

Stock Code: 2911

les enphants Co., Ltd.

2023 Shareholders' Meeting

Meeting Handbook

June 30, 2023

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les enfants Co., Ltd.
2023 Annual General Shareholders' Meeting
Procedure

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

les enfants Co., Ltd.

2023 Shareholders' Meeting Agenda

- I. Means of Meeting: Physical Shareholders' Meeting**
- II. Time: 9 a.m., June 30, 2023 (Friday)**
- 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) 2022 Business Report.
 - (II) 2022 Employees' and Directors' Remuneration Distribution Report.
 - (III) 2022 Audit Committee's Audit Report.
 - (IV) Amendments to the Corporate Governance Best Practice Principles.
 - (V) Implementation report on the company's issuance of privately placed common shares
 - (VI) Shanghai les enfants Fund loan and Endorsement Guarantee Balance Exceeded Explanation and Improvement Plan Implementation Report.
- VII. Proposal Matters:**
 - (I) 2022 Business Report and Financial Statements.
 - (II) Appropriation to Offset Annual Losses of 2022.
- VIII. Discussions:**
 - (I) The company intends to handle the private placement of domestic unsecured convertible corporate bonds.
- IX. Election Matters**
 - (I) The motion for complete re-election of the directors (including independent directors).
- X. Other Matters**
 - (I) The motion for relief of new directors from non-competition restrictions
- XI. Extraordinary Motions**
- XII. Adjournment**

Reporting Matters

Proposal 1: 2022 Business Report

Dear shareholders:

Over the past year, we all had been through the process of recovery- from the strictest to loosing restrictions- in this pandemic. Businesses, no matter in which area, were seriously damaged during this process. The operating results of performance were mostly under expectation. However, at the beginning of new post-COVID era, opportunities are still out there, and the demand is ready to boost. We will keep focusing on our core business: babies and kids, carrying our vision, mission and value as what we had achieved for over 50 years. We will devote ourself in gathering family members, helping parents to raise kids with love, and providing the best services as well as goods.

Market Overview

In 2022, there were lots of factors hitting global economy other than COVID. Such as war, which began at the first quarter and caused the materials' cost soared, the interest rate lifted rapidly of the FED, and the global inflation. All of those made 2022 the hardest time in last decade.

The economy side, according to Taiwan's latest public statistics, the GDP growth rate is 2.45% in 2022, a huge decline from 6.45% in 2021. In the forth quarter 2022, it was worsen that showing a negative number (0.41%). It was mainly caused from the significant shrinkage of oversea demand that heavily hurt the export and trading companies. The new-born children is 139 thousands, lower than 154 thousands in 2021 by 9.6%. The continuous decrease of new-born numbers and increase of aged generation both make our labors getting less and less, the market size of Taiwan getting smaller than ever.

China also ended up with disappointing result in 2022. The inner consumption freeze due to repeated COVID limitations on and off in the whole country. Government tried to expand investments and trigger the housing market, remove all the restrictions at the forth quarter, but the GDP growth is 3% only. It is the worst since 1977. The new-born children in China is 9.56 millions, down by 10% from 10.61 millions in 2021. In addition, 2022 became the first year of population decrease in China. China government had removed all the regulations toward having second and third child for families, fees, fines were all cancelled too, while it seems not working well as presumed.

The Operating Result of 2022

As end of 2022, we have 528 physical stores, 217 in Taiwan and 275 in mainland China. It is 36 stores less than end of 2021.

Due to our stores decreased by about 6.4%, our consolidated revenue was NT\$3,339 millions, decreased by 10% from 2021. Taiwan contributed 63.9% of the revenue, and mainland China did 36.1%. Gross margin rate is 41.2%, lower than 2021 by 2.7%. Operating expenses was NT\$2,014 millions, cut by 6.5% from NT\$2,154 millions in 2021. Consolidated operating loss is NT\$639 millions, increased NT\$116 millions from previous year, around 22.2%.

Net non-operating income is NT\$46 millions. Net loss after tax was NT\$626 millions. ROA (Return of Asset) was 11.63%, ROE (Return of Equity) was -37.97%, the EPS (Earning per Share) was NT\$-3.42 dollar in 2022.

Opportunities and Challenges in the Future

Although challenges are everywhere, parents nowadays have more stable income, and higher standard of living quality due to the late-marriage. Family members, especially grandparents, are willing to invest more on children. They can afford more than ever. According to report: Research of China Mother-and-child Market published by iResearch Consulting in 2022, the market size will keep growing and reach RMB4.6 trillions in 2025. Average growth rate is expected to be 8.2% per year during 2022 to 2025. That comes from the higher disposable income, higher demand of better quality, stronger loyalty and the higher spending on education... etc.

As for competitiveness, people are now moving back to regular life, it will be getting more dramatically by the recovery of leisure and sports activities. The pandemic changes the consumers' habits, increases people's dependence on internet and mobile devices, and empowers the influence of KOLs or Youtubers. All these are turning the traditional retail strategy and method to a different dimension. And, most fashion brands are now trying to extend their target customer down to kids and babies, and presenting more and more products in the market.

In order to stand out from the market, we have to care more about the trends of consumers' demand, develop new products, enhance our brand loyalty, focus on customers' experience, combine online and offline retail, and devote ourselves to increase the market share. Besides, we can not ignore the tilt toward online business of people. Companies need to improve the service and experience to online customers, then satisfy their growing demand.

No matter nursing products evolving all the time, love from parents never less. In the future, we will be proactive, creative and embracing the changes. We will keep carrying our vision, mission and value as what we had achieved for over 50 years. We invite all our employees, customers, and shareholders to be the guardian of children together!

Chairman / Alex Lin General Manager / Wilson Chan Accounting Manager/ Jason .Tsai

Proposal 2: 2022 Employees' and Directors' Remuneration Distribution Report.

- (1) To be processed in accordance with Article 26 of the Company's Articles of Incorporation.
- (2) The Company proposes not to distribute employees' and directors' remuneration this year as it generated pre-tax losses in 2022.

Proposal 3: 2022 Audit Committee's Audit Report

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

The Board of Directors has prepared the 2022 Business Report, Financial Statements and Appropriation to Offset Annual Losses of 2022. 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 23, 2023

Proposal 4: Amendments to the Corporate Governance Best Practice Principles.

- (1) Cooperate with the "Corporate Governance 3.0 Sustainable Development Blueprint" of the Financial Regulatory Commission and the " Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" revised on December 23, 2022, and refer to domestic practical operations and relevant foreign regulations to revise the company's "Corporate Governance Best Practice Principles ".
- (2) Comparison Table of Amendments to the Corporate Governance Best Practice Principles ,please refer to Attachment 1 (Please refer to #Pages 43-51#).

Proposal 5: Implementation report on the company's issuance of privately placed common shares.

Item	2023 First private placement Stock delivery date: 112.5.10 (not yet released)
Types of Private Equity Securities	common stock
Shareholders' meeting approval date and amount	2022.12.30 30,000,000 shares
The basis and reasonableness of the private placement pricing	<p>(1) According to the resolution of the extraordinary meeting of shareholders on December 30, 2022, It shall be the higher of the following two calculations as the reference price : The simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction and the simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</p> <p>(2) The actual issue price of this private placement is no less than 80% of the above reference price as the basis for determining the private placement price, and the actual pricing date depends on the situation of the specific person and it is proposed to authorize the board of directors to make a decision.</p> <p>(3) Taking the board meeting held on March 23, 2023 as the pricing date, the simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction are 7.39, 7.41 and 7.38; in addition, the simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction is 7.29, and the higher of the above two benchmark calculation prices is set as the reference price. This time the reference price is 7.41, and 6.0 is proposed as the actual private placement price this time, which is 81% of the reference price and not lower than 80% of the reference price resolved by the shareholders' meetinge, so the method and conditions for setting the</p>

	price of this private placement comply with the laws and regulations and should be reasonable.			
The method for selecting the specific persons	under Article 43-6 of the Securities and Exchange Act, Article 4, Paragraph 2 of Directions for Public Companies Conducting Private Placements of Securities, and other relevant provisions.			
In the reasons for the necessity for conducting the private placement	The reasons for not using a public offering, is that it is not easy to raise funds in the centralized market and the timetable is long. In addition, the board of directors is authorized to handle in stages, which can also improve mobility and flexibility according to the actual needs of the company.			
shares	10,000,000 股			
The price payment is completed	2023.3.30			
stock delivery date	2023.5.10			
Applicant Information	the placees	qualification	subscription quantities	relationship to the company
	Alex Lin	under Article 43-6 of the Securities and Exchange Act	9,408,000	Chairman of the company
	Tseng Chia-Hung	under Article 43-6 of the Securities and Exchange Act	592,000	Director
Actual issuance price	NT\$6.0 per share			
the discrepancy between the actual issuance price and the reference price	the actual issuance price is 81% of the reference price 7.41			
The effect of the private placement on shareholder equity	It is expected to improve the financial structure, strengthen the company's competitiveness, improve operational efficiency, and have positive benefits for shareholders' equity.			
the status of utilization of the funds, plan implementation progress	NT\$60,000,000 is used to enrich working capital, It is expected to be completed by the second quarter of 2023.			
the realization of plan benefits	The fund is expected to be completed by the second quarter of 2023, as of the publication date of the annual report, as the plan has not been fully implemented, the benefits of private placement cannot be counted yet.			

Proposal 6: Shanghai les enfants Fund loan and Endorsement Guarantee Balance Exceeded Explanation and Improvement Plan Implementation Report

- (1) As of December 31, 2022, Shanghai les enfants's net value has declined due to the recognition of the loss from the transfer of investment, resulting in the balance of the original fund loan and endorsement guarantee to Suzhou les enfants exceeding the limit stipulated in the regulations.
- (2) On April 27, 2023, the Board of Directors of Shanghai les enfants decided to increase the limit of its fund loan and endorsement guarantee to 100% of the net value, and there is no such thing as exceeding the limit.

Proposal Matters

Proposal 1

Summary: Adoption of the Company's 2022 Business Report and Financial Statements.

(Proposed by the Board)

Explanation: les enphants' 2022 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 13-42# for details.)

Resolution:

Proposal 2

Summary: Appropriation to Offset Annual Losses of 2022 .(Proposed by the Board)

Explanation:

- (1). The Company's deficit to be covered at the beginning of 2022 NT\$0, other comprehensive profit and loss included in the retained surplus of NT\$32,656,761, net loss for the period (NT\$630,696,302), and ending balance of deficit yet to be compensated (NT\$598,039,541) were planned to make up for the surplus in the following year.
- (2). The Company proposes not to distribute dividends this year as there is no profit available for appropriation.

2022 Statements of Deficit Compensation

Item	Unit: NT\$
Deficit to be covered at the beginning of the term	0
Other comprehensive profit or loss transferred to retained earnings	32,656,761
Net loss for the period	(630,696,302)
Ending balance of deficit yet to be compensated	(598,039,541)

Note: The Company proposes not to distribute dividends.

Chairman: Alex Lin Manager: Wilson Chan Accounting Manager: Jason .Tsai

Resolution:

Discussions

Agenda 1

Summary: Please discuss the private placement of domestic unsecured convertible corporate bonds.**(proposed by the Board)**

Explanation: In order to enrich working capital, repay bank loans, and planning to introduce long-term strategic investment partners, it is planned that the number of ordinary shares that can be converted in private placement conversion corporate bonds is within the range of 30 million shares, calculated based on the conversion price at the time of private placement, and issuing private placement domestic unsecured conversion corporate bonds (the issuance period shall not exceed five years), each issued the denomination is NT\$100,000. It is proposed that the shareholders' meeting authorize the board of directors to handle it in stages within one year from the date of the resolution of the shareholders' meeting, depending on the market conditions or the company's operating needs. The relevant content is shown in Attachment 2~4.

(Please refer to #page 52-60#)

Resolution:

Election Matters

Agenda 1

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

Explanation:

1. The term of the Directors and Independent Directors of the Company will expire on June 11, 2023, according to regulations, and it is proposed to be re-elected at this shareholders' meeting.
2. In accordance with Article 15 of the Company's Articles of Incorporation, the Company has seven to eleven Directors for a term of three years, with their election conducted through the nomination system. Among the number of Directors in the preceding paragraph, there are three Independent Directors.
3. There are seven seats of Directors to be elected this time (including three Independent Directors). The newly-elected Directors will take office from the date of election. The term of office is three years, from June 30, 2023 to June 29, 2026 .
4. This list of Director candidates has been reviewed and approved by the Board of Directors of the Company on March 23, 2023. Shareholders should be selected on the list of Director candidates. Their academic qualifications, experience, and relevant information are shown in Attachment 5. (Please refer to #page 61#)

Resolution:

Other Matters

Agenda 1

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

Explanation:

1. In accordance with Article 209 of the Company Act, a Director who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations shall explain important contents of such actions at the shareholders' meeting and obtain their consent.
2. It is proposed to ask the general shareholders' meeting for permission to relief the restrictions on the prohibition of competition for new Directors and their representatives after this re-election.
3. Attachment 5 for details of the concurrent appointment of new Directors (Please refer to #page 61#).

Resolution:

Extraordinary Motions:

Adjournment

Les Enphants Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

LES ENPHANTS CO., LTD.

ALEX LIN
Chairman

March 23, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and 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, 2022.

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.

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, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. 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, 2022 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 23, 2023

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 314,865	7	\$ 751,337	14
Financial assets at amortized cost - current (Notes 9, 10 and 36)	40,276	1	40,263	1
Notes receivable (Notes 11 and 25)	24,415	1	25,249	-
Trade receivable from unrelated parties, net (Notes 11 and 25)	360,530	8	434,664	8
Other receivables, net (Note 11)	62,693	2	198,031	4
Current tax assets (Note 27)	3	-	-	-
Inventories (Note 12)	1,206,544	28	1,476,179	27
Prepayments	105,381	2	104,526	2
Other current assets	<u>4,120</u>	<u>-</u>	<u>2,681</u>	<u>-</u>
Total current assets	<u>2,118,827</u>	<u>49</u>	<u>3,032,930</u>	<u>56</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	-	-	54	-
Investments accounted for using the equity method (Note 14)	119,736	3	111,285	2
Property, plant and equipment (Notes 15 and 36)	473,583	11	519,130	10
Right-of-use assets (Notes 16 and 36)	586,141	13	703,672	13
Investment properties (Notes 17 and 36)	848,909	20	867,828	16
Other intangible assets (Note 18)	37,655	1	42,862	1
Deferred tax assets (Note 27)	17,228	-	49,219	1
Refundable deposits	<u>151,677</u>	<u>3</u>	<u>81,312</u>	<u>1</u>
Total non-current assets	<u>2,234,929</u>	<u>51</u>	<u>2,375,362</u>	<u>44</u>
TOTAL	<u>\$ 4,353,756</u>	<u>100</u>	<u>\$ 5,408,292</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 36)	\$ 1,128,053	26	\$ 1,091,033	20
Financial liabilities at fair value through profit of loss - current (Note 7)	35	-	8	-
Contract liabilities - current (Note 25)	53,962	1	59,644	1
Notes payable (Note 21)	2	-	9,536	-
Trade payables to unrelated parties (Note 21)	343,610	8	657,824	12
Trade payables to related parties (Note 35)	6,389	-	6,942	-
Other payables (Note 22)	370,354	9	369,919	7
Current tax liabilities (Note 27)	-	-	1,029	-
Lease liabilities - current (Note 16)	196,805	5	210,872	4
Advance receipts	9,779	-	10,543	-
Current portion of long-term borrowings (Notes 20 and 36)	9,374	-	1,691	-
Other current liabilities (Note 22)	<u>31,026</u>	<u>1</u>	<u>37,336</u>	<u>1</u>
Total current liabilities	<u>2,149,389</u>	<u>50</u>	<u>2,456,377</u>	<u>45</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 20 and 36)	1,704	-	-	-

Deferred tax liabilities (Note 27)	189	-	-	-
Lease liabilities - non-current (Note 16)	753,818	17	871,678	16
Net defined benefit liability - non-current (Note 23)	43,853	1	96,814	2
Guarantee deposits received	<u>41,576</u>	<u>1</u>	<u>46,565</u>	<u>1</u>
 Total non-current liabilities	 <u>841,140</u>	 <u>19</u>	 <u>1,015,057</u>	 <u>19</u>
 Total liabilities	 <u>2,990,529</u>	 <u>69</u>	 <u>3,471,434</u>	 <u>64</u>
 EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	<u>1,846,778</u>	<u>42</u>	<u>1,846,778</u>	<u>34</u>
Capital surplus	<u>132,560</u>	<u>3</u>	<u>905,938</u>	<u>17</u>
Accumulated deficit				
Legal reserve	-	-	197,866	4
Special reserve	109,317	3	109,317	2
Accumulated deficit	<u>(598,039)</u>	<u>(14)</u>	<u>(971,244)</u>	<u>(18)</u>
Total retained earnings	<u>(488,722)</u>	<u>(11)</u>	<u>(664,061)</u>	<u>(12)</u>
Other equity	<u>(173,758)</u>	<u>(4)</u>	<u>(195,407)</u>	<u>(4)</u>
 Total equity attributable to owners of the Company	 1,316,858	 30	 1,893,248	 35
 NON-CONTROLLING INTERESTS	 <u>46,369</u>	 <u>1</u>	 <u>43,610</u>	 <u>1</u>
 Total equity	 <u>1,363,227</u>	 <u>31</u>	 <u>1,936,858</u>	 <u>36</u>
 TOTAL	 <u>\$ 4,353,756</u>	 <u>100</u>	 <u>\$ 5,408,292</u>	 <u>100</u>

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

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 25)	\$3,338,910	100	\$3,711,748	100
OPERATING COSTS (Notes 12, 26 and 35)	<u>1,963,532</u>	<u>59</u>	<u>2,080,980</u>	<u>56</u>
GROSS PROFIT	<u>1,375,378</u>	<u>41</u>	<u>1,630,768</u>	<u>44</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	1,593,961	48	1,620,707	44
General and administrative expenses	413,415	12	533,765	14
Expected credit loss (gain)	<u>6,839</u>	<u>-</u>	<u>(816)</u>	<u>-</u>
Total operating expenses	<u>2,014,215</u>	<u>60</u>	<u>2,153,656</u>	<u>58</u>
LOSS FROM OPERATIONS	<u>(638,837)</u>	<u>(19)</u>	<u>(522,888)</u>	<u>(14)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26, 30 and 35)				
Interest income	1,519	-	706	-
Other income	119,168	3	122,016	3
Other gains and losses	(11,750)	-	224,072	6
Finance costs	(73,634)	(2)	(49,130)	(1)
Share of loss or profit of associates	<u>10,719</u>	<u>-</u>	<u>(5,216)</u>	<u>-</u>
Total non-operating income and expenses	<u>46,022</u>	<u>1</u>	<u>292,448</u>	<u>8</u>
LOSS BEFORE INCOME TAX	(592,815)	(18)	(230,440)	(6)

INCOME TAX EXPENSE (Note 27)	<u>33,755</u>	<u>1</u>	<u>15,620</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(626,570)</u>	<u>(19)</u>	<u>(246,060)</u>	<u>(7)</u>
OTHER COMPREHENSIVE INCOME				
(LOSS) (Notes 23, 24 and 27)				
Items that will not be reclassified				
subsequently to profit or loss:				
Remeasurement of defined benefit				
plans	35,362	1	9,777	-
Unrealized (loss) gain on investments				
in equity instruments at fair value				
through other comprehensive income	(3,871)	-	7,306	-
Share of other comprehensive income				
of associates accounted for using the				
equity method	\$ 291	-	\$ 337	-
Income tax relating to items that will				
not be reclassified subsequently to				
profit or loss	<u>(458)</u>	<u>-</u>	<u>(1,966)</u>	<u>-</u>
	<u>31,324</u>	<u>1</u>	<u>15,454</u>	<u>-</u>
Items that may be reclassified				
subsequently to profit or loss:				
Exchange differences on translation of				
the financial statements of foreign				
operations	19,111	1	(10,719)	-
Share of other comprehensive income				
(loss) of associates accounted for				
using the equity method	<u>2,504</u>	<u>-</u>	<u>(5,876)</u>	<u>-</u>
	<u>21,615</u>	<u>1</u>	<u>(16,595)</u>	<u>-</u>
Other comprehensive income (loss)				
for the year, net of income tax	<u>52,939</u>	<u>2</u>	<u>(1,141)</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR				
THE YEAR	<u>\$(573,631)</u>	<u>(17)</u>	<u>\$(247,201)</u>	<u>(7)</u>
NET (LOSS) PROFIT ATTRIBUTABLE				
TO:				
Owners of the Company	\$ (630,696)	(19)	\$(243,083)	(7)

Non-controlling interests	<u>4,126</u>	<u>-</u>	<u>(2,977)</u>	<u>-</u>
	<u>\$(626,570)</u>	<u>(19)</u>	<u>\$(246,060)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE (LOSS)				
PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (576,390)	(17)	\$ (248,470)	(7)
Non-controlling interests	<u>2,759</u>	<u>-</u>	<u>1,269</u>	<u>-</u>
	<u>\$(573,631)</u>	<u>(17)</u>	<u>\$(247,201)</u>	<u>(7)</u>
LOSS PER SHARE (NEW TAIWAN				
DOLLARS; Note 28)				
Basic	<u>\$ (3.42</u>		<u>\$ (1.32</u>	
))	

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

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Equity Attributable to Owners of the Company

	Ordinary Shares (Note 24)	Capital Surplus	Accumulated Deficit (Notes 24 and 26)			Other Equity (Note 24)		Total	Non-controlling Interests (Note 24)	Total Equity
			Legal Reserve	Special Reserve	Accumulate d Deficit	Exchange Differences on Translating of the Financial Statement Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehens ive Income			
BALANCE AT JANUARY 1, 2021	<u>\$1,846,778</u>	<u>\$ 905,938</u>	<u>\$ 197,866</u>	<u>\$ 109,317</u>	<u>\$(738,351)</u>	<u>\$(175,108)</u>	<u>\$ (4,722)</u>	<u>\$2,141,718</u>	<u>\$ 42,341</u>	<u>\$2,184,059</u>
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	<u>1,846,778</u>	<u>905,938</u>	<u>197,866</u>	<u>109,317</u>	<u>(971,244)</u>	<u>(191,538)</u>	<u>(3,869)</u>	<u>1,893,248</u>	<u>43,610</u>	<u>1,936,858</u>

Legal reserve used to offset accumulated deficit	<u>-</u>	<u>-</u>	<u>(197,866)</u>	<u>-</u>	<u>197,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital surplus used to offset accumulated deficit	<u>-</u>	<u>(773,378)</u>	<u>-</u>	<u>-</u>	<u>773,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) profit for the year ended December 31, 2022	-	-	-	-	(630,696)	-	-	(630,696)	4,126	(626,570)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,996</u>	<u>21,649</u>	<u>(1,339)</u>	<u>54,306</u>	<u>(1,367)</u>	<u>52,939</u>
Total comprehensive (loss) income for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,700)</u>	<u>21,649</u>	<u>(1,339)</u>	<u>(576,390)</u>	<u>2,759</u>	<u>(573,631)</u>
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,339)</u>	<u>-</u>	<u>1,339</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE AT DECEMBER 31, 2022	<u>\$1,846,778</u>	<u>\$ 132,560</u>	<u>\$ -</u>	<u>\$ 109,317</u>	<u>\$(598,039)</u>	<u>\$(169,889)</u>	<u>\$ (3,869)</u>	<u>\$1,316,858</u>	<u>\$ 46,369</u>	<u>\$1,363,227</u>

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

LES ENPHANTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(592,815)	\$(230,440)
Adjustments for:		
Depreciation expense	327,818	331,434
Amortization expense	21,041	12,958
Expected credit loss (reversed) recognized on trade receivables	6,839	(816)
Net loss (gain) on fair value change of financial assets designated as at fair value through profit or loss	27	(29)
Finance costs	73,634	49,130
Interest income	(1,519)	(706)
Dividend income	(332)	(1,359)
Share of (loss) gain of associates for using the equity method	(10,719)	5,216
Loss (gain) on disposal of property, plant and equipment	13,427	(225,813)
Loss on disposal of investment property	-	4,041
Gain on disposal of investments	(28)	(569)
Impairment losses	4,003	52,086
Net gain on lease modification	(1,488)	(1,592)
Changes in operating assets and liabilities		
Notes receivable	834	932
Trade receivables from unrelated parties	70,807	(32,896)
Other receivables	(7,944)	5,932
Inventories	269,635	(85,890)
Prepayments	(853)	(25,158)
Other current assets	(1,439)	(757)
Contract liabilities - current	(5,682)	(6,652)
Notes payable	(9,534)	9,008
Trade payables to unrelated parties	(314,214)	197,920
Trade payables to related parties	(553)	(1,941)

Other payables	(3,027)	45,675
Advance receipts	(764)	819
Other current liabilities	(6,310)	(5,527)
Net defined benefit liability	<u>(17,599)</u>	<u>(21,566)</u>
Cash (used in) generated from operating activities	(186,755)	73,440
Interest received	1,506	706
Interest paid	(71,855)	(48,980)
Income tax paid	<u>(2,238)</u>	<u>(2,097)</u>

Net cash (used in) generated from operating activities	<u>(259,342)</u>	<u>23,069</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(84,394)	(169,994)
Disposal of financial assets at fair value through other comprehensive income	87,595	181,369
Return of capital from financial assets at fair value through other comprehensive income	\$ 82	\$ 1,034
Purchase of financial assets at amortized cost	-	(5,360)
Proceeds from sales of financial assets at amortized cost	-	21,395
Payments for property, plant and equipment	(61,104)	(76,809)
Proceeds from disposal of property, plant and equipment	136,226	462,967
Increase in refundable deposits	(70,365)	-
Decrease in refundable deposits	-	2,747
Increase in other receivables - increase in financing provided	(15,000)	-
Decrease in other receivables - decrease in financing provided	15,000	-
Payments for intangible assets	(15,469)	(12,409)
Payments for investment properties	(94)	(688)
Proceeds from disposal of investment properties	-	675
Dividends received	<u>5,395</u>	<u>3,575</u>

Net cash (used in) generated from investing activities	<u>(2,128)</u>	<u>408,502</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from short-term borrowings	10,181	267,409
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Proceeds from long-term borrowings	12,823	-
Repayments of long-term borrowings	(3,431)	(11,127)
Proceeds from guarantee deposits received	-	2,796
Refund of guarantee deposits received	(5,589)	-
Repayment of lease liabilities	<u>(223,006)</u>	<u>(212,623)</u>
Net cash (used in) generated from financing activities	<u>(209,022)</u>	<u>46,455</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>34,020</u>	<u>(9,878)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(436,472)	468,148
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>751,337</u>	<u>283,189</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$314,865</u>	<u>\$751,337</u>

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

Les Enphants Co., Ltd.

Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022.

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.

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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. 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, 2022 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 23, 2023

LES ENPHANTS CO., LTD.**BALANCE SHEETS****DECEMBER 31, 2022 AND 2021****(In Thousands of New Taiwan Dollars)**

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 172,677	6	\$ 185,636	5
Financial assets at amortized cost - current (Notes 8, 9 and 33)	40,276	1	40,263	1
Notes receivable (Notes 10 and 22)	-	-	530	-
Trade receivables from unrelated parties (Notes 10 and 22)	206,905	7	204,114	6
Trade receivables from related parties (Notes 22 and 32)	78,448	3	83,454	2
Other receivables, net	1,589	-	366	-
Current tax assets (Note 24)	3	-	-	-
Inventories (Note 11)	600,022	21	603,275	17
Prepayments	18,982	1	19,817	1
Other current assets	909	-	111	-
Total current assets	<u>1,119,811</u>	<u>39</u>	<u>1,137,566</u>	<u>32</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	-	-	54	-
Investments accounted for using the equity method (Note 12)	799,162	28	1,348,824	38
Property, plant and equipment (Notes 13 and 33)	303,965	11	308,373	9
Right-of-use assets (Note 14)	376,005	13	460,901	13
Investment properties (Notes 15 and 33)	212,514	7	221,630	6
Intangible assets (Note 16)	20,394	1	19,668	1
Deferred tax assets (Note 24)	178	-	-	-
Refundable deposits	37,333	1	40,730	1
Total non-current assets	<u>1,749,551</u>	<u>61</u>	<u>2,400,180</u>	<u>68</u>
TOTAL	<u>\$2,869,362</u>	<u>100</u>	<u>\$3,537,746</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 33)	\$ 464,000	16	\$ 340,000	10
Contract liabilities - current (Note 22)	46,001	2	46,697	1
Notes payable (Note 18)	-	-	9,536	-
Trade payables to unrelated parties (Note 18)	176,224	6	224,260	6
Trade payables to related parties (Note 32)	1,999	-	3,862	-
Other payables (Note 19)	169,039	6	178,244	5
Lease liabilities - current (Note 14)	144,793	5	155,127	5
Advance receipts (Notes 19 and 32)	1,386	-	1,390	-
Other current liabilities (Note 19)	1,105	-	1,192	-
Total current liabilities	<u>1,004,547</u>	<u>35</u>	<u>960,308</u>	<u>27</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	178	-	-	-
Lease liabilities - non-current (Note 14)	498,879	17	584,375	16

Net defined benefit liability - non-current (Note 20)	42,596	2	92,860	3
Other non-current liabilities (Notes 19 and 32)	<u>6,304</u>	<u>-</u>	<u>6,955</u>	<u>-</u>
Total non-current liabilities	<u>547,957</u>	<u>19</u>	<u>684,190</u>	<u>19</u>
Total liabilities	<u>1,552,504</u>	<u>54</u>	<u>1,644,498</u>	<u>46</u>
EQUITY				
Ordinary shares	<u>1,846,778</u>	<u>64</u>	<u>1,846,778</u>	<u>52</u>
Capital surplus	<u>132,560</u>	<u>5</u>	<u>905,938</u>	<u>26</u>
Accumulated deficit				
Legal reserve	-	-	197,866	6
Special reserve	109,317	4	109,317	3
Accumulated deficit	<u>(598,039)</u>	<u>(21)</u>	<u>(971,244)</u>	<u>(28)</u>
Total retained earnings	<u>(488,722)</u>	<u>(17)</u>	<u>(664,061)</u>	<u>(19)</u>
Other equity	<u>(173,758)</u>	<u>(6)</u>	<u>(195,407)</u>	<u>(5)</u>
Total equity	<u>1,316,858</u>	<u>46</u>	<u>1,893,248</u>	<u>54</u>
TOTAL	<u>\$2,869,362</u>	<u>100</u>	<u>\$3,537,746</u>	<u>100</u>

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

LES ENPHANTS CO., LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Loss Earnings Per Share)**

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OPERATING REVENUE (Notes 22 and 32)	\$2,034,427	100	\$2,057,024	100
OPERATING COSTS (Notes 11, 20, 23 and 32)	<u>1,140,140</u>	<u>56</u>	<u>1,173,045</u>	<u>57</u>
GROSS PROFIT	894,287	44	883,979	43
UNREALIZED LOSS ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(31)	-	-	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>-</u>	<u>-</u>	<u>456</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>894,256</u>	<u>44</u>	<u>884,435</u>	<u>43</u>
OPERATING EXPENSES (Notes 20, 23 and 32)				
Selling and marketing expenses	811,418	40	802,963	39
General and administrative expenses	154,494	8	171,842	9
Expected credit gain	<u>-</u>	<u>-</u>	<u>(401)</u>	<u>-</u>
Total operating expenses	<u>965,912</u>	<u>48</u>	<u>974,404</u>	<u>48</u>
LOSS FROM OPERATIONS	<u>(71,656)</u>	<u>(4)</u>	<u>(89,969)</u>	<u>(5)</u>

NON-OPERATING INCOME AND EXPENSES (Notes 23, 27 and 32)				
Interest income	214	-	163	-
Other income	21,086	1	28,391	2
Other gains and losses	10,229	1	(1,976)	-
Finance costs	(20,327)	(1)	(18,336)	(1)
Share of loss of subsidiaries and associates	<u>(569,397)</u>	<u>(28)</u>	<u>(159,639)</u>	<u>(8)</u>
Total non-operating income and expenses	<u>(558,195)</u>	<u>(27)</u>	<u>(151,397)</u>	<u>(7)</u>
LOSS BEFORE INCOME TAX	(629,851)	(31)	(241,366)	(12)
INCOME TAX EXPENSE (Note 24)	<u>845</u>	<u>-</u>	<u>1,717</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(630,696)</u>	<u>(31)</u>	<u>(243,083)</u>	<u>(12)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 33,071	2	\$ 10,141	1
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	-	-	(1,767)	-
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(414)</u>	<u>-</u>	<u>2,669</u>	<u>-</u>
	32,657	2	11,043	1
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>21,649</u>	<u>1</u>	<u>(16,430)</u>	<u>(1)</u>

Other comprehensive income (loss) for the year, net of income tax	<u>54,306</u>	<u>3</u>	<u>(5,387)</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$(576,390)</u>	<u>(28)</u>	<u>\$(248,470)</u>	<u>(12)</u>
LOSS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
Basic	<u>\$ (3.42)</u>		<u>\$ (1.32)</u>	

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

LES ENPHANTS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 21)	Capital Surplus (Note 21)	Accumulated Deficit (Notes 21 and 23)			Other Equity (Note 21)		Total Equity
			Legal Reserve	Special Reserve	Accumulate d Deficit	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehens ive Income	
BALANCE AT JANUARY 1, 2021	\$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 (loss) income 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
Legal reserve used to offset accumulated deficit	-	-	(197,866)	-	197,866	-	-	-
Capital surplus used to offset accumulated deficit	-	(773,378)	-	-	773,378	-	-	-

Net loss for the year ended December 31, 2022	-	-	-	-	(630,696)	-	-	(630,696)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,996</u>	<u>21,649</u>	<u>(1,339)</u>	<u>54,306</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,700)</u>	<u>21,649</u>	<u>(1,339)</u>	<u>(576,390)</u>
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,339)</u>	<u>-</u>	<u>1,339</u>	<u>-</u>
BALANCE AT DECEMBER 31, 2022	<u>\$1,846,778</u>	<u>\$ 132,560</u>	<u>\$ -</u>	<u>\$ 109,317</u>	<u>\$(598,039)</u>	<u>\$(169,889)</u>	<u>\$ (3,869)</u>	<u>\$1,316,858</u>

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

LES ENPHANTS CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(629,851)	\$(241,366)
Adjustments for:		
Depreciation expense	189,211	196,093
Amortization expense	12,461	9,318
Expected credit gain	-	(401)
Finance costs	20,327	18,336
Interest income	(214)	(163)
Dividends income	-	(945)
Share of loss of subsidiaries and associates	569,397	159,639
Loss on disposal of property, plant and equipment	525	2,605
Gain on disposal of investments	(28)	(569)
Impairment losses	627	35,137
Unrealized loss on transactions with subsidiaries and associates	31	-
Realized gain on the transactions with subsidiaries and associates	-	(456)
Net gain on lease modification	(778)	(418)
Changes in operating assets and liabilities		
Notes receivable	530	342
Trade receivables from unrelated parties	(2,791)	(31,964)
Trade receivables from related parties	5,006	6,026
Other receivables	(1,223)	259
Inventories	3,253	5,779
Prepayments	835	(548)
Other current assets	(798)	(68)
Contract liabilities - current	(696)	(195)
Notes payable	(9,536)	9,008
Trade payables to unrelated parties	(48,036)	47,974
Trade payables to related parties	(1,863)	2,423
Other payables	(13,899)	46,444
Advance receipts	(4)	819
Other current liabilities	(87)	(544)

Net defined benefit liability	<u>(17,193)</u>	<u>(17,232)</u>
Cash generated from operating activities	75,206	245,333
Interest received	201	163
Interest paid	(20,044)	(18,291)
Income tax paid	<u>(848)</u>	<u>(1,717)</u>
Net cash generated from operating activities	<u>54,515</u>	<u>225,488</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	82	1,034
Purchase of financial assets at amortized cost	-	(1)
Payments for property, plant and equipment	\$(25,357)	\$(29,045)
Proceeds from disposal of property, plant and equipment	1,296	-
Decrease in refundable deposits	2,497	2,128
Payments for intangible assets	(13,187)	(8,473)
Dividends received	<u>1,469</u>	<u>3,133</u>
Net cash used in investing activities	<u>(33,200)</u>	<u>(30,586)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	124,000	40,000
Proceeds from guarantee deposits received	-	4,212
Refund of guarantee deposits received	(651)	-
Repayment of lease liabilities	<u>(157,623)</u>	<u>(155,729)</u>
Net cash used in financing activities	<u>(34,274)</u>	<u>(111,517)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,959)	83,385
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>185,636</u>	<u>102,251</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$172,677</u>	<u>\$185,636</u>

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

[Attachment 1]

les enfants Co., Ltd.

Comparison Table of Amendments to the the Corporate Governance Best Practice Principles

Proposed Amendment	Original Article	Description
<p>Article 3-1</p> <p><u>The company has appointed a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs, and has an adequate number of corporate governance personnel with appropriate qualifications.</u></p> <p><u>Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs.</u></p> <p><u>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</u></p> <ol style="list-style-type: none"> <u>1. Handling matters relating to board meetings and shareholders meetings according to laws</u> <u>2. Producing minutes of board meetings and shareholders meetings</u> <u>3. Assisting in onboarding and continuous development of directors and supervisors</u> <u>4. Furnishing information required for business execution by directors and supervisors</u> <u>5. Assisting directors and supervisors with legal compliance</u> <u>6. Report to the board of directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure.</u> 	<p>This article adds.</p>	<p>Since June 30, 2023, all listed companies should have a corporate governance supervisor. so this article is added to match the amendments to the regulations.</p>

<p><u>7.Handle matters related to the change of directors.</u></p> <p><u>8.Other matters set out in the articles or corporation or contracts.</u></p>		
<p>Article 17</p> <p>When the company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions and <u>improper channeling of profits</u> shall be prohibited.</p> <p><u>The written agreement in the preceding paragraph shall include management procedures for transactions such as purchase and sale of goods, acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, and relevant major transactions shall be submitted to the board of directors for resolution and approval, and to the shareholders' meeting for approval or report.</u></p>	<p>Article 17</p> <p>When the company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.</p> <p>All transactions or contracts made by and between the company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.</p>	<p>Cooperate with amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>
<p>Article 28</p> <p><u>The company should set up an audit committee,</u> The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.</p> <p>The exercise of power by audit committee and independent directors and related</p>	<p>Article 28</p> <p>The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.</p> <p>The exercise of power by audit committee and independent</p>	<p>Cooperate with legal terms and context logic amendments.</p>

<p>matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.</p>	<p>directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.</p>	
<p>Article 34 When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.</p> <p><u>In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:</u></p> <p><u>1. An independent director has a dissenting or qualified opinion which is</u></p>	<p>Article 34 When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.</p> <p>During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where</p>	<p>Cooperate with amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

<p><u>on record or stated in a written statement.</u></p> <p><u>2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.</u></p> <p>During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.</p>	<p>necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.</p>	
<p>Article 34-1</p> <p><u>Staff personnel of the company attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.</u></p> <p><u>The minutes of the board of directors meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records,</u></p>	<p>This article adds.</p>	<p>Cooperate with amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

<p><u>and kept safe permanently during the life of the company.</u></p> <p><u>Meeting minutes may be produced, distributed, and preserved by electronic means.</u></p> <p><u>A company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.</u></p> <p><u>If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.</u></p> <p><u>Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.</u></p> <p><u>When a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.</u></p>		
<p>Article 34-2</p> <p><u>The company shall submit the following matters to its board of directors for discussion:</u></p> <p><u>1. Corporate business plans.</u></p> <p><u>2. Annual and semi-annual financial reports, with the exception of</u></p>	<p>This article adds.</p>	<p>Cooperate with amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX</p>

<p><u>semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.</u></p> <p><u>3.Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.</u></p> <p><u>4.Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</u></p> <p><u>5.The offering, issuance, or private placement of any equity-type securities.</u></p> <p><u>6.The performance assessment and the standard of remuneration of the managerial officers.</u></p> <p><u>7.The structure and system of director's remuneration.</u></p> <p><u>8.The appointment or discharge of a financial, accounting, or internal audit officer.</u></p> <p><u>9.A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.</u></p> <p><u>10.Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a</u></p>		Listed Companies
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<p><u>shareholders meeting or to be approved by resolution at a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.</u></p> <p><u>Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.</u></p>		
<p>Article 37-1 <u>If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.</u> <u>Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee in accordance with the foregoing paragraph.</u></p>	<p>This article adds.</p>	<p>Cooperate with amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>
<p>Article 45 In order to enhance the accuracy and timeliness of the material information disclosed, the company shall appoint a</p>	<p>Article 45 In order to enhance the accuracy and timeliness of the material information disclosed, the</p>	<p>Cooperate with amendments to the Corporate Governance Best</p>

<p>spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.。</p> <p><u>The company shall appoint one or more acting spokespersons who shall represent the company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion.</u></p> <p>In order to implement the spokesperson system, the company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.</p> <p>The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.</p>	<p>company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.</p> <p>In order to implement the spokesperson system, the company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.</p> <p>The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.。</p>	<p>Practice Principles for TWSE/TPEX Listed Companies</p>
<p>Article 47-1</p> <p><u>The company shall dedicate a space on its website to disclose and update from time to time the following information regarding corporate governance:</u></p> <p><u>1.Board of directors: such as resumes and authorities and responsibilities of board members, board member diversification policy and the implementation thereof.</u></p> <p><u>2.Functional committees: such as resumes and authorities and responsibilities of members of each</u></p>	<p>This article adds.</p>	<p>Cooperate with amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

<p><u>functional committee.</u></p> <p><u>3. Corporate governance bylaws: such as articles of incorporation, procedure of board of directors meetings, charter of each functional committee, and other relevant corporate governance bylaws.</u></p> <p><u>4. Important corporate governance information: such as information of establishment of corporate governance executive officers.</u></p>		
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[Attachment 2]

Instructions for handling private placement of domestic unsecured convertible corporate bonds

In order to enrich working capital, repay bank loans, and planning to introduce long-term strategic investment partners, it is planned that the number of ordinary shares that can be converted in private placement conversion corporate bonds is within the range of 30 million shares, calculated based on the conversion price at the time of private placement, and issuing private placement domestic unsecured conversion corporate bonds (the issuance period shall not exceed five years), each issued The denomination is NT\$100,000. It is proposed that the shareholders' meeting authorize the board of directors to handle it in stages within one year from the date of the resolution of the shareholders' meeting, depending on the market conditions or the company's operating needs.

(一). The basis and reasonableness of the conversion price:

1. It shall be the higher of the following two calculations as the reference price :

- (1) The simple average closing price of the common shares of the company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction
- (2) The simple average closing price of the common shares of the company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

2. The actual pricing date and the conversion price of this private placement are proposed to be submitted to the shareholders' meeting for a resolution, and the basis for determining the private placement price is no less than 80% of the above reference price, and the board of directors is authorized to make a decision depending on the situation of the specific person and market conditions in the future.

3. The issue price of private placement convertible corporate bonds shall not be lower than 80% of the theoretical price. The theoretical price will be determined by a pricing model that covers and considers the various rights included in the issuance conditions. Any right not included for consideration within the model shall be excluded from the terms of issuance.

4. The pricing method is in accordance with the provisions of the " Directions for Public Companies Conducting Private Placements of Securities " and refers to the recent stock trading market price, which should be reasonable.

(二) The reason and rationality of the conversion price if it is lower than the par value of the stock:

The closing price of the company in the centralized market in recent years has not exceeded the par value. According to the current laws and regulations and the above pricing method, the conversion price in this private placement of convertible corporate bonds may be lower than the par value. However, securities issued by private placement, In addition to being transferable in accordance with Article 43-8 of Securities and Exchange Act, there is a restriction on free transfer within three years, and the basis for setting the price complies with the provisions of the " Directions for Public Companies Conducting Private Placements of Securities", there will be no significant damage to shareholders' rights and interests so and should be reasonable. If the accumulated loss increases due to the fact that the conversion price is lower than the par value, it will be reported to the future shareholder meeting to discuss whether to reduce capital or make up for the loss in other ways based on the business results.

(三). The method for selecting the specific persons:

1. Handled in accordance with Article 43-6 of the Securities and Exchange Act, and Article 4, Paragraph 2 of Directions for Public Companies Conducting Private Placements of Securities, The placee to be negotiated are mainly strategic investors.
2. If any placee is a strategic investor

- (1).The method and objectives of selecting : Individuals or legal persons will be selected that will help improve the company's profitability, product development, channel development, etc., and then improve business performance;
- (2).The necessity and the anticipated benefits : In response to the increasingly obvious trend of competition in the industry and declining birth rate, it is necessary to introduce strategic investors in order to maintain a competitive advantage; the participation of placees is expected to enhance the company's overall competitiveness, strengthen the overall financial structure, and continue the long-term future development .

(四). The reasons for the necessity for conducting the private placement

- 1.The reasons for not using a public offering, is that it is not easy to raise funds in the centralized market and the timetable is long. In addition, the board of directors is authorized to handle in stages, which can also improve mobility and flexibility according to the actual needs of the company;
- 2.The private placement is expected to be raised three times. The number of shares raised in each batch, the use of funds and the expected benefits are as follows:

batch	Raised amount (number of common shares to be converted)	the use of funds	expected benefits
1	No more than 10 million shares	All are to enrich working capital, repay bank loans, and invest in strategic development.	To strengthen the company's financial structure, create profits, and enhance competitiveness.
2	No more than 10 million shares		
3	No more than 10 million shares		

(五). Regulations for The First Private Placement of domestic unsecured convertible corporate bonds iIssuance and conversion in 2023(tentative), please refer to Attachment 3

(六). According to the relevant securities laws and regulations, a major change in management rights means that more than one-third of the directors of the company have changed. The term of the directors of the company expired, and the board of directors nominated and approved independent directors and director candidates on March 23, 2023. More than one-third of the directors changed. The company engaged a securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement. Please refer to Attachment 4.

(七). Others

1. If it is expected that the tranche private placement cannot be completed within the time limit, or there is no plan to continue the tranche private placement within the remaining time limit, if the original plan is still feasible, it is proposed to submit to the shareholders' meeting to authorize the board of directors to make a resolution, the price of privately placed securities is deemed to have been received in full;
2. The rights and obligations of ordinary shares converted from domestic unsecured convertible corporate bonds in this private placement are the same as those of the company's issued ordinary shares. Except for the transfer objects specified in Article 43-8 of the Act, the transfer shall not be resold to other objects. It is proposed that the shareholders' meeting authorize the board of directors to submit to the Financial Supervisory Commission after three years have elapsed since the domestic unsecured corporate bonds of this private placement are delivered and converted into ordinary shares, depending on the current situation and in accordance with relevant regulations. Apply for

- supplementary office development and issuance procedures, and apply for listing and trading.
3. The final issuance amount, tranche issuance content, issuance conditions, planned projects, fund utilization progress, expected benefits and other related unresolved matters of the domestic unsecured convertible corporate bonds issued by private placement, except for the pricing ratio of private placement, intends to submit to the general meeting of shareholders to authorize the board of directors to consider the situation and make necessary changes in accordance with the laws and regulations of the competent authority and in response to the objective market environment, and to handle all issues related to the issuance with full authority.
 4. In order to cooperate with the private placement of securities this time, it is proposed that the shareholders' meeting authorize the chairman or his designated agent to handle and represent the company to sign and negotiate all contracts and documents related to this private placement plan, and to handle all relevant transactions for the company. Matters required for the private placement plan.

[Attachment 3]

les enfants Co., Ltd.
Regulations for The First Private Placement of domestic unsecured convertible corporate bonds issuance and conversion in 2023(tentative)

1. Issuance company: les enfants Co., Ltd.
2. Issue date:
20XX/XX/XX. (Hereinafter referred to as the issue date).(10 business days after payment received)
3. The aggregate amount of this issuance and the face value of each bond:
It is planned that the number of ordinary shares that can be converted in private placement conversion corporate bonds is within the range of 30 million shares, calculated based on the conversion price at the time of private placement, , each issued The denomination is NT\$100,000.
4. Issuance period: The issuance period shall not exceed five years. Issue from XXXX/XX/XX to XXXX/XX/XX expiration.
5. Coupon rate: The annual coupon rate is 0%
6. Repayment date and method :
Except for the holders of the private placement convertible corporate bonds (hereinafter referred to as "creditors") who are converted into ordinary shares of the company in accordance with Article 10 of these Regulations, the company shall repay the private placement convertible corporate bonds in cash at the face value when the private placement convertible corporate bonds mature.
7. Guarantee:
This private placement convertible corporate bond is a registered, unsecured bond. However, if the company issues or privately places other secured convertible corporate bonds with warrants or secured convertible corporate bonds after the issuance of this privately placed convertible corporate bond, the privately placed convertible corporate bond will also be Comparing with the secured equity warrants or secured convertible corporate bonds, create a creditor's right of the same level or a security interest of the same order.
8. Converted subject:
Ordinary shares of the company; the company will perform the conversion obligation by issuing new shares.
9. The converted period:
Creditors may start from the day following the three months from the date of issuance of the private placement converted corporate bonds to ten days before the due date, except during the period of suspension of account transfer according to law and from the date of suspension of account transfer of the company's gratuitous allotment of shares, date of suspension of account transfer of cash dividends or cash capital increase subscription. From the 15th business day before the closing date of the share transfer, to the base date of rights distribution, from the capital reduction base date for the capital reduction to the day before the trading day before the exchange of shares for capital reduction, you may apply to the company's stock affairs office at any time except for requesting for conversion. The agency requests to be converted into ordinary shares of the company in accordance with these measures, and shall be handled in accordance with the provisions of these Regulations.
10. The converted procedures:
When requesting conversion, the creditor should prepare the "Application for Conversion of Corporate Bond Account Book Transfer" affixed with the original seal and submit it to the company's stock affairs agency. The conversion will take effect upon delivery and cannot be revoked. In addition to listing the creditor in the shareholder register, the company's stock affairs agency shall complete the conversion procedures within five business days after delivery, and

directly transfer the company's common stock to the creditor's general custody account opened with the company. When the converted stocks are re-issued according to the laws and regulations and the Taiwan Stock Exchange has issued a listing approval letter, the company's stock affairs agency accepts the application of the stock holder and transfers the stock to its designated CHEP account. If there is any change in the company's stock affairs agency, the company shall notify the creditors ten business days in advance.

11. Conversion prices and the adjustments:

The conversion price of this private placement conversion corporate bond shall be calculated based on (1) The simple average closing price of the common shares of the company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; or

(2) The simple average closing price of the common shares of the company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction, whichever is higher according to the above method. It is the benchmark calculation price, not lower than 80% of the aforementioned benchmark calculation price is the conversion price.

12. Handling of the balance that cannot be exchanged for one share

When converting the ordinary shares of the company, if there are odd shares less than one share, the creditors are not allowed to make up a whole share by themselves, and the company will pay in cash except for offsetting the transfer fee of the insurance company.

13. Listing of new shares after conversion

The privately placed convertible corporate bonds are converted into ordinary shares, after three years from the date of delivery or allocation of the privately placed convertible corporate bonds, the company will prepare the application documents and apply to the Taiwan Stock Exchange for listing and trading and make an announcement.

14. Registration of Changes in Share Capital

The company shall, within 15 days after the end of each quarter, announce the amount of shares delivered in the previous quarter due to the exercise and conversion of the privately placed convertible corporate bonds, and shall apply to the competent authority for company registration for capital change registration at least once each quarter.

15. Rights and obligations after conversion.

The rights and obligations of the ordinary shares acquired after the conversion becomes effective are the same as those of the original ordinary shares issued by the company, but the converted ordinary shares must still comply with the provisions of Articles 13 and 16 of these Regulations.

16. Transfer restrictions

Pursuant to Article 43-8 of the Securities and Exchange Law, creditors are not allowed to resell the securities unless they fall under the following circumstances:

(1) The person under Subparagraph 1, Paragraph 1, Article 43-6 holds privately placed securities, and the privately placed securities are not traded on the centralized securities trading market or the business premises of securities firms, and the privately placed securities are transferred to those with the same qualifications.

(2) More than one year has elapsed since the delivery date of the private placement securities, and within the third year since the delivery date, in accordance with the restrictions on the holding period and transaction quantity stipulated by the competent authority, transfer to a person who complies with Subparagraph 1 and Subparagraph 2 of Paragraph 1 of Article 43-6.

(3) Three years have elapsed since the delivery date of the privately placed securities.

(4) Based on the transfer of the effect of legal provisions.

(5) For direct transfers between private individuals, the quantity shall not exceed one trading unit of the securities, and the two transfers shall be made at least three months apart.

(6) Others approved by the competent authority.

17. Related dividend attribution of the converted year:

(1) Ordinary shares converted before 15 business days (exclusive) before the closing date of the

annual dividend, Creditors may participate in the distribution of the previous year's dividend by the resolution of the annual shareholders' meeting.

(2) 15 business days (inclusive) before the closing date of account transfer in the current year. Until (inclusive) the allotment ex-rights base date, the conversion of this private placement conversion corporate bond will be suspended.

(3) Those who apply for share conversion from the next day of the ex-rights allotment base date to December 31 (inclusive) of the current year will no longer enjoy the dividends of the previous year distributed by the resolution of the shareholders' meeting of this year, but can participate in the shares issued by the resolution of the next year's shareholders' meeting .

18. All repaid or converted private placement conversion corporate bonds will be cancelled, and all rights and obligations attached to the private placement conversion corporate bonds will also be extinguished, and no further sales or issuance.
19. The private placement convertible corporate bonds and the ordinary shares they convert are all registered, and the transfer, transaction registration, pledge, loss, etc. are all in accordance with the "Standards for Handling Share Affairs of Public Offering Companies" and the relevant provisions of the Company Act, and tax matters handled in accordance with the provisions of the tax law at that time.
20. The company's stock affairs agency handles the principal repayment and conversion of this private placement conversion corporate bond.
21. The issuance of this private placement convertible corporate bond is in accordance with the provisions of Article 8 of the Securities Exchange Law, and is delivered by book transfer, and no physical bond is printed.
22. The issuance of this private placement convertible corporate bond and the exercise and management of conversion rights shall be governed by the relevant laws and regulations of the Republic of China; if there are matters not covered in these regulations, they shall be handled in accordance with the relevant laws and regulations.

[Attachment 4]

les enphants Co., Ltd.

The assessment opinion on the necessity and rationality to conduct the plan of the private placement of securities

Foreword:

les enphants Co., Ltd. In order to enrich the working capital and repay the bank-for-loans, the Board of Directors has approved the private placement of ordinary shares on 2022/11/102, and the issuance amount does not exceed 30,000 thousand shares. And passed the proposal at the 2022/12/30 Extraordinary Shareholders' Meeting, authorizing the Board of Directors to handle it three times within a year.

When the company passed the private placement of ordinary shares on November 10, 2022, it was determined that there was no change in management rights at that time, but in 2023 it was discovered that there was a possibility of director changes, which complied with Item 3 of Article 4 of Directions for Public Companies Conducting Private Placements of Securities. After evaluating the legality, the company contact the Concord Securities Co., Ltd to issue a assessment opinion on the necessity and rationality to conduct the plan of the private placement of securities.

The content of this opinion is only for les enphants Co., Ltd. to handle the aforementioned procedures, and shall not be utilized for other purpose. This opinion was made in accordance with the information provided by les enphants Co., Ltd. and its public information registered in MOPS, and the statement offered by the Company, as the private placement proposal program changed or other matters may cause the content of this opinion to change, the Company will be influenced in the future, this opinion will not assume any legal liability, and we hereby certify that the above information is accurate.

les enphants Profile

1973 les enphants Limited Company was founded, 1997 the company's shares were being traded in centralized trading market. The main business item is the production and sales of baby and children's clothing products. The paid-in capital is NT\$184,677,750. For the last three years and the latest financial information, please refer to the MOPS.

Underwriters' comments:

(一)、legality assessment

The after-tax loss attributable to the owner's equity of the parent company in the consolidated financial report of les enphants 2021 audited by an accountant is NT\$ 243,083,000, and the accumulated loss is NT\$ 664,061,000, which is not subject to Item 1 of Article 3 of Directions for Public Companies Conducting Private Placements of Securities prescribed restrictions.

The issue price of les enphants' common shares in this private placement shall not be lower than 80% of the reference price. According to Article 4, Item 1, Item 1, Item 4 of Directions for Public Companies Conducting Private Placements of Securities, independent experts are not required to determine the basis for pricing Issuing a reasonable opinion; and the company's proposed private placement targets are limited to specific persons who meet the provisions of Article 43-6 of the Securities Exchange Act and Directions for Public Companies Conducting Private Placements of Securities, and the list has been approved by the board of directors and announced.

les enphants discussed and approved this private placement at the 2022/11/10 Board of Directors

and 2022/12/30 Extraordinary Shareholders Meeting, and made an announcement in accordance with regulations. At that time, there was no change in management rights.

After discovering the possibility of a change in management rights, the securities underwriter is required to issue an evaluation opinion according to the Directions for Public Companies Conducting Private Placements of Securities, which is planned to be uploaded to the MOSP after discussion by the board of directors on March 23, 2023. The company's handling measures this time are still in compliance with the regulations. Based on the above assessment, the company's private placement still complies with the legality requirements

(二)、Necessity and rationality assessment

Due to covid-19 and the continued decline in the birth rate, les enphants 's revenue continued to decline, and the net value per share fell below par. Faced with this dilemma and industry changes, the company began closing underperforming stores, hired a new CEO, and restructured its business model. The company has been losing money continuously in recent years, and it is difficult to raise funds publicly. Therefore, it is reasonable and necessary to choose time-sensitive private equity securities to obtain funds to support new business development.

(三)、Selection of applicants and their feasibility and necessity

1. Selection of applicants

The applicants selected are limited to the specific persons specified in 43-6 of the Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities, And directly or indirectly help the company's future operations.

If it is a strategic investor, it will select an individual or legal person who will help improve the company's profitability, product development, channel development, and business performance; if it is an insider or a related person, it will choose to have relevant experience, technology, professional knowledge, etc. To improve internal operational efficiency.

2. Feasibility and necessity of applicants

There is a regulation that private equity securities cannot be freely transferred within three years, which can ensure a long-term cooperative relationship between the company and the applicant. The equity stability is relatively high, and the purpose of this applicant selection is to strengthen the company's competitiveness and improve operational efficiency. It will be beneficial to shareholders' rights and interests, and it should be feasible and necessary

(四)、The impact of this private placement on the company's business, finances and shareholders' equity

In 2023, les enphants self-assessed that there was a change in directors, and it met the standard for a change in management rights. Therefore, it asked the underwriter to issue this evaluation opinion. However, if all the 30,000,000 shares of this private placement are issued, the applicants will account for 13.97% of the total number of shares after the issuance, and the impact on the management rights will be relatively low.

1. Impact on business

Recently, due to the continuous decline in the birth rate in the main sales area and the impact of COVID19 in recent years, les enphants's revenue and profit have declined year by year. The funds from this private placement will mainly be used for the adjustment of operating models such as closing loss-making stores and developing e-commerce platforms, which will help In the company's future business development

2. financial impact

The purpose of the company's private placement this time is to enrich working capital and repay loans. In the case of the company's high debt ratio, the private placement of ordinary shares to raise working capital can reduce the debt ratio and save interest expenses. The company's financial status have positive benefits

3. Impact on shareholders' equity

If all the 30,000,000 shares of this private placement are issued, the applicants will account for 13.97% of the total number of shares after the issuance, the dilution effect on the original shareholder's shareholding and the impact on management rights will be relatively low. In addition, the closing price of the company in the centralized market in recent years has not exceeded the face value. According to the laws and regulations and the company's pricing method, if the actual issue price is lower than the face value and the accumulated losses increase, it will be submitted to the future shareholders' meeting to discuss whether to apply for capital reduction or other methods to make up for its loss.

This private placement of ordinary shares has positive benefits on the company's business and finances, and in the long run, it will not have a significant adverse impact on the company's shareholders' equity

(五)、 Summary of Evaluation Comments

This evaluation opinion is issued by les enphants after the private placement case is passed at the Extraordinary Shareholders Meeting in 2022. It finds that there may be a change in management rights. the company contact the Concord Securities Co., Ltd to issue a assessment opinion. It comply with the regulations of Directions for Public Companies Conducting Private Placements of Securities. In addition, according to the evaluation of the securities firm it is necessary and reasonable for the company to conduct private placement of ordinary shares in terms of its legality, use of funds, issuance benefits and purposes, selection of applicants, and the impact of private placement on the company's business, finance and shareholders' rights and interests.

Declaration of Independence

The company is entrusted to issue an evaluation opinion on the necessity and rationality of les enphants' private placement of ordinary shares in 2022.

The company hereby declares that there are no following circumstances:

- 1. The company is not an investee company invested by les enphants using the equity method**
- 2. The company is not an investor who adopts the equity method to evaluate les enphants**
- 3. The chairman or general manager of the company and the chairman or general manager of les enphants are not the same person, and there is no relationship within the spouse or second-degree relationship**
- 4. The company is not a director or supervisor of les enphants**
- 5. les eEnphants is not a director or supervisor of the company**
- 6. Except for the above-mentioned matters, the company and les enphants have no related party relationship as stipulated in Article 18 of the Financial Reporting Standards for Securities Issuers**

The company maintains a detached and independent spirit for the evaluation opinion on the necessity and rationality of private placement of ordinary shares for les enphants.

Assessor :Concord Securities Co., Ltd

March 23, 2023

(Only used by Les Enphants for the evaluation opinions of securities underwriters handling private placement of ordinary shares in 2022)

[Attachment 5]

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

Number	Title	Name	Education	Experience	Current	Number of shares held when the transfer is stopped	Government represented or corporate	Whether it has been continuously served as an independent director for three terms Matter / reason
1	Director	Lin Po-Tsang	Bachelor Degree in Economic Development and International Relation, Cornell University,	OCP Asia, Senior Portfolio Manager Credit Suisse (Hong Kong) Managing Director	Chairman of Les enfants Co.,Ltd. Chairman of Shanghai les enfants Children Articles Co., Ltd. Chairman of Suzhou les enfants Children Articles Co., Ltd. Director of Genius Toy Taiwan Co., Ltd.	24,787,933	NO	NO
2	Director	Tseng Chia-Hung	Bachelor Degree, Department of Tourism Management, Chinese Culture University	Director of Les enfants Co.,Ltd. Director of Phoenix Tours International, Inc.	Director of Les enfants Co.,Ltd. Director of Phoenix Tours International, Inc.	8,095,017	NO	NO
3	Director	Huang Shao-Hua	Bachelor Degree, Telecommunication Engineering, National Chiao Tung University	Co-founder and Chairman of Acer Independent Director of PChome Online	Director of les enfants Co.,Ltd. Director of Acer Inc. Director of Motech Industries, Inc. Independent director of BIONET Corp. Director of Apacer Technology Inc.	0	NO	NO
4	Director	Wang Anya	Master's in Operational Studies,, Columbia University (U.S.A.)	Financial Analyst of Goldman Sachs Vice President of Citigroup Executive Vice President of Yuanke Management Consulting Co., Ltd. Vice President of Credit Suisse Executive Director of Morgan Stanley	Assistant Professor, National Institute of Development, Chairman of Dongteng Innovation Investment Co., Ltd.	0	NO	NO
5	Independent Director	Mo Zhaohong	Master of Business Administration, Queen's University, Canada	Chairman of Citigroup (Taiwan) Bank Chairman of the Board of Directors of Citibank Hong Kong Limited Director of Citibank China Limited Director, Citibank International Limited Director of Citibank Financial Service Limited(HK)		0	NO	NO
6	Independent Director	Coi Cheng-Hsian	PhD, University of Minnesota, USA	Chairman, Bionet Corp CEO, Genetics Generation Advancement (GGA Corp.) Xunlian Biomedical Co., Ltd. Director of Sunrise Scientific Company Limited Chairman of BIONET Therapeutics Corp. Chairman of CROWN STAR ALLIANCE LIMITED Chairman of STAR FORD (SAMOA) LIMITED Director of Genetics Generation Asia And.Bhd Independent Director of les enfants Co.,Ltd. Independent Director of Lien Chang Electronics Enterprise Co., Ltd. Independent Director of Jamicon Electronics Corporation Director of SANHO CHEMICAL CO., LTD.	Chairman, Bionet Corp CEO, Genetics Generation Advancement (GGA Corp.) Xunlian Biomedical Co., Ltd. Director of Sunrise Scientific Company Limited Chairman of BIONET Therapeutics Corp. Chairman of CROWN STAR ALLIANCE LIMITED Chairman of STAR FORD (SAMOA) LIMITED Director of Genetics Generation Asia And.Bhd Independent Director of les enfants Co.,Ltd. Independent Director of Lien Chang Electronics Enterprise Co., Ltd. Independent Director of Jamicon Electronics Corporation Director of SANHO CHEMICAL CO., LTD.	0	NO	NO
7	Independent Director	Chen Beiwei	Graduate School of Accounting, National Chung Cheng University	Accountant of Wistron CPAs Accountant of SOLOMON & CO., CPAs Adjunct Lecturer, National Taipei Institute of Commerce Adjunct lecturer , Chongyou Technical College	Accountant of Weide CPAs Innolux Wealth Management Consulting Co., Ltd. Independent Director of Sannano Co., Ltd., British Cayman Islands Independent Director of Gene Biotechnology Co., Ltd.	0	NO	NO

[Appendix 1]

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

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

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

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

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

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

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

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

Article 5: The Chair shall call the meeting to order at the appointed meeting time if the attending shareholders represent a majority of the total number of issued shares. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 6: If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting. The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors. The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. After the meeting has adjourned, the shareholders may not appoint another chair and continue the meeting either at the same or a different venue. If the Chair declares the meeting adjourned in violation of the Rules of Procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new Chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 7: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair. Shareholders and their proxies (collectively referred to as "shareholders") shall attend Shareholders' Meetings with their meeting pass, sign-in cards, or other certificates that validate the attendance. The Company may not arbitrarily add requirements demanding for other documents beyond those showing eligibility presented by shareholders. Solicitors for proxy forms shall also bring document(s) in proof of identity for verification. When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal. A shareholder who submits his/her slip for a speech but does not actually speak shall be considered as not having given a speech. If the content of his/her speech differs from that specified on the slip, the content of his/her speech shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained

the consent of the Chair and the shareholder that has the floor; the Chair shall stop any violation.

- Article 8: A single speech from an attending shareholder may not exceed 5 minutes, but the speech may be extended for an additional 3 minutes upon consent from the Chair.
- Article 9: Each shareholder may not speak more than twice on the same proposal.
- Article 10: After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.
- Article 11: When the speech of any shareholder is too long or exceeds the scope of the agenda item, the Chair may terminate the speech.
- Article 12: When discussing the agenda item, the Chair may announce for the termination of the discussion when appropriate, and may announce to interrupt the discussion when necessary.
- Article 13: Except as otherwise provided in the Company Act and in the Company's Articles of Association, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chair or a person designated by the Chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (MOPS). When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 14: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel shall be shareholders of the Company. The result of voting shall be reported on-site at the meeting, and a record made of the vote.
- Article 15: When a meeting is in progress, the Chair may announce a break based on time considerations.
- Article 16: The Chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Article 17: Entire proceedings of Shareholders' Meeting shall be recorded on audio or video tape and preserved for at least 1 year.
- Article 18: The Company may appoint its attorneys, certified public accountants, or related persons to attend the Shareholders' Meeting.
- Article 19: These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meeting

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.

Chapter VI Accounting

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.
Rules for Election of Directors

Approved by the Board of Directors on March 25, 2021

Article 1: Unless otherwise provided by the laws and regulations or the Articles of Associations, the Company's Directors election shall be conducted in accordance with the provisions of the Procedures.

Article 2: The Company's Directors are elected using the cumulative voting method. Unless otherwise provided by the Articles of Associations, each share shall have voting rights equivalent to the number of Directors to be elected. Such voting rights can be combined to vote for one person, or divided to vote for several persons.

Article 3: The Company's Director election shall take into account the Board of Directors (the Board) composition. Diversification shall be considered for the Board's composition, and appropriate diversification policies shall be formulated regarding the Board's own operation, operational type, and development needs, including but not limited to the following two main aspects:

1. Basic conditions and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc. Board members shall possess knowledge, skills, and qualities required to carry out their duties. Abilities needed for each member are as follows:
 1. Operational judgment
 2. Accounting and financial analysis
 3. Business management
 4. Crisis management
 5. Industrial knowledge
 6. International market perspective
 7. Leadership
 8. Decision-making More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other Director. The Company's Board shall adjust its composition based on the results of performance evaluation.

Article 4: The number of Directors is as specified in the Company's Articles of Association. Candidates who acquire more votes shall win the seats of Directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified available seats, such persons acquiring the same votes shall draw lots to - 80 - decide who should win the seats, and the Chairman shall draw lots on behalf of the candidate who is not present.

Article 5: The Company's Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act. The shareholders shall elect Directors from the list of Director candidates. The Independent and Non-Independent Directors shall be elected simultaneously with the quotas of elected Directors calculated separately pursuant to Article 4. At least one Independent Director elected shall be

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

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

Article 7: The Company shall prepare the same number of ballots as Directors to be elected and the number of voting rights shall be specified on the ballots, which would be distributed to shareholders attending the shareholders' meeting. The attendance card numbers may be used to replace the names of shareholders on the ballots.

Article 8: Ballots are deemed void in any of the following circumstances:

1. The ballots not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. Illegible writing or modification.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list..
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 9: The ballots shall be counted right after the completion of vote casting, and the election results, including the list of Directors elected and the number of voting rights thereof, shall be announced by the Chairman at the meeting. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the voting supervisors and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 10: The Board shall issue elected notices to elected Directors.

Article 11: Matters not specified in the Procedures will be processed in accordance with the Company Act and relevant laws and regulations.

Article 12: The Procedures shall be implemented after being approved by the shareholders' meeting, as would any revision thereof

[Appendix 4]

Les enphants Co., Ltd.
Corporate Governance Best Practice Principles

Approved by the Board of Directors on March 19, 2020

Article 1

In order to establish the company's effective corporate governance structure, improve the company's development, respect the rights and interests of stakeholders, and enhance information transparency, We formulate corporate governance principles reference to 「Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies」 and disclose them through the Market Observation Post System (MOPS).

Article 2

We follow the following principles:

1. Establish an effective corporate governance framework .
2. Protect the rights and interests of shareholders.
3. Strengthen the powers of the board of directors.
4. Respect the rights and interests of stakeholders.
5. Enhance information transparency.

Article 3

The company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system,

The establishment or revision of the internal control system shall be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution; if independent directors have objections or reservations, they shall be stated in the minutes of the board meeting.

The company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee shall also attend to and supervise these matters.

Directors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. The assessment of the effectiveness of the internal control system should be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution.

The companies are advised to establish channels and mechanisms of communication between their independent directors, audit committees, and chief internal auditors, and the convener of the audit

committee shall report the communications between members of the audit committees and chief internal auditors at the shareholders' meeting.

The management shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

In order to implement the internal control system, strengthen the professional ability of internal auditors' agents, and improve and maintain the audit quality and execution effect, the company should set up deputies for internal auditors.

Provisions on the qualifications of internal auditors in the 「Regulations Governing Establishment of Internal Control Systems by Public Companies」 shall apply to the deputies.

Appointment, dismissal, evaluation and review, salary and compensation of internal auditors shall be reported to the board of directors or shall be submitted by the chief auditor to the board chairperson for approval.

Article 4

The company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably and ensure shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.

Article 5

The company shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings, and shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders meetings shall comply with laws, regulations and articles of incorporation.

Article 6

The board of directors shall properly arrange the agenda items and procedures for shareholders meetings, and formulate the principles and procedures for shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, and sufficient time allowed and sufficient number of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.

Article 7

The company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.

The company is advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

Article 8

The company, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors.

The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed on the company's website.

Article 9

The chairperson of the shareholders meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders meetings, it is advisable for the members of the board of directors other than the chairperson of the shareholders meeting to promptly assist the attending shareholders at the shareholders meeting in electing a new chairperson of the shareholders meeting to continue the proceedings of the meeting,

by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10

The company shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.

To protect its shareholders' rights and interests and ensure their equal treatment, The company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

It is advisable that the rules mentioned in the preceding paragraph include stock trading control measures from the date insiders become aware of the contents of the company's financial reports or relevant results.

Article 11

In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars, documents and records of specific transaction of the company.

The board of directors, audit committee and managers of the company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.

Article 12

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, The company shall proceed in accordance with the applicable laws and regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

When the company is involved in a merger or acquisition , in addition to proceeding in accordance with the applicable laws and regulations, it is advisable not only to form an objective and independent review committee to review the rationality of the purchase price and the purchase plan , but information disclosure and the soundness of the company's financial structure thereafter.

The relevant personnel of the company handling the matters in the preceding paragraph shall pay

attention to the occurrence of any conflicts of interest and the need for recusal.

Article 13

In order to protect the interests of the shareholders, it is advisable that the company designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

Article 14

The company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 15

Unless otherwise provided by the laws and regulations, a manager of the company may not serve as a manager of its affiliated enterprises. However, it is not limited to those approved by the resolution of the board of directors.

A director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

Article 16

The company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

Article 17

When the company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between the company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

Article 18

A corporate shareholder having controlling power over the company shall comply with the following provisions:

1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause

the company to conduct any business which is contrary to normal business practice or not profitable.

2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director .
3. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors and shall not act beyond the authority granted by the shareholders meeting or board meeting.
4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19

The company shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

The company shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list, provided however that the company may set up a lower shareholding threshold according to the actual shareholding stake that may control the company.

Article 20

The board of directors shall be responsible to the shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

The composition of the board of directors shall be determined by taking diversity into consideration, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.

2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Article 21

The company shall establish a fair, just, and open procedure for the election of directors, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors.

When the number of directors falls below five due to the discharge of a director for any reason, the company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all of the directors shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

Article 22

The company shall specify in its articles of incorporation in accordance with the laws and regulations of the competent authorities that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

Article 23

Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board and those of its general manager.

It is inappropriate for the chairperson to also act as the general manager or an equivalent post. The company with a functional committee shall clearly define the responsibilities and duties of the committee.

Article 24

The company shall appoint independent directors in accordance with its articles of incorporation and three in number .

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.

If the company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director or managerial officer as a candidate for an independent director of the other, the company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the company shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the company, any foundation to which the company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.

Change of status between independent directors and non-independent directors during their term of office is prohibited.

When the number of independent directors falls short of the provisions in Paragraph 1 or the Articles of incorporation for any reason , by-election shall be held at the most recent shareholders' meeting. When all independent directors are dismissed, the company shall hold a by-election at an extraordinary general meeting of shareholders within 60 days from the date of the event.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or Taipei Exchange.

Article 25

The company shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition

or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

3. A matter bearing on the personal interest of a director .
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsement, or provision of guarantee.
6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring, discharge, or compensation of an attesting CPA.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matter so required by the competent authority.

Article 26

The company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.

The company shall stipulate the remuneration of the directors according to articles of incorporation or the resolutions of its shareholders meetings. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

If the company stipulates in the Articles of Incorporation, through the resolution of the shareholders' meeting, or in accordance with the order of the competent authority to separately allocate special surplus reserves, the sequence shall be after the allocation of statutory surplus reserves. The method of surplus distribution when the special surplus reserve is reversed and incorporated into undistributed surplus shall be stipulated in the articles of Incorporation.

Article 27

For the purpose of developing supervisory functions and strengthening management mechanisms , and in consideration of the scale of the board of directors and the number of its independent directors, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded.

Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for

exercise of power by the committee.

Article 28

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 29

The company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

Article 30

To improve the quality of its financial reports, the company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

The company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.

The company shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 31

It is advisable that the company engage a professional and competent legal counsel to provide adequate legal consultation services to the company, or to assist the directors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

Article 32

The board of directors shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice.

The company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 33

Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 34

When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding

the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 35

The company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

Article 36

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

Resolutions of the board of directors that involve the company's business development and major decision-making directions must be carefully considered and must not affect the promotion and operation of corporate governance.

Independent directors shall perform their duties in accordance with relevant laws and regulations and the articles of incorporation to protect the rights and interests of the company and shareholders.

Article 37

It is advisable for the company to establish a succession plan for the management. The development and implementation of such plan shall be periodically evaluated by the board of directors to ensure sustainable operation.

Article 38

The company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

The company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 39

Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for

Directors and Supervisors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

Article 40

The company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.

When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.

Article 41

The company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 42

The company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.

Article 43

In developing its normal business and maximizing the shareholders' interest, The company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.

Article 44

The company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 45

In order to enhance the accuracy and timeliness of the material information disclosed, the company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for

gathering relevant information and representing the company in making statements independently. In order to implement the spokesperson system, the company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will. The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

Article 46

In order to keep shareholders and stakeholders fully informed, the company shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in English. To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 47

The company shall hold an investor conference in compliance with the regulations of the TWSE, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the TWSE rules.

Article 48

The company shall disclose relevant information on corporate governance during the year in accordance with the TWSE rules and relevant laws and regulations .

Depending on the actual implementation of corporate governance, the company should disclose its specific plans and measures for improving corporate governance in an appropriate manner.

Article 49

The company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the company's own corporate governance mechanisms, so as to enhance their effectiveness.

Article 50

This principal will come into effect after the resolution of the board of directors is adopted, and the same will apply when it is amended.

[Appendix 5]

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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 (May 2) for the 2023 Shareholders' Meeting:

May 2, 2023

Title	Name	Shares Held	
		Number of Shares	Holding Ratio
Chairman of the Board	Alex Lin	34,245,933	17.59%
Director	Brenda Lin	500,000	0.26%
Director	Huang Shao-Hua.	0	0%
Director	Tseng Chia-Hung	8,687,017	4.46%
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		43,432,950	22.31%
The minimum number of shares required to be held by the entire body of Directors		11,680,667	6.00%

1. Total shares issued as of May 2, 2023: 194,677,775 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%.