced by professional appraisers or CPAs' opinions pursuant to Articles 10 to 14. The calculation of the transaction amount in the preceding Paragraph shall be done in accordance with Article 12-1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 16 Where the Company acquires or disposes of real estate or right-of-use assets thereof, or other non-real estate assets or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million, except for the purchase or sale of government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions before entering the contract and making payments: The transaction may be proceeded upon the consent of two-thirds of all Directors if the majority of all Audit Committee members does not approve. In such a case, the resolutions of the Audit Committee shall be recorded in the minutes of the Board meeting. The terms "all Audit Committee members" and "all Directors" as used are actual number of persons currently holding those positions.

1. Purpose, necessity and expected benefits of the asset acquisition or disposal.
2. Reasons for choosing the related party as trading counterparty.
3. Information related to the assessment of reasonableness of preliminary transaction terms in accordance with relevant provisions for the acquisition of real estate or right-of-use assets thereof from related party.
4. Items such as the related party's original acquisition date, price, trading counterparty and the counterparty's relations to the Company and the related party.
5. Monthly cash flow forecasts of the coming year starting from the estimated contract-signing month and the assessments on necessity of transaction and reasonableness of fund utilization.
6. Appraisal reports produced by professional appraisers or CPAs' opinions which are obtained in accordance with Article 15 of the Regulations.
7. Restrictions and other important stipulations for the transaction.

The calculation of the transaction amount in the preceding Paragraph shall be done in accordance with Paragraph 2, Article 8 herein. The term "within one year" means one year calculated retrospectively from the date of transaction. The part for which the Company has obtained approval from the Audit Committee and the Board of Directors in accordance with the Regulations shall not be included.

For companies having Independent Directors in place, opinions of Independent Directors shall be fully considered when transactions are submitted to the Board of Directors for discussion in accordance with Paragraph 1 herein. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting.

Article 17 To acquire real estate or right-of-use assets thereof from a related party, the Company shall assess the reasonableness of the transaction cost pursuant to Article 16 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and contact CPAs to review and express specific comments, except for any of the following circumstance:

- 1.The related party acquired real estate or right-of-use assets thereof by inheritance or gift.
- 2.More than five years have passed from the time the related party signed the acquisition contract of real estate or right-of-use assets thereof to the date of this transaction.
- 3.The Company acquired real estate by signing a joint construction contract with the related party or through engaging a related party to build real estate on the Company's own land or on leased land.

Article 18 If the value of the Company's real estate acquisitions from related parties assessed in accordance with the Regulations is lower than the transaction price, except for circumstances set out in Article 16 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the following actions shall be taken:

- 1.In respect of the difference between the transaction price and the assessed cost of the real estate or right-of-use assets thereof , the Company shall recognize a special reserve in accordance with relevant rules. The special reserve shall not be distributed or used for capital increase and issuance of bonus share. If an investor, who accounts for its investment in the Company under equity method, is a public company, the special reserve shall be recognized in proportion to the shareholding percentage of the investor in the investee company.
- 2.Audit Committee shall comply with Article 218 of the Company Act.
- 3.Actions taken pursuant to Subparagraphs 1 and 2 shall be reported to the shareholders' meeting and the transaction details shall be disclosed in the annual report and prospectus. Special reserve recognized by the Company in accordance with the preceding Paragraphs may use such reserve upon approvals from the Financial Supervisory Commission and after assets purchased at a premium or leased have recognized losses from decline of market value, been disposed of,had the lease agreements terminated been compensated appropriately, or been restored to original status; or there are other evidences indicating the transaction is not unreasonable.

Regarding the Company's acquisition of real estate or right-of-use assets thereof from related parties, if there are other evidences showing non-compliance of business practices, actions shall also be taken in accordance with the preceding two Paragraphs.

Article 19 The Company shall engage in derivatives trading in accordance with relevant rules and the Company's "Procedures for Engaging in Derivatives Trading". It shall also pay attention to risk management and auditing matters to fully implement the internal control system.

Article 20 For mergers, spin off, acquisitions or transfer of shares, the Company shall appoint CPAs, lawyers or underwriters to express their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders before convening the Board of Directors' meeting for resolution and submit the outcomes to the Board for approval. Opinions on reasonableness from the above-mentioned professionals are not required when the Company merges a subsidiary whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company or

the merger occurs between subsidiaries whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company.

Regarding the important terms in the contracts and relevant matters of the merger, spin off or acquisition, the Company shall compile an open report to shareholders before the shareholders' meeting. This together with the expert opinions and the shareholders' meeting notice shall be delivered to shareholders as reference materials in deciding whether to approve the merger, spin off or acquisition. The rule does not apply where under other laws and regulations it is not required to convene the shareholders' meeting for resolution on merge, spin off or acquisition.

If any of the companies participated in the merger, demergers, or acquisition is unable to convene the meeting, make a resolution or have the motion passed by the shareholders' meeting due to lack of a quorum, insufficient voting rights or other legal restrictions, the companies shall immediately and publicly explain the causes, subsequent procedures and the scheduled date to convene the shareholders' meeting.

Article 21 Unless otherwise stipulated by other laws or where there are special circumstances that have already been reported and approved by the Financial Supervisory Commission, the Company and other companies participating in the merger, demergers, or acquisition shall convene the Board of Directors' meeting and shareholders' meeting on the same day to resolve matters related to the merger, spin off or acquisition.

Unless otherwise stipulated by other laws or where there are special circumstances that have already been reported and approved by the Financial Supervisory Commission, the Company and other companies participating in the transfer of shares shall convene the Board of Directors' meeting on the same day.

Article 22 Where the Company participates in the merger, demerger, acquisition or transfer of shares, the stock conversion ratio or acquisition price cannot be changed arbitrarily except in the following circumstances which shall be stipulated in the merger, demerger, acquisition or transfer of shares contract:

1. Cash capital increase, issuance of convertible corporate bonds, bonus shares or issuance of corporate bonds with warrants, preferred shares with warrants, stock option certificates and other equity-type marketable securities.
2. Actions that affect the Company's financial operations, such as disposal of the

Company's major assets.

3. Occurrence of major disasters or significant technical changes that affect shareholders' rights and interests or share price of the Company.

4. Adjustment due to treasury stocks buyback pursuant to relevant laws and regulations by one of the companies participating in the merger, demerger, acquisition or transfer of shares.

5. Changes in the entities or the number of companies participating in the merger, demerger, acquisition or transfer of shares.

6. Other conditions that allow changes as stipulated in the contract and have been publicly disclosed.

The Company's contracts of merger, demerger, acquisition or transfer of shares shall clearly set out matters specified in Article 27 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to safeguard the rights of participating companies.

Article 23 Regulations on acquisition or disposal of assets by subsidiaries

(1) Acquisition and disposal of assets by subsidiaries shall also be handled in accordance with the Company's rules.

(2) Where the subsidiary is not a domestic public company and its asset acquisition or disposal meets the standards for public announcement and filing as stipulated in Article 8, the Company shall make public announcement and filing on behalf of the subsidiary.

(3) In the subsidiary's standards for public announcement and filing, the said "over 20 percent of the company's paid-in capital or 10 percent of the company's total assets" is based on the paid-in capital or total assets of the Company.

Article 23-1 The 10 percent of total assets set out in the Regulations is calculated based on the total assets stated in the most recent parent company only or individual financial reports prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

For companies whose shares have no face value or the par value is not NT\$10, the rule concerning 20 percent of paid-in capital in the Regulations may be calculated as 10 percent of equity attributable to shareholders of the Company.

Article 24 Deleted.

Article 25 Matters not addressed herein shall be governed by relevant laws and regulations and the Company's Articles of Association.

Article 26 Implementation date

The Regulations shall be approved by the majority of all Audit Committee members followed by the Board of Directors' resolutions before being submitted to the shareholders' meeting for approval, as would any revision thereof.

The Regulations may be effective upon the consent of two-thirds of all Directors if the majority of all Audit Committee members does not approve. In such a case, the resolutions of the Audit Committee shall be recorded in the minutes of the Board meeting.

The terms "all Audit Committee members" and "all Directors" as used in the preceding Paragraph are actual number of persons currently holding those positions.

Opinions of Independent Directors shall be fully considered when the Regulations are submitted to the Board of Directors for discussion in accordance with Paragraph 1 herein.

Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting.

[Appendix 7]

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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 25) for the 2022 Shareholders' Meeting:

April 25, 2022

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 25, 2022: 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%.