

Stock Code: 2911

# **les enphants Co., Ltd.**

2024 Shareholders' Meeting

## **Meeting Handbook**

May 24, 2024

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**les enfants Co., Ltd.**  
**2024 Annual General Shareholders' Meeting Procedure**

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

# les enfants Co., Ltd.

## 2024 Shareholders' Meeting Agenda

- I. Means of Meeting: Physical Shareholders' Meeting**
- II. Time: 9 a.m., May 24, 2024 (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) 2023 Business Report.
  - (II) 2023 Employees' and Directors' Remuneration Distribution Report.
  - (III) 2023 Audit Committee's Audit Report.
  - (IV) Amendments to the Code of Ethical Conduct.
  - (V) Amendments to the Rules and Procedures of Board of Director Meeting
- VII. Proposal Matters:**
  - (I) 2023 Business Report and Financial Statements.
  - (II) Appropriation to Offset Annual Losses of 2023.
- VIII. Discussions:**
  - (I) Proposal for the Company's capital reduction and deficit compensation .
- IX. Extraordinary Motions**
- X. Adjournment**

# Reporting Matters

## Proposal 1: 2023 Business Report

### Dear shareholders:

Le enphants has devoted itself to baby and kids business for more than 50 year. We insist on carrying out our corporate vision, mission and value to each family, and helping parents to have the best service and product for their child, as well as their love. In last year, although the consumption on dining, recreation and domestic or aboard travel sectors has significant growth, the fertility rate still gets lower and lower. Even we already had improvement on cutting losses, the overall performance still can not meet others' expectation in the market. In the future, Le enphants will keep setting baby and kids as our core business, while looking for new opportunities to expand our scope and market at the same time, hence to maintain our advantage position in both Taiwan and China.

### Market Overview

The economy in 2023 was struggling. GDP growth rate is only 1.31%, according to Taiwan's latest public statistics, a huge decline from 2.59% in 2022 and 6.45% in 2021. The GDP growth rate in the first quarter of 2023 was negative 3.49%. It was mainly caused by weak demand all over the world in global recession after covid, and as mentioned previously, the consumption only increased in leisure-related industries in Taiwan. Total trading amount decreased by 13.6% comparing to previous year, including 9.8% decrease on exporting and 17.8% huge decrease on importing. The new-born children is 135 thousands, lower than 138 thousands in 2022. The continuous decrease of new-born numbers and increase of aged generation both make our population getting less and less over last few years, the market size of Taiwan getting smaller than ever.

China also recovered from covid in 2023, however, its consumption decreased instead of booming up. The trading war between China and U.S. government is still tight, accompany with local demand's heavily shrink. Although its GDP growth rate is 5.2%, higher than expectation, the confidence of companies and consumers toward future still collapse. This mainly comes from real estate market and employment. In 2023, investment amount on real estate decreased by 9.6%, the transaction value of residence houses decreased by 6.5%, and the square meters of new constructions decreased by 20.4% comparing to previous year. The unemployment rate for nationwide cities is 5.2%, among it the youngsters' age is 14.9%, way higher than other age groups. New-born child keeps hitting new low number, 9.02 millions, that decreased by 5.6% from 9.56 millions in 2022. Population has decreased for consecutive two years. China government relieved their one-child policy in 2016, then allowed the third child in 2021. Other regulations, limits, penalties were also cancelled or removed in next few years. Central and local governments also provided different subsidies, health-care incentives or tax waivers for families having new-born child during last couple years. But the result ended not good.

### The Operating Result of 2023

As end of 2023, we have 404 physical self-owned stores, 184 in Taiwan and 220 in mainland China. It is 88 stores less than end of 2022, 33 less in Taiwan and 55 less in mainland China.

Due to number of stores decreased, our consolidated revenue was NT\$3,073 millions, decreased by 8% from 2022. Taiwan contributed 62.7% of the revenue, and mainland China did 37.3%. Gross margin rate is 40.3%, lower than 2022 by 0.9%. Operating expenses was NT\$1,800 millions, cut by 10.6% from NT\$2,014 millions in 2022. Consolidated operating loss is NT\$561 millions, NT\$78 millions decreased from previous year, around 12.1%.

Net non-operating income is NT\$47 millions. Net loss after tax was NT\$523 millions, decreased by

16.5% comparing to 2022. ROA (Return of Asset) was -11.20%, ROE (Return of Equity) was -46.10%, the EPS (Earning per Share) was NT\$-3.83 dollar in 2023.

### **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, especial 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 dispendible income, higher demand of better quality, stronger royalty and the higher spending on education... etc.

In competitiveness' aspect, people are now moving back to regular life, it will be getting more dramatically by the recover 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 KOIs or Youtubers. All these are turning the tradition retail strategy and method to a different dimension. And, most adult fashion brands are now trying to extend age of their products range down to kids and babies, and providing more and more kids products in the market.

In order to stand out from the market, we have to put the trends of consumers' demand as basis for developing new products and providing customer's experience. Enhance our brand royalty by combining online and offline retail, and devoted ourselves to increase the brand exposure and 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. In addition, we will target on corporate expansion. Baby and kids will still be our core business, while we will look for other market or business opportunities, not just Taiwan and China.

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: 2023 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 2023.

**Proposal 3: 2023 Audit Committee's Audit Report**

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

The Board of Directors has prepared the 2023 Business Report 、 Financial Statements and Appropriation to Offset Annual Losses of 2023. 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:

Chen Beiweii March 7, 2024

**Proposal 4: Amendments to the Code of Ethical Conduct.**

- (1) Cooperate with the " Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies " to revise the company's " Code of Ethical Conduct ".
- (2) Cross reference list of the amendments to the "Code of Ethical Conduct" refer to Attachment 1 (Please refer to #Pages 29#).

**Proposal 5: Amendments to the Rules and Procedures of Board of Director Meeting**

- (1) Cooperate with the Financial Supervisory Commission's amendments to the " Regulations Governing Procedure for Board of Directors Meetings of Public Companies " on January 11, 2024 to revise the company's " Rules and Procedures of Board of Director Meeting ".
- (2) Cross reference list of the amendments to the "Rules and Procedures of Board of Director Meeting" refer to Attachment 2 (Please refer to #Pages 30-31#).

# Proposal Matters

## Proposal 1

Summary: Adoption of the Company's 2023 Business Report and Financial Statements.

(Proposed by the Board)

Explanation: les enfants' 2023 Business Report and Financial Statements have been audited and certified by Deloitte & Touche, as well as reviewed and approved by the Audit

Committee. Please proceed to recognize the following statements.

(Please refer to #Pages 4-5#, and #Pages 11-28# for details.)

Resolution:

## Proposal 2

Summary: Appropriation to Offset Annual Losses of 2023 .(Proposed by the Board)

Explanation:

- (1). The Company's deficit to be covered at the beginning of 2023 NT\$(598,039,541), other comprehensive profit and loss included in the retained surplus NT\$2,350,919, net loss for the period (NT\$529,190,458), cash capital increase (40,000,000) , the Company's capital reduction and deficit compensation 545,097,770 and ending balance of deficit yet to be compensated (NT\$619,781,310) 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.

### 2023 Statements of Deficit Compensation

Item	Unit: NT\$
Deficit to be covered at the beginning of the term	(598.039,541)
Other comprehensive profit or loss transferred to retained surplus	2,350,919
Net loss for the period	(529,190,458)
cash capital increase	(40,000,000)
the Company's capital reduction and deficit compensation	545,097,770
Ending balance of deficit yet to be compensated	(619,781,310)

Note: The Company proposes not to distribute dividends.

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

Resolution:

## Discussions

### Agenda 1

Summary: Proposal for the Company's capital reduction and deficit compensation, submitted for discussion..(**proposed by the Board**)

Explanation: I. The company's accumulated losses as of December 31, 2023 were NT\$619,781,310. In order to deficit compensation and improve the financial structure, it is proposed to execute capital reduction at an amount of NT\$350,419,990 and cancel 35,041,999 issued shares. The Company's paid-in capital is NT\$1,401,679,980, (at a par value of NT\$10 per share) , divided into 140,167,998 shares (includes private placement common stock7,200,000shars), 250 shares are reduced per thousand shares at a capital reduction ratio of 25% , The paid-up capital after the capital reduction is NT\$1,051,259,990 , total number of shares of common stock issued is 105,125,999 shares(includes private placement common stock5,400,000shars)

II. The shares reduced this time, for the shares held by the shareholders indicated in the shareholders' roster on the base date for the capital reduction and share exchange. For the fractional share less than one share after the capital reduction, shareholders may apply for the fractional share combination into whole share with the Company's stock affairs agency from the period of five days before the book closure date of capital reduction and share exchange to one day before the book closure date. For any fractional share not yet combined or combined but still less than whole share, it is calculated to the integer dollar only (value less than the integer dollar is truncated), and the fractional share capital deducted according to the face value will be used as the transfer handling charge. For the insufficient part of the total shares reduced, the Chairman is authorized to contact specific personnel for subscription at the face value. For the present capital reduction with issuance of new shares, the rights and obligations of such shares are the same as the ones of the issued common shares.

III. For the capital reduction base date and the capital reduction with share exchange base date of the present capital reduction executed, in case of any change to the share capital of the Company, or due to regulatory change or review request made by the competent authority or other relevant unspecified matters, such that the capital

reduction ratio is changed and requires adjustment, the general shareholders' meeting is proposed to authorize the Chairman to handle such matters with full discretion according to the Company Act or other relevant laws and regulations.

Resolution:

**Extraordinary Motions:**

**Adjournment**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Les Enphants Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023.

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, 2023 and 2022 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, 2023 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 7, 2024

#### Notice to Readers

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

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

## LES ENPHANTS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 410,717	11	\$ 314,865	7
Financial assets at fair value through profit or loss - current (Notes 7)	24,261	1	-	-
Financial assets at amortized cost - current(Notes 8, 9 and 35)	55,429	1	40,276	1
Notes receivable (Notes 10 and 25)	23,693	1	24,415	1
Trade receivable from unrelated parties, net (Notes 10 and 25)	321,078	8	360,530	8
Other receivables, net (Note 10)	45,517	1	62,693	1
Current tax assets (Note 27)	31	-	3	-
Inventories (Note 11)	950,723	24	1,206,544	28
Other current assets	69,339	2	109,501	2
<b>Total current assets</b>	<b>1,900,788</b>	<b>49</b>	<b>2,118,827</b>	<b>48</b>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Note 13)	119,515	3	119,736	3
Property, plant and equipment (Notes 14 and 35)	427,234	11	473,583	11
Right-of-use assets (Notes 15 and 35)	474,344	12	586,141	13
Investment properties (Notes 16 and 35)	790,195	20	848,909	19
Other intangible assets (Note 17)	35,121	1	37,655	1
Deferred tax assets (Note 27)	26,738	1	44,286	1
Refundable deposits (Note 35)	120,305	3	151,677	4
<b>Total non-current assets</b>	<b>1,993,452</b>	<b>51</b>	<b>2,261,987</b>	<b>52</b>
<b>TOTAL</b>	<b>\$ 3,894,240</b>	<b>100</b>	<b>\$ 4,380,814</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 35)	\$ 1,180,875	30	\$ 1,128,053	26
Financial liabilities at fair value through profit of loss - current (Note 7 and 19)	25,222	1	35	-
Contract liabilities - current (Note 25)	54,837	1	53,962	1
Notes payable (Note 21)	348	-	2	-
Trade payables to unrelated parties (Note 21)	348,034	9	343,610	8
Trade payables to related parties (Note 34)	66	-	6,389	-
Other payables (Note 22)	294,408	8	370,354	8
Current tax liabilities (Note 27)	358	-	-	-
Lease liabilities - current (Note 15)	160,599	4	196,805	5
Advance receipts	5,360	-	9,779	-
Current portion of long-term borrowings (Notes 20 and 35)	5,890	-	9,374	-
Other current liabilities (Note 22)	25,315	1	31,026	1
<b>Total current liabilities</b>	<b>2,101,312</b>	<b>54</b>	<b>2,149,389</b>	<b>49</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable(Notes 19)	123,885	3	-	-
Long-term borrowings (Notes 20 and 35)	30,784	1	1,704	-
Deferred tax liabilities (Note 27)	17,401	1	27,247	1
Lease liabilities - non-current (Note 15)	635,321	16	753,818	17
Net defined benefit liability - non-current (Note 23)	39,869	1	43,853	1
Guarantee deposits received	38,411	1	41,576	1
<b>Total non-current liabilities</b>	<b>885,671</b>	<b>23</b>	<b>868,198</b>	<b>20</b>
<b>Total liabilities</b>	<b>2,986,983</b>	<b>77</b>	<b>3,017,587</b>	<b>69</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Ordinary shares	1,401,680	36	1,846,778	42
Capital surplus	134,058	3	132,560	3
Accumulated deficit				
Special reserve	109,317	3	109,317	3
Accumulated deficit	(619,780)	(16)	(598,039)	(14)
Total accumulated deficit	(510,463)	(13)	(488,722)	(11)
Other equity	(176,844)	(4)	(173,758)	(4)
<b>Total equity attributable to owners of the Company</b>	<b>848,431</b>	<b>22</b>	<b>1,316,858</b>	<b>30</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>58,826</b>	<b>1</b>	<b>46,369</b>	<b>1</b>
<b>Total equity</b>	<b>907,257</b>	<b>23</b>	<b>1,363,227</b>	<b>31</b>
<b>TOTAL</b>	<b>\$ 3,894,240</b>	<b>100</b>	<b>\$ 4,380,814</b>	<b>100</b>

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 25)	\$ 3,073,059	100	\$ 3,338,910	100
OPERATING COSTS (Notes 11, 26 and 34)	<u>1,834,272</u>	<u>60</u>	<u>1,963,532</u>	<u>59</u>
GROSS PROFIT	<u>1,238,787</u>	<u>40</u>	<u>1,375,378</u>	<u>41</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	1,396,242	45	1,593,961	48
General and administrative expenses	379,587	12	413,415	12
Expected credit loss	<u>24,193</u>	<u>1</u>	<u>6,839</u>	<u>-</u>
Total operating expenses	<u>1,800,022</u>	<u>58</u>	<u>2,014,215</u>	<u>60</u>
LOSS FROM OPERATIONS	<u>(561,235)</u>	<u>(18)</u>	<u>(638,837)</u>	<u>(19)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 34)				
Interest income	1,316	-	1,519	-
Other income	117,629	4	119,168	3
Other gains and losses	(2,343)	-	(11,750)	-
Finance costs	(75,050)	(3)	(73,634)	(2)
Share of loss or profit of associates	<u>5,169</u>	<u>-</u>	<u>10,719</u>	<u>-</u>
Total non-operating income and expenses	<u>46,721</u>	<u>1</u>	<u>46,022</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(514,514)	(17)	(592,815)	(18)
INCOME TAX EXPENSE (Note 27)	<u>8,793</u>	<u>-</u>	<u>33,755</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(523,307)</u>	<u>(17)</u>	<u>(626,570)</u>	<u>(19)</u>
OTHER COMPREHENSIVE INCOME (Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(819)	-	35,362	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	8,445	-	(3,871)	-
Share of other comprehensive income of associates accounted for using the equity method	(78)	-	291	-

(Continued)

## LES ENPHANTS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2023		2022	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 90	-	\$ (458)	-
	<u>7,638</u>	-	<u>31,324</u>	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(2,112)	-	19,111	1
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>313</u>	-	<u>2,504</u>	-
	<u>(1,799)</u>	-	<u>21,615</u>	1
Other comprehensive income (loss) for the year, net of income tax	<u>5,839</u>	-	<u>52,939</u>	2
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (517,468)</u>	<u>(17)</u>	<u>\$ (573,631)</u>	<u>(17)</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (529,190)	(17)	\$ (630,696)	(19)
Non-controlling interests	<u>5,883</u>	-	<u>4,126</u>	-
	<u>\$ (523,307)</u>	<u>(17)</u>	<u>\$ (626,570)</u>	<u>(19)</u>
TOTAL COMPREHENSIVE (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (529,925)	(17)	\$ (576,390)	(17)
Non-controlling interests	<u>12,457</u>	-	<u>2,759</u>	-
	<u>\$ (517,468)</u>	<u>(17)</u>	<u>\$ (573,631)</u>	<u>(17)</u>
LOSS PER SHARE (NEW TAIWAN DOLLARS; Note 28)				
Basic	<u>\$ (3.83)</u>		<u>\$ (4.74)</u>	

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

(Concluded)

**LES ENPHANTS CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Total Equity			
	Ordinary Shares (Note 24)	Capital Surplus (Notes 19 and 24)	Accumulated Deficit (Notes 24 and 26)			Other Equity (Note 24)					
			Legal Reserve	Special Reserve	Accumulated Deficit	Exchange Differences on Translating of the Financial Statement Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Non-controlling Interests (Note 24)		
BALANCE AT JANUARY 1, 2022	\$ 1,846,778	\$ 905,938	\$ 197,866	\$ 109,317	\$ (971,244)	\$ (191,538)	\$ (3,869)	\$ 1,893,248	\$ 43,610	\$ 1,936,858	
Legal reserve used to offset accumulated deficit	-	-	(197,866)	-	197,866	-	-	-	-	-	-
Capital surplus used to offset accumulated deficit	-	(773,378)	-	-	773,378	-	-	-	-	-	-
Net (loss) profit for the year ended December 31, 2022	-	-	-	-	(630,696)	-	-	-	4,126	-	(626,570)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	33,996	21,649	(1,339)	-	54,306	(1,367)	52,939
Total comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	(596,700)	21,649	(1,339)	-	(576,390)	2,759	(573,631)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,332)	-	1,339	-	-	-	-
BALANCE AT DECEMBER 31, 2022	1,846,778	132,560	-	109,317	(598,039)	(169,889)	(3,869)	1,316,858	46,369	1,363,227	
Net (loss) profit for the year ended December 31, 2023	-	-	-	-	(529,190)	-	-	-	(529,190)	5,883	(523,307)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(570)	(3,086)	2,921	-	(735)	6,574	5,839
Total comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	(529,760)	(3,086)	2,921	-	(529,925)	12,457	(517,468)
Issuance of ordinary shares for cash	100,000	-	-	-	(40,000)	-	-	60,000	-	-	60,000
Capital reduction to offset accumulated deficit	(545,098)	-	-	-	545,098	-	-	-	-	-	-
The equity component of convertible bonds	-	1,498	-	-	-	-	-	-	1,498	-	1,498
Disposal of investments in equity investments designated as at fair value through other comprehensive income	-	-	-	-	2,921	-	(2,921)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 1,401,680	\$ 134,058	\$ -	\$ 109,317	\$ (619,780)	\$ (172,975)	\$ (3,869)	\$ 848,431	\$ 58,826	\$ 907,257	

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (514,514)	\$ (592,815)
Adjustments for:		
Depreciation expense	261,469	327,818
Amortization expense	14,949	21,041
Expected credit loss recognized on trade receivables	24,193	6,839
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	232	27
Finance costs	75,050	73,634
Interest income	(1,316)	(1,519)
Dividend income	(517)	(332)
Share of loss of associates for using the equity method	(5,169)	(10,719)
Loss on disposal of property, plant and equipment	12,404	13,427
Loss on disposal of Intangible assets	366	-
Gain on disposal of investments	-	(28)
Impairment losses	-	4,003
Gain on reversal of impairment losses	(2,611)	-
Net gain on lease modification	(288)	(1,488)
Changes in operating assets and liabilities		
Purchase of financial assets at fair value through profit or loss	(24,506)	-
Notes receivable	722	834
Trade receivables from unrelated parties	37,582	70,807
Other receivables	(800)	(7,944)
Inventories	255,821	269,635
Other current assets	40,162	(2,292)
Contract liabilities - current	875	(5,682)
Notes payable	346	(9,534)
Trade payables to unrelated parties	4,424	(314,214)
Trade payables to related parties	(6,323)	(553)
Other payables	(67,501)	(3,027)
Advance receipts	(4,419)	(764)
Other current liabilities	(5,711)	(6,310)
Net defined benefit liability	(4,803)	(17,599)
Cash generated from (used in) operating activities	90,117	(186,755)
Interest received	1,316	1,506
Interest paid	(74,406)	(71,855)
Income tax paid	(865)	(2,238)
Net cash generated from (used in) operating activities	<u>16,162</u>	<u>(259,342)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(152,610)	(84,394)

(Continued)

## LES ENPHANTS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Disposal of financial assets at fair value through other comprehensive income	\$ 174,999	\$ 87,595
Return of capital from financial assets at fair value through other comprehensive income	-	82
Purchase of financial assets at amortized cost	(15,153)	-
Payments for property, plant and equipment	(43,004)	(61,104)
Proceeds from disposal of property, plant and equipment	1,630	136,226
Increase in refundable deposits	-	(70,365)
Decrease in refundable deposits	14,064	-
Increase in other receivables - increase in financing provided	-	(15,000)
Decrease in other receivables - decrease in financing provided	-	15,000
Payments for intangible assets	(13,027)	(15,469)
Payments for investment properties	-	(94)
Dividends received	<u>6,142</u>	<u>5,395</u>
Net cash used in investing activities	<u>(26,959)</u>	<u>(2,128)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	67,051	10,181
Proceeds from issuance of convertible bonds	149,814	-
Proceeds from long-term borrowings	35,000	12,823
Repayments of long-term borrowings	(9,348)	(3,431)
Refund of guarantee deposits received	(2,573)	(5,589)
Proceeds from issuance of ordinary shares	60,000	-
Repayment of lease liabilities	<u>(188,090)</u>	<u>(223,006)</u>
Net cash generated from (used in) financing activities	<u>111,854</u>	<u>(209,022)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(5,205)</u>	<u>34,020</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	95,852	(436,472)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>314,865</u>	<u>751,337</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 410,717</u>	<u>\$ 314,865</u>

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

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Les Enphants Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023.

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, 2023 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 7, 2024

Notice to Readers

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

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

## LES ENPHANTS CO., LTD.

### BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 130,519	6	\$ 172,677	6
Financial assets at fair value through profit or loss - current (Notes 8, 9 and 33)	55,429	2	40,276	1
Notes receivable (Notes 10 and 23)	663	-	-	-
Trade receivables from unrelated parties (Notes 10 and 23)	182,335	8	206,905	7
Trade receivables from related parties (Notes 23 and 32)	102,566	5	78,448	3
Other receivables, net (Note 10)	1,627	-	1,589	-
Current tax assets (Note 25)	31	-	3	-
Inventories (Note 11)	546,835	24	600,022	21
Other current assets (Note 32)	<u>23,652</u>	<u>1</u>	<u>19,891</u>	<u>1</u>
Total current assets	<u>1,043,657</u>	<u>46</u>	<u>1,119,811</u>	<u>39</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Note 12)	386,642	17	799,162	28
Property, plant and equipment (Notes 13 and 33)	289,493	13	303,965	11
Right-of-use assets (Note 14)	311,708	13	376,005	13
Investment properties (Notes 15 and 33)	184,676	8	212,514	7
Intangible assets (Note 16)	20,690	1	20,394	1
Deferred tax assets (Note 25)	92	-	178	-
Refundable deposits (Note 33)	<u>43,621</u>	<u>2</u>	<u>37,333</u>	<u>1</u>
Total non-current assets	<u>1,236,922</u>	<u>54</u>	<u>1,749,551</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 2,280,579</u>	<u>100</u>	<u>\$ 2,869,362</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 17 and 33)	\$ 350,000	15	\$ 464,000	16
Financial liabilities at fair value through profit or loss - current (Notes 7 and 18)	25,200	1	-	-
Contract liabilities - current (Note 23)	47,528	2	46,001	2
Notes payable (Note 19)	334	-	-	-
Trade payables to unrelated parties (Note 19)	128,131	6	176,224	6
Trade payables to related parties (Note 32)	1,948	-	1,999	-
Other payables (Note 20)	124,216	5	169,039	6
Lease liabilities - current (Note 14)	125,929	6	144,793	5
Other current liabilities (Note 20)	<u>2,661</u>	<u>-</u>	<u>2,491</u>	<u>-</u>
Total current liabilities	<u>805,947</u>	<u>35</u>	<u>1,004,547</u>	<u>35</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 7)	123,885	6	-	-
Deferred tax liabilities (Note 25)	92	-	178	-
Lease liabilities - non-current (Note 14)	416,776	18	498,879	17
Net defined benefit liability - non-current (Note 21)	38,124	2	42,596	2
Other non-current liabilities (Notes 20 and 32)	<u>47,324</u>	<u>2</u>	<u>6,304</u>	<u>-</u>
Total non-current liabilities	<u>626,201</u>	<u>28</u>	<u>547,957</u>	<u>19</u>
Total liabilities	<u>1,432,148</u>	<u>63</u>	<u>1,552,504</u>	<u>54</u>
<b>EQUITY</b>				
Ordinary shares	<u>1,401,680</u>	<u>61</u>	<u>1,846,778</u>	<u>64</u>
Capital surplus	<u>134,058</u>	<u>6</u>	<u>132,560</u>	<u>5</u>
Accumulated deficit				
Special reserve	109,317	5	109,317	4
Accumulated deficit	<u>(619,780)</u>	<u>(27)</u>	<u>(598,039)</u>	<u>(21)</u>
Total accumulated deficit	<u>(510,463)</u>	<u>(22)</u>	<u>(488,722)</u>	<u>(17)</u>
Other equity	<u>(176,844)</u>	<u>(8)</u>	<u>(173,758)</u>	<u>(6)</u>
Total equity	<u>848,431</u>	<u>37</u>	<u>1,316,858</u>	<u>46</u>
<b>TOTAL</b>	<u>\$ 2,280,579</u>	<u>100</u>	<u>\$ 2,869,362</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Loss Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 32)	\$ 1,813,357	100	\$ 2,034,427	100
OPERATING COSTS (Notes 11, 21, 24 and 32)	<u>1,088,182</u>	<u>60</u>	<u>1,140,140</u>	<u>56</u>
GROSS PROFIT	725,175	40	894,287	44
UNREALIZED LOSS ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	-	-	(31)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>4,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>730,136</u>	<u>40</u>	<u>894,256</u>	<u>44</u>
OPERATING EXPENSES (Notes 21, 24 and 32)				
Selling and marketing expenses	715,198	39	811,418	40
General and administrative expenses	<u>146,211</u>	<u>8</u>	<u>154,494</u>	<u>8</u>
Total operating expenses	<u>861,409</u>	<u>47</u>	<u>965,912</u>	<u>48</u>
LOSS FROM OPERATIONS	<u>(131,273)</u>	<u>(7)</u>	<u>(71,656)</u>	<u>(4)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 32)				
Interest income	557	-	214	-
Other income	31,582	2	21,086	1
Other gains and losses	4,382	-	10,229	1
Finance costs	(22,118)	(1)	(20,327)	(1)
Share of loss of subsidiaries and associates	<u>(411,487)</u>	<u>(23)</u>	<u>(569,397)</u>	<u>(28)</u>
Total non-operating income and expenses	<u>(397,084)</u>	<u>(22)</u>	<u>(558,195)</u>	<u>(27)</u>
LOSS BEFORE INCOME TAX	(528,357)	(29)	(629,851)	(31)
INCOME TAX EXPENSE (Note 25)	<u>833</u>	<u>-</u>	<u>845</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(529,190)</u>	<u>(29)</u>	<u>(630,696)</u>	<u>(31)</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 21 and 22)				

(Continued)

## LES ENPHANTS CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Loss Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(366)	-	33,071	2
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>2,717</u>	<u>-</u>	<u>(414)</u>	<u>-</u>
	2,351	-	32,657	2
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(3,086)</u>	<u>-</u>	<u>21,649</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(735)</u>	<u>-</u>	<u>54,306</u>	<u>3</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (529,925)</u>	<u>(29)</u>	<u>\$ (576,390)</u>	<u>(28)</u>
LOSS PER SHARE (NEW TAIWAN DOLLARS; Note 26)				
Basic	<u>\$ (3.83)</u>		<u>\$ (4.74)</u>	

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

(Concluded)

**LES ENPHANTS CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares (Note 22)	Capital Surplus (Note 21)	Accumulated Deficit (Notes 22 and 24)			Other Equity (Note 22)			Total Equity
			Legal Reserve	Special Reserve	Accumulated Deficit	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	\$ 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	-	-	-	-	33,996	21,649	(1,339)	54,306	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(596,700)	21,649	(1,339)	(576,390)	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,339)	-	1,339	-	
BALANCE AT DECEMBER 31, 2022	1,846,778	132,560	-	109,317	(598,039)	(169,889)	(3,869)	1,316,858	
Net loss for the year ended December 31, 2023	-	-	-	-	(529,190)	-	-	(529,190)	
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(570)	(3,086)	2,921	(735)	
Total comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	(529,760)	(3,086)	2,921	(529,925)	
Issuance of ordinary shares for cash	100,000	-	-	-	(40,000)	-	-	60,000	
Capital reduction to offset accumulated deficit	(545,098)	-	-	-	545,098	-	-	-	
The equity component of convertible bonds	-	1,498	-	-	-	-	-	1,498	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,921	-	(2,921)	-	
BALANCE AT DECEMBER 31, 2023	\$ 1,401,680	\$ 134,058	\$ -	\$ 109,317	\$ (619,780)	\$ (172,975)	\$ (3,869)	\$ 848,431	

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (528,357)	\$ (629,851)
Adjustments for:		
Depreciation expense	162,786	189,211
Amortization expense	12,036	12,461
Finance costs	22,118	20,327
Interest income	(557)	(214)
Share of loss of subsidiaries and associates	411,487	569,397
Loss on disposal of property, plant and equipment	4,294	525
Loss on disposal of Intangible assets	366	-
Gain on disposal of investments	-	(28)
Impairment losses	-	627
Gain on reversal of impairment loss	(6,244)	-
Unrealized loss on transactions with subsidiaries and associates	-	31
Realized gain on the transactions with subsidiaries and associates	(4,961)	-
Net gain on lease modification	(864)	(778)
Changes in operating assets and liabilities		
Notes receivable	(663)	530
Trade receivables from unrelated parties	24,570	(2,791)
Trade receivables from related parties	(24,118)	5,006
Other receivables	(38)	(1,223)
Inventories	53,187	3,253
Other current assets	(3,761)	37
Contract liabilities - current	1,527	(696)
Notes payable	334	(9,536)
Trade payables to unrelated parties	(48,093)	(48,036)
Trade payables to related parties	(51)	(1,863)
Other payables	(37,377)	(13,899)
Other current liabilities	170	(91)
Net defined benefit liability	(4,838)	(17,193)
Cash generated from operating activities	32,953	75,206
Interest received	557	201
Interest paid	(21,469)	(20,044)
Income tax paid	(861)	(848)
Net cash generated from operating activities	<u>11,180</u>	<u>54,515</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Return of capital from financial assets at fair value through other comprehensive income	-	82
Purchase of financial assets at amortized cost	(15,153)	-
Payments for property, plant and equipment	(26,971)	(25,357)
Proceeds from disposal of property, plant and equipment	1,392	1,296
Increase in refundable deposits	(6,288)	-
Decrease in refundable deposits	-	2,497

(Continued)

## LES ENPHANTS CO., LTD.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Payments for intangible assets	\$ (12,698)	\$ (13,187)
Dividends received	<u>5,625</u>	<u>1,469</u>
Net cash used in investing activities	<u>(54,093)</u>	<u>(33,200)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	124,000
Repayments of short-term borrowings	(114,000)	-
Proceeds from issuance of convertible bonds	149,814	-
Proceeds from guarantee deposits received	41,020	-
Refund of guarantee deposits received	-	(651)
Repayment of lease liabilities	(136,079)	(157,623)
Proceeds from issuance of ordinary shares	<u>60,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>755</u>	<u>(34,274)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(42,158)	(12,959)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>172,677</u>	<u>185,636</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 130,519</u>	<u>\$ 172,677</u>

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

(Concluded)

[Attachment 1]

les enphants Co., Ltd.

Cross reference list of the amendments to the “Code of Ethical Conduct”

Proposed Amendment	Original Article	Description
<p>Article 10</p> <p>When the Company’s staff violate the code of ethical conduct, the Company shall take appropriate disciplinary actions, subject to the circumstances.</p> <p><u>The company should promptly disclose in MOPS the date, cause and handling of violations of the Code of Ethical Conduct by directors and managers.</u></p> <p>The Company establishes a relevant complaint system to provide the violator with remedies ◦</p>	<p>Article 10</p> <p>When the Company’s staff violate the code of ethical conduct, the Company shall take appropriate disciplinary actions, subject to the circumstances.</p> <p>The Company also establishes a relevant complaint system to provide the violator with remedies ◦</p>	<p>Cooperate with the the provisions of Item 2, Point 8 of the " Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies</p> <p>"</p>
<p>Article 10-1</p> <p><u>If it is necessary for directors and managers to be exempted from complying with the Code of Ethical Conduct, they shall obtain the approval of the board of directors and immediately disclose in MOPS the title and name of the exempted person, the date on which the exemption was approved by the board of directors, the objections or reservations of the independent directors, and the compliance with the exemption. information such as the period and reasons.</u></p>	<p>Newly added to this article</p>	<p>Cooperate with the the provisions of Item 3 of the " Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies</p> <p>"</p>

[Attachment 2]

les enphants Co., Ltd.

Cross reference list of the amendments to the “ Rules and Procedures of Board of Director Meeting”

Proposed Amendment	Original Article	Description
<p>Article 8</p> <p>When the Board meeting is convened, management units (or the unit appointed by the Board to be responsible for the Board meetings) shall have relevant information ready for attending Directors to examine.</p> <p>The Company may notify the personnel of relevant departments or subsidiaries to attend the Board meetings depending on the subject matters of the agenda. If necessary, the CPAs, lawyers or other professionals may also be invited to be present at the meeting and provide explanations. However, they shall excuse themselves during discussion and voting. The Chairman shall call the meeting to order at the scheduled time when more than half of all Directors are in attendance. If half of all Directors were absent at the scheduled meeting time, the Chairman may announce to postpone the meeting <u>for the day</u>. The postponement is limited to two times. If the number of Directors did not meet the quorum after two postponements, the Chairman shall reconvene the meeting in accordance with the procedures set out in Paragraph 2 of Article 3. The term "all Directors" as used in the preceding paragraph and in Subparagraph 2, Paragraph 2 of Article 16 means the actual number of Directors currently holding the positions.</p>	<p>Article 8</p> <p>When the Board meeting is convened, management units (or the unit appointed by the Board to be responsible for the Board meetings) shall have relevant information ready for attending Directors to examine.</p> <p>The Company may notify the personnel of relevant departments or subsidiaries to attend the Board meetings depending on the subject matters of the agenda. If necessary, the CPAs, lawyers or other professionals may also be invited to be present at the meeting and provide explanations. However, they shall excuse themselves during discussion and voting. The Chairman shall call the meeting to order at the scheduled time when more than half of all Directors are in attendance. If half of all Directors were absent at the scheduled meeting time, the Chairman may announce to postpone the meeting. The postponement is limited to two times. If the number of Directors did not meet the quorum after two postponements, the Chairman shall reconvene the meeting in accordance with the procedures set out in Paragraph 2 of Article 3. The term "all Directors" as used in the</p>	<p>Cooperate with the Financial Supervisory Commission’s amendments to Article 12 of the " Regulations Governing Procedure for Board of Directors Meetings of Public Companies " on January 11, 2024</p>

	<p>preceding paragraph and in Subparagraph 2, Paragraph 2 of Article 16 means the actual number of Directors currently holding the positions.</p>	
<p>Article 11 The Board meetings shall proceed in accordance with the agenda in the meeting notice. However, the agenda can be changed if approved by the majority of attending Directors. The Chairman cannot announce the adjournment of the meeting before the completion of agenda unless agreed by the majority of attending Directors. During the Board meetings, if the number of Directors in attendance was less than the majority of Directors originally attending the meeting, the Chairman shall declare a temporary suspension of meeting upon a motion by the Directors in attendance. In which case, Paragraph 3 of Article 8 shall apply mutatis mutandis. <u>During the proceedings of a board meeting, if the chair is unable to chair the meeting or fails to declare the meeting closed as provided in paragraph 2, the provisions of Article 7, paragraph 3 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.</u></p>	<p>Article 11 The Board meetings shall proceed in accordance with the agenda in the meeting notice. However, the agenda can be changed if approved by the majority of attending Directors. The Chairman cannot announce the adjournment of the meeting before the completion of agenda unless agreed by the majority of attending Directors. During the Board meetings, if the number of Directors in attendance was less than the majority of Directors originally attending the meeting, the Chairman shall declare a temporary suspension of meeting upon a motion by the Directors in attendance. In which case, Paragraph 3 of Article 8 shall apply mutatis mutandis.</p>	<p>Cooperate with the Financial Supervisory Commission's amendments to Article 13 of the " Regulations Governing Procedure for Board of Directors Meetings of Public Companies " on January 11, 2024</p>

[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 onehalf 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.  
Code of Ethical Conduct**

**Passed by the board of directors on March 23, 2017**

Article 1 The Code is established in accordance with the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies”, for the purpose of encouraging the Company’s directors, managerial officers and employees to act in line with ethical standards, and to help interested parties better understand the Company’s ethical standards.

Article 2 The Code is applicable to the Company’s directors, managerial officers and employees (hereinafter referred to as the “Company’s staff”).

Article 3 The Company’s staff shall perform their duties in an objective and efficient manner and avoid taking advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship.

When there are loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods between the affiliate at which said staff work and the Company, the Company’s staff shall voluntarily explain whether there is any potential conflict between them and the Company and seek the Company’s approval.

Article 4 When the Company has an opportunity for profit, it is the responsibility of the Company’s staff to maximize the reasonable and proper benefits that can be obtained by the Company.

The Company’s staff shall avoid the following circumstances:

1. Seeking an opportunity to pursue personal gain by using the Company’s property or information or taking advantage of their positions;
2. Obtaining personal gain by using company property or information or taking advantage of their positions;
3. Competing with the Company.

Article 5 The Company’s staff shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes but is no limited to any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its customers.

Article 6 The Company’s staff shall treat all of the Company’s suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, non-disclosure, or mis-use of the information learned by virtue of their positions, or through mis-representation of important matters or through other unfair trading practices.

Article 7 The Company’s staff shall be responsible for safeguarding the Company’s assets and to ensure that they can be effectively and lawfully used for official business purposes. Any theft, negligence in care, or wastage of the assets will all directly impact the Company’s profitability.

Article 8 The Company shall comply with the Company’s related policies, and also the

Securities and Exchange Act and other applicable laws and regulations.

Article 9 The Company shall raise awareness of ethics internally and encourage employees to report to the Company upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. The Company will process the reported cases privately and use its best efforts to ensure the safety of informants and protect them from reprisals.

Article 10 When the Company's staff violate the code of ethical conduct, the Company shall take appropriate disciplinary actions, subject to the circumstances. The Company also establishes a relevant complaint system to provide the violator with remedies.

Article 11 The Company shall disclose the Code, and any amendments to it, on the Company's website, annual reports and prospectuses and on the MOPS.

Article 12 The Code shall be enforced upon resolution of the Board of Directors, and reported to the shareholders meeting. The same shall apply where the Code is amended.

[Appendix 4]

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

Approved by the Board of Directors' Meeting on March 19, 2020.

- Article 1 The Rules of Procedure for Board of Directors' Meeting (the Rules) are drawn up in accordance with Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies in order to build a sound governance system for the Board of Directors (the Board), reinforce its supervisory functions, and strengthen its management functions.
- Article 2 With regards to the Company's Board meetings, the main agenda items, operational procedures, matters required in the meeting minutes, public announcement, and other compliance requirements shall be handled in accordance with the provisions of the Rules.
- Article 3 The Board meetings shall be held at least once a quarter. In calling a meeting of the Board of Directors, a notice with reasons to convene specified shall be given to each Director no later than 7 days prior to the scheduled meeting date. However, the Company may convene a Board meeting at any time in the case of emergency. The aforementioned notice may be sent by means of electronic transmission, if agreed by the recipient(s) thereof. All matters set out in the subparagraphs of Paragraph 1, Article 12 of the Rules shall be specified in the notice of the reasons for calling Board meetings. None of them may be raised by an extraordinary motion except for emergency or legitimate reasons.
- Article 4 The Company's Board appoints the Chairman's Office to be the unit responsible for the Board meetings. The unit in-charge of the Board meetings shall draft the agenda of the Board meetings and provide sufficient meeting materials to be sent together with the meeting notice. If Directors consider the meeting materials to be insufficient, they may request the incharge unit to provide supplementary information. If Directors consider the materials concerning the proposals to be insufficient, the deliberation may be postponed upon a resolution of the Board.
- Article 5 When the Board meeting is convened, an attendance book shall be provided for the attending Directors to sign in and be available for future reference. Directors shall attend the Board meetings in person. The Director who is unable to attend in person shall appoint another Director to attend the meeting as proxy in accordance with Company's Articles of Association. Attendance by video conference shall be deemed as attendance in person. The Director who appoints another Director to attend the Board meetings, a letter of authorization shall be presented each time, indicating the scope of authorization with respect to the reasons for convening the Board meetings. A proxy under Paragraph 2 may accept a proxy from one person only.
- Article 6 The Board meetings shall be convened at the Company location and business hours or at a place and time convenient for the Directors to attend and suitable for such events.
- Article 7 The Board meetings shall be convened and chaired by the Chairman. However, the first Board meeting of each term shall be convened and chaired by the Director whose ballots represent the most voting rights at the shareholders' meeting. When there are two or more persons with the right to convene, they shall choose one from among themselves. According to Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of the Company Act, the majority or more of the Directors may convene the meeting on their own, and the Directors shall select one Director from among themselves to serve as the chair of the meeting

When the Chairman is on leave or for some reasons unable to exercise the power, the Vice Chairman shall serve as a proxy. If there is no Vice Chairman or the Vice Chairman is on leave or for some reasons unable to exercise the power, the Chairman shall appoint a Managing Director to serve as a proxy. If there is no Managing Directors, the Chairman shall appoint one Director to serve as a proxy. If the Chairman does not appoint a proxy,

the Managing Directors and Directors shall elect one from among themselves.

Article 8 When the Board meeting is convened, management units (or the unit appointed by the Board to be responsible for the Board meetings) shall have relevant information ready for attending Directors to examine. The Company may notify the personnel of relevant departments or subsidiaries to attend the Board meetings depending on the subject matters of the agenda. If necessary, the CPAs, lawyers or other professionals may also be invited to be present at the meeting and provide explanations. However, they shall excuse themselves during discussion and voting. The Chairman shall call the meeting to order at the scheduled time when more than half of all Directors are in attendance. If half of all Directors were absent at the scheduled meeting time, the Chairman may announce to postpone the meeting. The postponement is limited to two times. If the number of Directors did not meet the quorum after two postponements, the Chairman shall reconvene the meeting in accordance with the procedures set out in Paragraph 2 of Article 3. The term "all Directors" as used in the preceding paragraph and in Subparagraph 2, Paragraph 2 of Article 16 means the actual number of Directors currently holding the positions.

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

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

1. Report items:

- (1) Meeting minutes of the last Board meeting and implementation status.
- (2) Reporting on important financial and business matters.
- (3) Reporting on internal audit activities.
- (4) Other important matters to be reported.

2. Discussion items:

- (1) Items discussed and continued from the last meeting.
- (2) Items to be discussed at this meeting.

3. Extraordinary motions.

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

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

1. The Company's operating plans.

2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which are exempted from being audited and certified by the Certified Public Accountants (CPAs) according to the laws and regulations.

3. Adoption or amendment of the internal control system as stipulated in Article 14-1 of the Securities and Exchange Act, and assessment of the effectiveness of the internal control system.

4. Adoption or amendment of the Company's procedures for significant financial or business actions, e.g. Regulations Governing the Acquisition and Disposal of Assets, Procedures for Derivative Transactions, Procedures for Lending Funds to Other Parties, and Procedures for Endorsement and Guarantee, pursuant to Article 36-1 of the Securities and Exchange

Act.

5. Raising, issuing, or privately placing equity-type securities.
6. Appointment or discharge of finance, accounting, or internal audit officers.
7. Donations to related parties or material donations to non-related parties. However, donations of public welfare nature as emergency relief for major natural disasters may be reported afterwards for acknowledgement in the next Board meeting.
8. Any other matters that shall be resolved by the shareholders' meetings or Board meetings pursuant to Article 14-3 of the Securities and Exchange Act, relevant laws and regulations, or the Company's Articles of Association; or that are deemed to be material by the regulatory authorities.

The term "related parties" used in Subparagraph 7 of the preceding paragraph is as defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." The term "material donations to non-related parties" means individual or the cumulative amount of donations to the same party within one year reaches NT\$100 million, or 1 percent of net operating revenue, or 5 percent of paid-in capital in the Company's audited financial statement for the most recent fiscal year. The term "within one year" as used in the preceding paragraph means one year calculated retrospectively from the date on which the current Board meeting is held. The part for which the Company has obtained approval from the Board shall not be included. The Company has Independent Directors and at least one of them shall attend the Board meetings in person. For matters specified to be resolved at the Board meeting in accordance with Article 14-3 of the Securities and Exchange Act, all Independent Directors shall attend in person. For ones who are unable to attend in person, they shall appoint other Independent Directors as a proxy. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting. If the Independent Directors are unable to attend the Board meetings in person to express their objections or reservations, unless they have legitimate reasons, they shall submit written statements in advance to be recorded in the minutes of Board meetings

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

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

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

Article 15 For agenda items of which the Director or the juridical person the Director represents has

a personal interest, the Director shall disclose the major aspects of such personal interest at the current Board meeting. If the interest may impair the interests of the Company, the Director shall not participate in and shall recuse himself/herself from the discussion and voting. Furthermore, such Director shall not exercise the voting right on behalf of another Director. Where the spouse or a blood relative within the second degree of kinship of a Director, or a Director's controlling or affiliated company has interests in the aforementioned agenda item, the Director shall be deemed to have a personal interest in the matter. When a Director is prohibited from exercising the voting right pursuant to this Article, the resolutions at the Board meetings shall be subject to Paragraph 4 of Article 206 of the Company Act where Paragraph 2 of Article 180 shall apply mutatis mutandis.

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

1. The term (or year), time, and place of the Board meeting.
2. Name of the Chairman.
3. Directors' attendance status, including names and numbers of Directors who are present, on leave, and absent.
4. Names and titles of non-voting attendees.
5. Name of the recorder.
6. Report items.
7. Proposal matters and discussion items: The voting method and result of each proposed resolution; speech summary of Directors, professionals, and other persons; name of Director having a personal interest pursuant to the Paragraph 1 of the preceding Article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal; objections or reservations which are on the record or in writing per request; and written statements submitted by Independent Directors pursuant to Paragraph 5 of Article 12.
8. Extraordinary motions: Name of proposer, the voting method, and result of each proposed resolution; speech summary of Directors, professionals and other persons; name of Director having a personal interest pursuant to the Paragraph 1 of the preceding Article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal; and objections or reservations which are on the record or in writing per request.
9. Other matters that shall be recorded. If any of the following applies to matters resolved in the Board meetings, besides being clearly specified in the meeting minutes, those matters shall be publicly announced and filed at the Market Observation Post System website designated by the Financial Supervisory Commission of the Executive Yuan within two (2) days from the date of Board meetings:
  1. The Independent Director has objection or reservation on the record or in writing.
  2. Matters which are approved by two-thirds of all Directors when the Company's Audit Committee does not approve.

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

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

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

[Appendix 5]

**les enphants Co., Ltd.**  
**Shareholding of All Directors**

The following is a summary of the number of shares held by all Directors as of the book closure period (March 26) for the 2024 Shareholders' Meeting:

March 26, 2024

Title	Name	Shares Held	
		Number of Shares	Holding Ratio
Chairman of the Board	Alex Lin	24,675,700	17.60%
Director	Wang Anya	0	0%
Director	Huang Shao-Hua.	0	0%
Director	Tseng Chia-Hung	6,254,652	4.46%
Independent Director	Mo Zhaohong	0	0%
Independent Director	Chen Beiweii	0	0%
Independent Director	Tsai Cheng-Hsian	0	0%
<b>Subtotal of shares held by all Directors</b>		<b>30,930,352</b>	<b>22.07%</b>
<b>The minimum number of shares required to be held by the entire body of Director8s</b>		<b>8,410,080</b>	<b>6.00%</b>

1. Total shares issued as of March 26, 2024: 140,167,998 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%.