

Stock Code: 6666

LUO LIH-FEN HOLDING CO., LTD.

2020 Annual Report

Company Website

<http://www.luolihfen.com>

Market Observation Post System

<http://mops.twse.com.tw>

Printed On

April 30, 2021

I. Name, Job Title, Contact Telephone, and Email Address of the Spokesperson as well as the Deputy Spokesperson:

(I) Spokesperson:

Name: Chung-Hsiung Huang
Title: Vice President

Tel: (02)8771-3126
Email: andy@gbeauty.com.tw

(II) Deputy Spokesperson:

Name: Chih-Fu Wang
Title: President Special Assistant

Tel: (86)596-6269-880#6827
Email: luke.wang@jiawenli.com

II. Addresses and Telephone Numbers of the Headquarters, Branch Companies, and Factories:

(I) The Company

Name: Luo Lih-Fen Holding Co., Ltd.
Luo Lih-Fen Holding Co., Ltd.
Website: www.luolihfen.com
Tel: (86)596-6269-880
Address: Sertus Chambers P.O.Box 2547, CassiaCourt, CamanaBay, GrandCayman, CaymanIslands

(II) Taiwan Subsidiary

Name: Luo Lih-Fen Enterprise Limited
Address: 8 F., No. 219, Section 4, Zhongxiao East Road, Daan Dist., Taipei City
Tel: (886)2-8773-9269
Name: Lever Guide Biotech Co., Ltd.
Address: 8 F., No. 219, Section 4, Zhongxiao East Road, Daan Dist., Taipei City
Tel: (886)2-8773-9269
Name: Richer Biotechnology Co., Ltd..
Address: 8 F., No. 219, Section 4, Zhongxiao East Road, Daan Dist., Taipei City
Tel: (886)2-8773-9269

(III) Hong Kong Subsidiary

Name: Luo Lih-Fen Group Limited
Address: Flat/Rm A20/F, Kiu Fu Commercial Bldg, 300 Lockhart Road, WanChai, HongKong.
Tel: (86)596-6269-880

(IV) China Subsidiaries

Name: Juwenlee (Fujian) Cosmetics Co., Ltd.
Address: No. 21, Longxiang Rd., Zhangzhou Taiwanese Investment Zone, Fujian Province
Tel: (86)596-6269-880
Name: Xiamen Luolifen Cosmetics Co., Ltd.
Address: Pavilion of Prince Teng Office 514-568, No. 619 Hubin South Road, Siming District, Xiamen City
Tel: (86)596-6269-880
Name: Xiamen Glingluo Cosmetics Co., Ltd.
Address: Pavilion of Prince Teng Office 514-569, No. 619 Hubin South Road, Siming District, Xiamen City
Tel: (86)596-6269-880
Name: Xiamen Sunlily Cosmetics Co., Ltd.
Address: Pavilion of Prince Teng Office 514-578, No. 619 Hubin South Road, Siming District, Xiamen City
Tel: (86)596-6269-880
Name: Xiamen Draise Cosmetics Co., Ltd.
Address: Pavilion of Prince Teng Office 514-565, No. 619 Hubin South Road, Siming District, Xiamen City
Tel: (86)596-6269-880
Name: Huiwenli (Fujian) Enterprise Management Co., Ltd.
Address: No. 21-1, Longxiang Rd., Zhangzhou Taiwanese Investment Zone, Fujian Province
Tel: (86)596-6269-880
Name: Zhangzhou Healthy Skin Clinic Co., Ltd.
Address: Suite 103, Floor No. 105, No. 2, Jiaosong Rd., Zhangzhou Taiwanese Investment Zone, Fujian Province
Tel: (86)596-6269-880
Name: Zhangzhou Kangbaoli Biologic Technology Co., Ltd.
Address: No. 21-2, Longxiang Rd., Zhangzhou Taiwanese Investment Zone, Fujian Province
Tel: (86)596-6269-880
Name: LiChuang (FuJian) Bio-Technology Co., Ltd.
Address: No. 21-3, Longxiang Rd., Zhangzhou Taiwanese Investment Zone, Fujian Province
Tel: (86)596-6269-880
Name: Zhangzhou Kangqili Health Management Co., Ltd.
Address: No. 21-4, Longxiang Rd., Zhangzhou Taiwanese Investment Zone, Fujian Province
Tel: (86)596-6269-880

III. Name, Address, Website, and Telephone of the Stock Transfer Institution:

Name: SinoPac Securities Co., Ltd., Shareholders Service Dept.,
Address: 3 F., No. 17, Bo'ai Road, Zhongzheng District, Taipei City
website: www.sinotrade.com.tw
Tel: (02)2381-6288

IV. Name, Address, Website, and Telephone of the Certified Public Accountant Who Attested the Latest Annual Financial Report:

CPA Names: Shih-Jung Weng, CPA and Chun-Yao Lin, CPA
Name of the Accounting Firm: PwC Taiwan
Address: 27 F., No. 333, Sec. 1, Keelung Rd., Taipei City
website: www.pwc.tw
Tel: (02)2729-6666

V. Name, Job Title, Contact Telephone, and Email Address of the Litigation and Non-litigation Agents in the ROC:

Name: Chih-Fu Wang

Tel: (86)596-6269-880#6827

Title: President Special Assistant

Email: luke.wang@jiawenli.com

VI. Name of the trading place where the overseas securities are listed for trading and the method to inquire about the overseas securities information: None

VII. Company Website: www.luolihfen.com

VIII. Board of Directors List

Identity	Name	Nationality	Main Education Background
Chairman	Black Praise International Limited	Hong Kong	—
	Representative: Luo Li-Fen	R.O.C.	Bachelors, Hong Kong Chinese Medicine Research Institute Hong Kong Chinese Medicine Physician, General Practitioner Director-general of Chinese International Beauty Association The 3rd Chairman of the China International Leaders Association of the ILF Foundation
Director	Talent Reach (HK) Limited	Hong Kong	—
	Representative: Huan-Wen Jao	R.O.C.	Bachelors of Electronic Engineering, National Defense University Chung Cheng Institute of Technology CEO of the Chinese International Beauty Association Vice President China Daily Chemical Industry Technology Innovation Alliance
Director	Shih-Chinn Ho	R.O.C.	Masters of Business Management, National Taiwan University Master of Financial Management, Golden Gate University 10th Chairman of the National Taiwan University EMBA Alumni Foundation 2020 Outstanding Alumni of Fu Jen Catholic University
Director	Li-Chen Lin	R.O.C.	Master of Business Administration, Tulane University Bachelor of Law, National Taipei University Attorney in Charge of PCL TransAsia Law Offices Director of Central Motion Picture Co.
Independent Director	Hsiao-Ling Chou	R.O.C.	Master of Finance, National Taiwan University Department of International Business, Feng Chia University Vice Chairman of Yuanta Futures Co., Ltd. Vice President of OCBC Bank
Independent Director	Kuo-Cheng Wang	R.O.C.	Master, Business Administration, National Taiwan University Chairman/President of leas elephants
Independent Director	Yu-Che Wang	R.O.C.	Ph.D. in Business Education, University of Missouri-Columbia Master of Business Administration, University of Massachusetts Dartmouth, USA Researcher, National Policy Foundation Consultant, Hsinchu City Government
Independent Director	Yin-Chieh Hsu	R.O.C.	Master of Accounting, College of Management, National Taiwan University EMBA Bachelor of Law, National Taipei University Attorney in Charge of HC & Partners Honorary Attorney-at-Law, Small and Medium Enterprise Administration, MOEA

Table of Contents

One.	Letter to Shareholders	1
I.	2020 Operating Results.....	1
II.	Overview of 2021 Business Plan.....	2
III.	Future Development Strategy	3
IV.	The effect of external competition, the legal environment, and the overall business environment	3
Two	Company Introduction.....	6
I.	Date of Establishment	6
II.	Company and Group History.....	6
III.	Group Structure.....	7
IV.	Risk Items	7
Three.	Corporate Governance Report	8
I.	Organization System.....	8
II.	Information on the Company's Directors, Supervisors, President, Assistant Presidents, Deputy Assistant Presidents, and Supervisors of All the Company's Divisions and Branch Units	11
III.	Remuneration Paid to Directors, Supervisors, President, and Vice President During the Most Recent Year (2020)	22
IV.	Company Corporate Governance Operational Status	28
V.	CPA Public Expense Information.....	64
VI.	Information on change/replacement of CPA: None.	65
VII.	Disclosure of any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the last year, including their names, position, and the periods during which they were employed by the auditor's firm or any of its affiliated company: None.	65
VIII.	Equity transfer and equity pledge modification scenario of directors, supervisors, managers and shareholders holding more than 10% of the shares for the last year until the publication date of the Annual Report	66
IX.	Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship of another.....	67
X.	Number of Shares Held by the Company or the Company's Directors, Supervisors, or Managers as Well as the Number of Shares Held by the Company for the Reinvestment Businesses That it Directly or Indirectly Controls, and Combined to Calculate the Comprehensive Shareholding Ratio.....	69
Four.	Capital Overview	70
I.	Capital and Shares	70
II.	Instance of corporate bonds	76
III.	Instance of preferred stock.....	76
IV.	Issuance of Overseas Depository Receipts.....	76
V.	Issuance of Employee Stock Option Plan	76
VI.	Information about new restricted employee shares.....	76
VII.	Information about new shares issued upon merger or acquisition or acquisition of another company's shares	76
VIII.	Capital Application Plan Implementation Status	76
Five.	Overview of Operations.....	77
I.	Business Contents	77
II.	Marketing and Sales Status.....	87
III.	Number of Employees, Average Years of Service, Average Age, and Academic Background Distribution Ratio of Employees in the Last Two Years and up to:.....	96
IV.	Environmental Protection Expenditure Information	96
V.	Labor Relations.....	98
VI.	Important contracts	101
Six.	Financial Status	102
I.	Concise Financial Information for the Last Five Fiscal Years	102
II.	Financial analysis for the most recent five years.....	104
III.	Audit Committee Inspection Report of the Financial Report for the Most Recent Year	106
IV.	Financial Report for the Most Recent Year.....	107
V.	The Company's Most Recent Individual Financial Report Inspected and Certified by a CPA	173
VI.	If the Company and its affiliates have encountered any financial turnover problems in the most recent fiscal year as of the publication date of this Annual Report, state their impact on the financial position of the Company.....	173
Seven.	Review, Analysis, and Risks of Financial Conditions and Performances	174
I.	Financial position.....	174
II.	Financial Performance	175
III.	Cash flow	176
IV.	Material capital expenditures in the last year and impact on business performance	176
V.	The investment Strategy in the most recent year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year	177
VI.	Analysis and assessment of risk factors	178
VII.	Other Material Issues: None	199
Eight.	Special Items	200
I.	Information on Affiliates	200
II.	Any private placement of securities in the recent years up to the date of publication of the annual report.....	203
III.	Holding or disposition of the Company's stock by subsidiaries in the most recent year and up to the date of publication date of the annual report.....	203
IV.	Other Matters That Require Supplemental Descriptions	204
Nine.	If Any of the Situations Listed in the Subparagraph 2 of Paragraph 3, Article 36 of the Securities and Exchange Act That May Materially Affect Shareholders' Equity or the Price of the Company's Securities Have Occurred During the Most Recent Fiscal Year Until the Publication Date of This Annual Report; Describe Each Situation.	208

One. Letter to Shareholders

In 2020, the Company reported a decrease in operating revenues and profits due to the impact of the pandemic. After mainland China brought the coronavirus pandemic under control, the Company saw a slow recovery of its revenue in the second half of the year, expecting its revenues and profits in 2021 to return to pre-pandemic levels. The 2020 operating results and an overview of our 2021 business plan are presented below:

I. 2020 Operating Results

(I) Implementation of the business plan

In 2020, the Company's consolidated operating revenue was NT\$844,885 thousand, down 42 % from the NT\$1,445,695 thousand in 2019. The 2020 net profit after tax was NT\$103,916 thousand (NT\$104,147 thousand of which was attributable to owners of the parent company), down 79 % from the NT\$497,740 thousand in 2019.

In terms of sales region, the operating revenue earned in Mainland China totaled NT\$842,746 thousand, which accounted for 99.7 % of the total operating revenue. Mainland China remains the largest market the Company continues to cultivate and the key area of focus for business expansion.

(II) Analysis of financial gains and losses and profitability

Regarding financial revenue and expenditures and financial structure, in 2020, the Company reported a debt ratio of 21%, current ratio of 423%, net profitability of 12 %, and NT\$17,052 thousand in cash inflow from operating activities. These figures show that the Company has kept cash flows abundant and its financial structure robust during the pandemic.

(III) R&D Overview

The Company focuses its product research and development on two aspects: independent R&D plans and skin care product effects that are expected or needed by customers.

The "Regulation on the Supervision and Administration of Cosmetics" was adopted at the 77th executive meeting of the State Council on January 3, 2020, officially announced on June 16, 2020, and effectuated on January 1, 2021. The "Regulation on the Supervision and Administration of Cosmetics" serves to encourage innovation, particularly in the use of modern scientific technologies to develop raw materials that are sourced from Chinese herbal medicine and characteristic plant resources and to produce cosmetics by using such materials.

The Company has invariably been the pioneer of plant-based raw materials in the industry, which is further evident by our success in the development of ingredients containing *hibiscus taiwanensis*.

One of the main directions of research by our Technology Center in 2020 was the development of plant-based ingredients, in which advanced methods such as supercritical carbon dioxide and ultrasound are used to extract active ingredients from plants. Plant-based ingredients developed in 2020 included *sarcandra glabra*, Indian mulberry, *trillium tschonoskii*, and roselle. In 2021, the Company plans to introduce chromatography for the extraction and separation of pure plant-based monomers; and also increase the scope of research on plant fermentation techniques to obtain effective plant-based ingredients through fermentation.

In 2020, the Company cooperated with the School of Pharmaceutical Sciences of Xiamen University to collectively develop new raw materials. Such cooperation enables us to analyze the efficacy of plant-based ingredients by using the efficacy research platform available at the School of Pharmaceutical Sciences

of Xiamen University. In 2021, apart from ongoing research projects with schools and institutions, the Company plans to build cooperative relations with Xiamen Medical College and obtain further results in the development of raw plant materials and patented product formulas by leveraging the key technologies of the Application Technique Engineering Center of Natural Cosmeceuticals, College of Fujian Province, Xiamen Medical College.

(IV) Budget Implementation Status

The Company did not disclose a financial forecast; however, the overall status of budget implementation is in line with the scope set by the Company.

II. Overview of 2021 Business Plan

(I) Operating policy

In 2021, the Company will follow its guiding principle—"WE: Reborn Together", which advocates the integration of corporate operations and all parties involved in a business development, binding them together like a rope to form a single like-minded and cohesive entity from which we emerge together reborn.

External variables, irrespective of their changes, are the core strategic approach to steadying the development of a corporate group and to building a firm foundation, on which we can clearly and dialectically understand the relationship between opportunities and challenges and subsequently turn a crisis into an opportunity.

Internally: R&D, production, finance, operations, brand, travel barriers, and joint effort in increasing brand value.

Externally: Distributor, brick-and-mortar businesses; brand empowering of sales performance.

(II) Projected sales volume and basis

The Company expects to walk out of the pandemic trough. Looking forward to 2021, the Company anticipates a stronger growth momentum this year, thanks to its loyal client base composed of three major brands in addition to the market expansion of new brands and its continuous cultivation of the Taiwanese market. Specifically:

Mainland China:

1. Facial skin care brands (existing brands: GLINGLUO, SUNLILY, and DRAISE) (New brands: MALLSKIN):

With an offline network of more than 4,000 beauty salons and a focus on three existing facial skin care brands (GLINGLUO, SUNLILY, and DRAISE), the Company will continue to expand its physical presence and introduce more distributors and beauty salons, providing that the pandemic is kept under control, consumer confidence is restored, and increasingly more consumers shop at stores. In addition, the Company will attempt to raise customer order value by introducing a high-end brand—MALLSKIN—that serves primarily beauty salon customers in the upper tier of the pyramid.

2. Health brand (QIECOME):

Models of beauty salons in several benchmark provinces have been completed in this basic project. In 2021, the Company will launch this brand across mainland China and at the same time, introduce a new high-end option exclusively for the top 20% high-end beauty salon customers, which is expected to significantly increase our operating revenue.

3. A new retail brand online (EasyBio):

The Company has completed developing mini-programs for retail shoppers comprising offline distributors and stores. In 2021, these mini-programs are focused on introducing private (headquarters) traffic through the expansion of public (online e-commerce platforms) traffic to sell products directly to consumers on major e-commerce platforms (e.g., TaoBao, Tmall, and JD.Com). The Company has directed more of its marketing budgets to achieve a full media coverage through traditional media and new media, thereby significantly increasing our business revenue.

Taiwan:

The Company will strive toward developing healthy cosmeceuticals in combination with the concept of precision health to continuously develop markets in Taiwan. At the end of 2020, the Company merged with distributors in Taiwan to integrate resources, provide a more comprehensive range of products and services, and expand its sales network in Taiwan.

III. Future Development Strategy

The Company plans to develop a new retail model integrating online and offline channels and subsequently establish a direct-selling chain system in 2021, first by setting up EasyBio offline flagship stores with branch stores in Xiamen, Fujian Province as a model example. This retail model will occupy an area of 800-1000m² (providing cosmeceuticals + biomedical cosmetic + nail + eyelash beauty services), offer nail and eyelash beauty services as part of our customer acquisition plan, and set up a 200-m² lifestyle beauty satellite store with the flagship store at the center. In 2021, the Company expects to set up 10-15 stores and from thereon, Fujian Province will be used as a model example to recruit business partners to open direct-selling stores and franchise stores nationwide, thus completing a business operating system that comprises three major systems of distribution, online networks, and retail chain.

IV. The effect of external competition, the legal environment, and the overall business environment

(I) The effect of external competition and the overall business environment

In 2020, Mainland China projected a GDP growth rate of 2.3%, of which the added value of the tertiary industry accounts for 54.5% of GDP, an increase of 2.1%. The effect of consumption on economic growth is recovering steadily. The pandemic has exerted a significant impact on consumption, with final consumption expenditure for the year dragging GDP downward by 0.5 percentage points. Nevertheless, effective pandemic control has resulted in significant strategic outcomes, a gradual recovery of the consumer market, and continuous release of consumer demands, all of which slowly restored the positive effect that consumption has on economic growth. The final consumption expenditure in the first through to the fourth quarter drove an increase in GDP by -4.3, -2.3, 1.4, and 2.6 percentage points, respectively, with growth in Q4 being 1.2 points higher than that in Q3.

The rigorous development of new industries, new business types, and new business models has kept the new momentum growing rapidly. In 2020, the added value of high-tech manufacturing industries above designated size increased by 7.1% compared with the previous year, clearly increasing 4.3 percentage point faster than the added value of all industries above designated size. The operating revenues of the service sector governed by new technologies have maintained growth. From January to November, among industries

above designated size, the high-tech service, technological service, and strategic emerging service sectors reported a growth of 12.0%, 11.0%, and 8.6% in operating revenues, respectively, increasing 10.4, 9.4, and 7.0 percentage points faster than the operating revenues of all service industries above a designated size. In 2020, online product retails maintained rapid growth, with online retail sale of physical goods nationwide increasing by 14.8% compared to that in 2019. Meanwhile, traditional retailers are also speeding up their transformation, and the development of online and offline integrations is accelerating.

According to the statistics on retail sales of consumer goods for 2020 published by the China National Bureau of Statistics, the total retail sales of consumer goods in 2020 reached RMB39,198.1 billion, with yoy ratio down 3.9%. Specifically, the total retail sales of cosmetics was RMB340 billion, an increase of 9.5% 2019.compared with 2019. Attributed to consumption upgrading and the economics of beauty, cosmetics have invariably been the main focus of retail projects for social consumer goods. From 2016 to 2020, the total retail sales of cosmetics in China ranged from RMB222.2 billion to 340 billion, growing annually at an average of 10.6%.

Cosmetics in the Chinese market have performed better in recent years, compared to the average growth rate of social consumer goods. Based on cosmetics retail sales trend in recent years, the market research institution, Intelligence Research Group, predicted that the cosmetics retail market scale will reach RMB633.5 billion in 2024. In light of this forecast, both local and foreign brands are devoting hundreds of billions of dollars to the cosmetics market in mainland China. Dozens of tangible or online brands have emerged in recent years, coupled with an increase in the self-awareness and brand awareness of Chinese cosmetic manufacturers and suppliers. Cosmetic brands made in China are taking advantage of the rise in social commerce operators, slowly penetrating the market that has long been dominated by European, American, Japanese, and Korean cosmetic brands.

In 2020, the complex changes in the external environment and the outbreak of the pandemic have forced offline stores to cease operation, which interrupted product circulation. Reduced outdoor activities also diminished consumer demands for cosmetic products. After the pandemic was brought under control, companies gradually resumed operation, raising the purchase intention of consumers and restoring activities in the cosmetic market. Social commerce platforms became the main means by which consumers purchase products, prompting most cosmetic companies to redesign their online sales network, accelerate offline retail transformation, and actively adjust their growth plans for the year. In a decentralized competitive market, premium brands have a strong market appeal and present more opportunities for market integration, bringing more development opportunities for the Company. The transformation and upgrading of traditional industries and the combination of online and offline marketing methods further highlight the Company's competitive advantages brought about by its unique product and service combinations and our strengths in development created by our collection of premium brands.

(II) The effect of the legal environment

China has established the "Safety and Technical Standards for Cosmetics", "Regulation on the Supervision and Administration of Cosmetics", "Measures for the Administration of the Registration and Recordation of Cosmetics", "Domestic Non-special Use Cosmetics Record Management Measures", "Regulations on the Management of Cosmetic Labels", "Inspecting Rules for Cosmetics", and "Rules on the Implementation of Cosmetics Registration and Recordkeeping for Inspection" to regulate the production of beauty care and skin care products. Enterprises must apply for various legal and valid licenses and permits in order to engage in the production and sale of beauty care and skin care products in mainland China.

Obtaining relevant licenses in accordance with laws and regulations has a significant impact on the business operations of the Company.

Luo Lih-Fen Holding Co., Ltd.

Chairman

Li-Fen Luo



General Manager

Huan-Wen Jao



Chief Accountant

Xiu-Qiong Zhang



Two Company Introduction

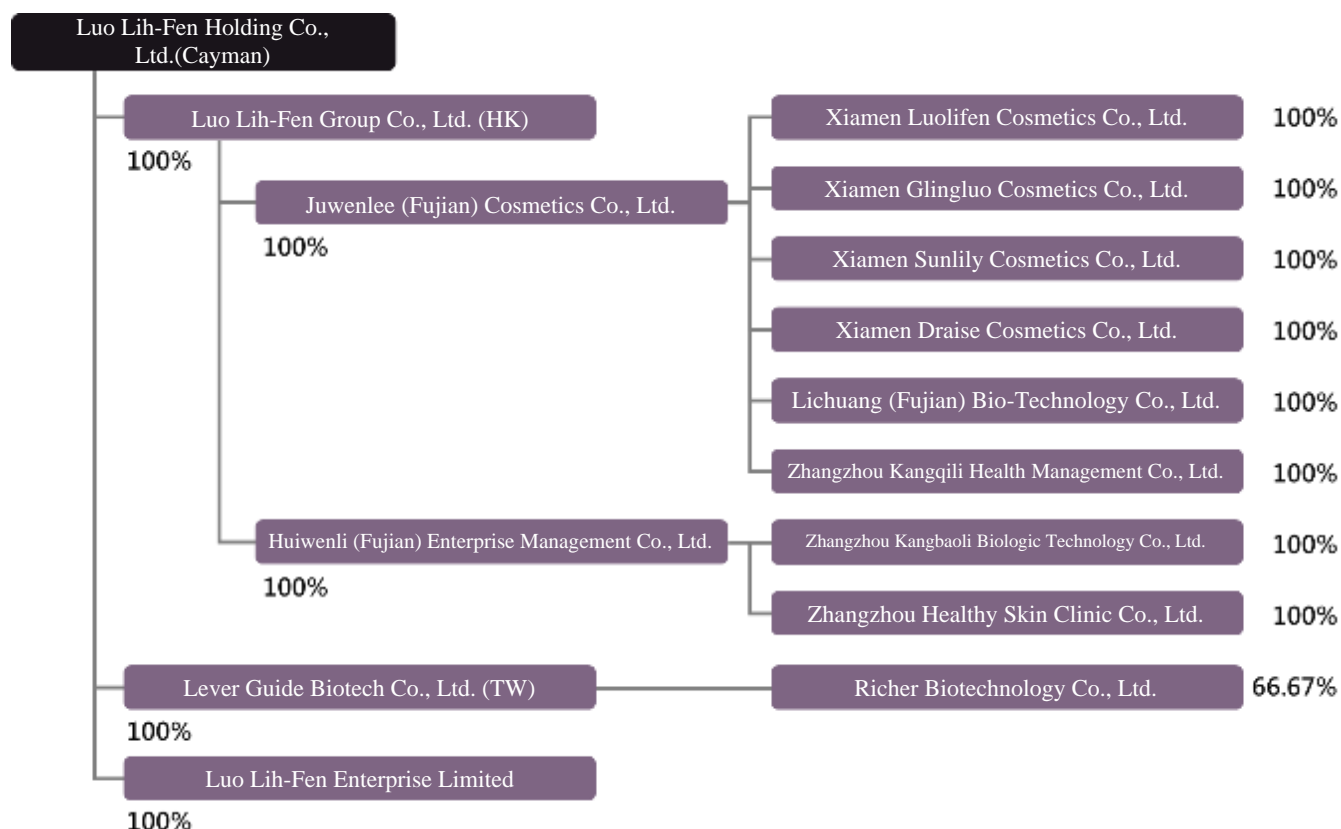
I. Date of Establishment

September 21, 2016

II. Company and Group History

YEAR	IMPORTANT EVENTS
2002	Established XIAMEN JUWENLEE COSMETICS CO., LTD.
2004	Founded the "GLINGLUO" Brand
2006	Name changed to JUWENLEE (FUJIAN) COSMETICS CO., LTD.
2008	Founded the "SUNLILY" Brand
2009	Partnered with Eastern Liaoning University to sponsor and establish the Luo Lih-Fen Health Management Image Institute.
2013	Invention patent for a method used to continuously extract the active constituents of Taiwan hibiscus via supercritical carbon dioxide.
2014	Zhangzhou Economic and Trade Commission promulgated " Zhangzhou Enterprise Technology Innovation Center"
2015	"LUO LIH FEN" won the Fujian Famous Trademark honor.
2016	"SUNLILY" won the Fujian Famous Trademark honor.
	Founded the "DRAISE" Brand
	Won the "Zhangzhou Municipal College Graduate Employment Apprentice Base" from the Zhangzhou Human Resources and Social Security Bureau
	Established Luo Lih-Fen Holding Co., Ltd.in Cayman
2017	Awarded the "Fujian Province Special Expertise New SME (Specialization)" by the Fujian Provincial Economic and Information Commission.
	The "DRAISE" Brand won the excellent functional product award issued by the Fujian Daily Chemicals Association.
2018	Established Luo Lih-Fen Holding Co., Ltd.
	2018 Fujian Province Industrial and Information High Growth Enterprise.
	2018 9th Batch Zhangzhou Intellectual Property Pilot Unit.
	Established a joint laboratory with the China Daily-Use Chemistry Industry Academy for professional line cosmetic evaluation.
	Signed an endorsement agreement with artist Ms. Christy Chung.
	Listed on the Taiwan Stock Exchange on November 19, 2018.
2019	Founded Lever Guide Biotech Co., Ltd. and Huiwenli (Fujian) Enterprise Management Co., Ltd.
	The testing center received the CNAS Laboratory Certification.
	Executed the Agreement for "Industry-Academia Cooperation for Stem Cell Polypeptide Anti-Aging Obstetrics" with Hualien Tzu Chi Medical Center
	Honored as the "National High-tech Enterprise" in the Mainland China
	Founded the "QIECOME" Brand and "EasyBio" Brand
2020	Won the honors of "Fujian Province May 1st Labor Award", "Enterprise Keeping Contracts and Valuing Credit of Zhangzhou City", "Advanced Unit of Zhangzhou Family Planning Association", and "Enterprise Making Outstanding Contribution in Poverty Alleviation Cooperation Between Fujian and Ningxia".
	Co-created the "Stem Cell Microecology" Joint Research Platform with the Translational Medicine Center of the School of Pharmaceutical Sciences of Xiamen University
	Initiated a project of Juwenlee (Fujian) Cosmetics Co., Ltd. involving the expansion of an automated production and smart warehouse facility in Plant 3, which is expected to increase output by roughly RMB¥1.1 billion.
	Established Richer Biotechnology Co., Ltd., to lay a foundation for the development of healthy cosmeceuticals in combination with the concept of precision health and to merge distributors in Taiwan in order to integrate resources, provide a more comprehensive range of products and services, and expand its sales network in Taiwan.
2021	Founded the "MallSkin", a high-end facial product brand
	Established cooperative relations with Xiamen Medical College to obtain further results in the development of raw plant materials and patented product formulas by leveraging the key technologies of the Application Technique Engineering Center of Natural Cosmeceuticals, College of Fujian Province, Xiamen Medical College.
	Won 4 awards, including 1 gold and 3 silver awards, at the 48th International Exhibition of Inventions of Geneva.

III. Group Structure



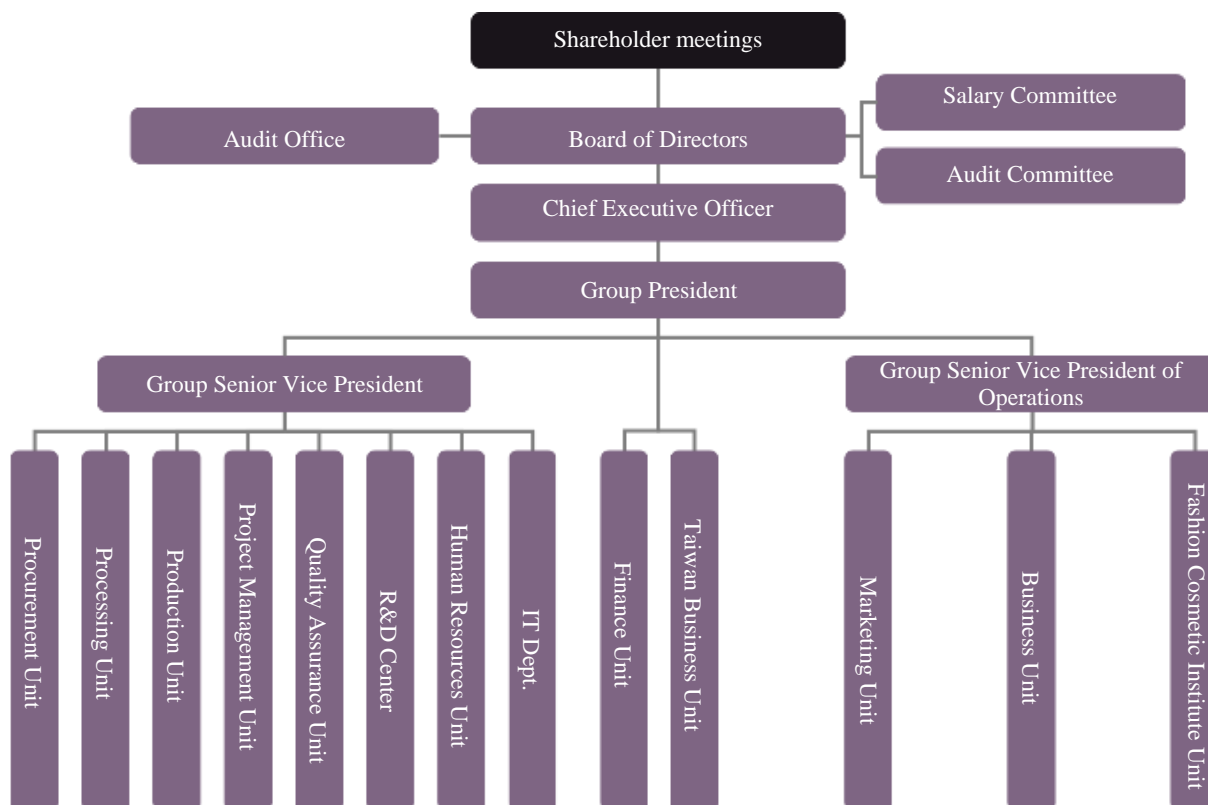
IV. Risk Items

Please refer to Chapter Seven. Risk Assessment and Other Important Matters of the Annual Report.

Three. Corporate Governance Report

I. Organization System

(I) Organization Structure of the Company



(II) Business Operations of Major Units

Department Name	Business Operated
Board of Directors	1. Implement Shareholders' Meeting resolutions and decide the Company's business and investment plans within the scope of the Shareholders' Meeting.
Salary Committee	1. Formulate and regularly review the policies, systems, standards, and structure for the performance evaluation as well as the salary compensation of the directors and managers. 2. Regularly evaluate and set the content and amount of salary compensation for directors and managers, and make recommendations to the Board of Directors.
Audit Committee	1. Represent the Board of Directors in overseeing the Company's financial reporting process and internal controls to ensure the credibility of financial reporting and compliance with Company activities. 2. Audit financial reports.
Audit Office	1. Audit units according to the plan; 2. Require rectification for defects and track the corrections.
Chief Executive Officer	1. Make decisions on all major business operations of the Company such as the increase or decrease of finance, business direction, and business scope; 2. Participate in the decisions of the Board of Directors and implement the resolutions of the Board of Directors; 3. Run the Company's daily business activities; 4. Handle external contract signings or businesses; 5. Appointment and dismissal of the Company's senior management; 6. Regularly report business to the Board of Directors and submit an Annual Report.
Group President	1. Report the business status and development plan to the Board of Directors and the Shareholders' Meeting, and execute the matters decided by the Board of Directors. 2. Comprehensively implement the Group's business objectives and future development plans. 3. Plan and achieve the Company's important business policies and plans.
Finance Unit	1. Manage matters such as fund scheduling, accounting, and investment management within the group. 2. Manage the auditing and preparation of Consolidated Financial Statements, cost accounting and control, and preparation and compilation of budgetary information.
Taiwan Business Unit	1. Responsible for adoption and promotion of R&D, production and sale plans in the territories of Taiwan.
Business Unit	1. Coordinate all aspects of business sales and market development issues, brand operation and investment management, market and sales management, and customer service management.
Marketing Unit	1. Responsible for market research and data acquisition, and establish a corporate news and customer information database. 2. Integrate and optimize product planning and promotion programs, control the effectiveness and quality of advertising, as well as plan and coordinate major events for local projects. 3. Responsible for market research, product positioning analysis, preparation of product development steps and operational proposals based on product development positioning. 4. Formulate the Company's overall market strategy and the Company's long-term brand development strategy according to the Company's overall plan.
Fashion Cosmetic Institute Unit	1. Responsible for the management, assessment, training, etc., of internal and external professional training classes of the various business units. 2. Responsible for the establishment of a lecturer group and expansion team for this unit. 3. Assist in the reception of important guests during main events, conduct relevant hosting and coordination work, and participate in coordinating the working relationships between the various business units. 4. Run the academic/industry cooperation training operations.
Procurement Unit	1. Make purchase orders, place the orders, and track the progress of such orders according to the procurement orders issued by the Processing Unit. 2. Control material costs, price comparison, bargaining, and procurement of high quality and low-price materials. 3. Cooperate with the R&D Center to find and sample the materials needed for new products. 4. Supplier development, evaluation, and assessment. 5. Abnormal daily material quality and delivery period coordination and handling.
Processing Unit	1. Reasonable and effective control of inventory, monthly/regular arrangements for the analysis of bad materials, and inform the relevant departments on what caused the backlog. 2. Finished product shipment management, and warehouse products safe storage management. 3. Monitor the material preparation progress, manage order changes and verify the pending data, and maintain close communication with the Business Unit to ensure the delivery requirements can satisfy the production order and schedule. 4. Monitor the rationality of production schedules and punctuality of production. 5. Monitor the material preparation progress, and advance or postpone material delivery according to the production schedule.
Production Unit	1. Organize and formulate online production planning based on business orders and actual production conditions. 2. Responsible for organizing and arranging production work according to the plan in order to ensure production progress. 3. Rationally deploy personnel and equipment, adjust production layout and production load, and improve production efficiency.

Department Name	Business Operated
	<ol style="list-style-type: none"> 4. Production process management: Comprehensively coordinate workshop operations, and conduct product quality problem analysis and preventive measures. 5. Establish and implement on-site management systems, and establish online production cost control mechanisms.
Project Management Unit	<ol style="list-style-type: none"> 1. Refer to the product quality control system for new product design and development input, establish work plan projects, and review organization input information according to the quarterly needs of the Business Unit. 2. Product structure design, select the product packaging specifications and materials according to the product characteristics, complete the selection of the outer packaging materials, and organize audits. 3. Product packaging drawing design, prepare and arrange product packaging element design technical files according to brand requirements, and arrange the layout. 4. Product sample preparation and verification; small batch trial production communication, verification, and review; mass production process tracking; and resolution of anomalies. 5. Verification of material accessory anomaly, risk assessment participation, craftsmanship change risk assessment and implementation, and coordinate consumer complaint handling. 6. Use IE to analyze the various aspects of the production process, make a comparison plan, identify the bottleneck process, carry out rectification, and develop an improvement system. 7. Develop alternative packaging materials and simplify processes, reduce the variety of packaging materials, and reduce enterprise cost control.
Quality Assurance Unit	<ol style="list-style-type: none"> 1. Set the company's overall quality control plan, disseminate tasks, monitoring the program implementation progress and qualification rate changes, and objective corrections accordingly. 2. Resolve problems associated to the raw materials submitted, approve supply qualifications, and responsible for the monitoring, optimization, and upgrading of sub, suppliers. 3. Review and approve various documents related to the system. 4. Clearly understand the customers, industry standards, and improve product quality. Correct any problems with customer feedback plans and eliminate recurrence of the same problems. Ensure that product shipments meet the customer quality requirements. 5. Ensure that all work of the Company is carried out in strict accordance with the program files. Develop an internal audit plan, monitor internal audit work, and submit management review.
R&D Center	<ol style="list-style-type: none"> 1. Achieve product quality consistency and provide technical guarantees to meet user requirements. 2. Formulating the Company's medium- and long-term technological transformation schedules and development plans. Continue to conduct market research, track domestic and international technology trends, and organize the development of high-tech products that are suitable for conditions and technical advances in the nation. 3. Responsible for organizing the development of research projects issued by the Company. Carefully handle organization management during the development process to ensure the quality of the project and timely completion according to the design and control requirements provided by the "Quality Assurance Manual." 4. Participate in the inspection and identification of the technical qualifications of external assistance units. 5. Responsible for organizing and writing product technical specifications and manuals. Update the user manual in a timely manner as the new features of the product increase and the corresponding software changes, and assist the Marketing Unit to solve problems associated with the use of the product. 6. Supervise the Production Unit to strictly implement the process requirements, participate and organize the production craftsmanship discipline inspections, and audit product quality.
Human Resources Unit	<ol style="list-style-type: none"> 1. Analyze and integrate the Company's manpower needs, and perform good human resources planning. 2. Continue to perform manpower recruitment, assessment, appointment and dismissal, attendance, salary, training, and other relevant operations. 3. Host Company activities. 4. Labor dispute mediation. 5. Law, regulation, or policy requirement related communication, meeting participation, and work acceptance. 6. Community activities related work application, and participation. 7. Supervision and execution of plant construction and maintenance, plant greening, infrastructure construction and maintenance, etc. 8. Door guards, vehicles, cafeteria, dormitories, and supervision operations. 9. Promote and implement safety, environmental, sanitary, maintenance, and other regulatory requirements. 10. Plan and promote Company registration and change related transaction management, standardization, and supervision operations. Plan and promote trademark and patent management, manage the Company's reputation, and standardize and supervise Company operations.
IT Dept.	<ol style="list-style-type: none"> 1. Responsible for the overall planning and architectural design of the Company's information construction, and establish an enterprise information management system and standard. 2. Responsible for the management and maintenance of the Company's IT assets such as the various computer-related hardware and software facilities, and the daily software and hardware maintenance and upgrade operations of the Company's computer-related network. 3. Coordinate with various departments to provide information technology support to each department as well as manage and control the Company's information resources. Provide OA, ERP, CRM, project management, business process design, hardware interface, and technology platforms. 4. Responsible for the development and utilization of internal and external information resources according to the corporate development strategy and information strategy requirements; the collection, summary, analysis, and research of information; preparation of information analysis reports on a regular basis for the supervisors for decision making; participation in the formulation of Company-specific standards and systems. 5. Responsible for controlling the department's budget; reducing the costs; organize the maintenance, purchase, acceptance, and registration of the Company's computer-related equipment; manage software consulting, design, procurement, testing, acceptance, and routine maintenance; and propose feasible projects. 6. Responsible for the training, consulting, relevant information release, review, development, and publicity in information construction.

II. Information on the Company's Directors, Supervisors, President, Assistant Presidents, Deputy Assistant Presidents, and Supervisors of All the Company's Divisions and Branch Units

(I) Background of Directors and Supervisors

1. Basic Information

Date: April 30, 2021; Unit: Thousand Shares, %

Job Title	Name	Gender	Nationality	Date First Elected	Date Elected	Term of Office	Time Elected Shares Held		Current shareholding		Shares Currently Held by Spouses and/or Children of Minor Age		Shares Held Through Nominees		Main Experience (Education)	Position(s) Held Concurrently in the Company and/or in Any Other Company	Any Other Supervisor, Director, or Supervisor Who is a Spouse or a Relative Within the Second Degree of Kinship of This Person			Remarks
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
Chairman	Black Praise International Limited	—	Hong Kong	2017 11.30	2020 06.03	3 years	15,216	32.11	15,216	32.11	—	—	—	—	—	—	—	—	—	
	Representative: Luo Li-Fen	Female	R.O.C.				2,472	5.22	2,472	5.22	—	—	15,216 (Note 1)	32.11	Bachelors, Hong Kong Chinese Medicine Research Institute Hong Kong Chinese Medicine Physician, General Practitioner Director-general of Chinese International Beauty Association The 3rd Chairman of the China International Leaders Association of the ILF Foundation	Director of Black Praise International Limited Director of Allied Biotech Corporation Chairman of Ying'an Investment Co., Ltd. Chairman of Luo Lih-Fen Enterprise Limited Chairman of Lever Guide Biotech Co., Ltd. Director of Richer Biotechnology Co., Ltd.	—	—	—	Note 6
Director	Talent Reach (HK) Limited	—	Hong Kong	2016 12.29	2020 06.03	3 years	5,406	11.41	5,406	11.41	—	—	—	—	—	—	—	—	—	
	Representative: Huan-Wen Jao	Male	R.O.C.				0.03	—	0.03	—	—	—	14,976 (Note 2)	31.61	Bachelors of Electronic Engineering, National Defense University Chung Cheng Institute of Technology CEO of the Chinese International Beauty Association Vice President China Daily Chemical Industry Technology Innovation Alliance	Director of Luo Lih-Fen Group Co., Ltd. Executive Director of Juwenlee (Fujian) Cosmetics Co., Ltd. Executive Director and President of Zhangzhou Care-pro Biologic Technology Co., Ltd Executive Director of Huiwenli (Fujian) Enterprise Management Co., Ltd. Director of Kangbaoli International Co., Ltd. Director of Forward Idea Investments Limited Director of Talent Reach (HK) Limited Director of World Maker International Limited Director of Luo Lih-Fen Group Limited (Note 5)	—	—	—	

Job Title	Name	Gender	Nationality	Date First Elected	Date Elected	Term of Office	Time Elected Shares Held		Current shareholding		Shares Currently Held by Spouses and/or Children of Minor Age		Shares Held Through Nominees		Main Experience (Education)	Position(s) Held Concurrently in the Company and/or in Any Other Company	Any Other Supervisor, Director, or Supervisor Who is a Spouse or a Relative Within the Second Degree of Kinship of This Person			Remarks
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
Director	Shih-Chinn Ho	Male	R.O.C.	2017 11.30	2020 06.03	3 years	128	0.27	128	0.27	—	—	332 (Note 3)	0.70	Masters of Business Management, National Taiwan University Master of Financial Management, Golden Gate University 10th Chairman of the National Taiwan University EMBA Alumni Foundation 2020 Outstanding Alumni of Fu Jen Catholic University	Chairman of Taiwan Land Investment Co., Ltd. Director of Trade-Van Information Services Co. Chairman of Trade-Van Information Services Co. Independent Director of Center Laboratories, Inc. Independent Director of Collins Co., Ltd. Independent Director of Super Dragon Technology Co., Ltd. Director of Allied Biotech Corporation Director of Ever Supreme Bio Technology Remuneration Committee member of Hi-Clearance Inc. Director of Wisdom Investment Co., Ltd. Chairman of Richer Biotechnology Co., Ltd.	—	—	—	
Director	Li-Chen Lin	Female	R.O.C.	2017 11.30	2020 06.03	3 years	34	0.07	34	0.07	—	—	394 (Note 4)	0.83	Master of Business Administration, Tulane University Bachelor of Law, National Taipei University	Attorney in Charge of PCL TransAsia Law Offices Chairman of LeadSun Investment & Asset Management Limited Director of LeadSun Investment & Asset Management Limited Director of LeadSun New Star Corp. Director of LeadSun Holding Corp. Director of Central Motion Picture Co. Director of Central Pictures Management Consulting Co., Ltd. Director of CPC Corporation, Taiwan Director of Phalanx Biotech Chairman of Lizhi Investment Co., Ltd. Representative of LeadSun & ISU Corp General Partnership Director of Zhitai Investment Co. Director of LeadSun KCIS Limited Representative of Institutional Director of LeadsunFox Greenergy Investment Co., Ltd. Chairman of Leadsun Electrical Energy Co., Ltd. Chairman of Leadsun Wind and Light Energy Co., Ltd. Chairman of Changyuan Wind Power Ltd. Chairman of Beiyuan Wind Power Ltd. Chairman of StarFox Power Ltd. Chairman of Hui Chieh Consulting Co., Ltd. Chairman of LeadsunFox Holding Co., Ltd. Director of Taipei City Hsin Hua Charity Foundation Chairman of LeadSun San Co., Ltd.	—	—	—	

Job Title	Name	Gender	Nationality	Date First Elected	Date Elected	Term of Office	Time Elected Shares Held		Current shareholding		Shares Currently Held by Spouses and/or Children of Minor Age		Shares Held Through Nominees		Main Experience (Education)	Position(s) Held Concurrently in the Company and/or in Any Other Company	Any Other Supervisor, Director, or Supervisor Who is a Spouse or a Relative Within the Second Degree of Kinship of This Person			Remarks
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
Independent Director	Hsiao-Ling Chou	Female	R.O.C.	2017 11.30	2020 06.03	3 years	—	—	—	—	—	—	—	—	Master of Finance, National Taiwan University Department of International Business, Feng Chia University Vice Chairman and President of Polaris MF Global Futures Co., Ltd. Vice President of OCBC Bank President of the Securities Brokerage Division, Polaris Securities Executive Vice President and Spokesperson, Polaris Trust	Vice Chairman of Yuanta Futures Co., Ltd. Audit Committee Member/Remuneration Committee Member of Luo Lih-Fen Holding Co., Ltd. Director of Yuanta Futures (Hong Kong) Co., Ltd. Director of Taiwan Futures Exchange (TAIFEX) Director of Yuanta Foundation Director of SYF Information (Shanghai) Director of SYF Information (Samoa) Director of SYF Information Director of CONNECTION LABS LTD.	—	—	—	
Independent Director	Kuo-Cheng Wang	Male	R.O.C.	2020 06.03	2020 06.03	3 years	—	—	—	—	—	—	—	—	Master, Business Administration, National Taiwan University Bachelor of Business, National Taiwan University Chairman of Board of les elephants General Manager of leas elephants	Independent Director of Hon Hai Precision Industry Co., Ltd. Independent Director of Apex Medical Corp. Independent Director of HannStar Board Corp. Audit Committee member of Luo Lih-Fen Holding Co., Ltd. Remuneration Committee member of E&E Recycling Inc.				
Independent Director	Yu-Che Wang	Male	R.O.C.	2017 11.30	2020 06.03	3 years	—	—	—	—	—	—	—	—	Ph.D. in Business Education, University of Missouri-Columbia Master of Business Administration, University of Massachusetts Dartmouth, USA USA Bachelor of Financial Management, University of Maryland, USA Researcher, National Policy Foundation Consultant, Hsinchu City Government	Associate Professor of the Department of Business Administration, Chung Hua University Audit Committee Member/Remuneration Committee Member of Luo Lih-Fen Holding Co., Ltd. Chairman of Board, Taiwan Nanli Electric Co., Ltd. International Consultant of the Taiwan Institute of Economic Research Expert Judging Committee Member of MAPECT Expert Member of Public Construction Commission Director of Chung Hua University Director of World Senior High School Supervisor of Leadsun Wind and Light Energy Co., Ltd.	—	—	—	

Job Title	Name	Gender	Nationality	Date First Elected	Date Elected	Term of Office	Time Elected Shares Held		Current shareholding		Shares Currently Held by Spouses and/or Children of Minor Age		Shares Held Through Nominees		Main Experience (Education)	Position(s) Held Concurrently in the Company and/or in Any Other Company	Any Other Supervisor, Director, or Supervisor Who is a Spouse or a Relative Within the Second Degree of Kinship of This Person			Remarks
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
Independent Director	Yin-Chieh Hsu	Male	R.O.C.	2017 11.30	2020 06.03	3 years	—	—	—	—	—	—	—	—	Master of Accounting, College of Management, National Taiwan University EMBA Bachelor of Law, National Taipei University Member of the Gender Work Equality Committee, Central Taiwan Science Park Administration, National Science Council, Executive Yuan Honorary Attorney-at-Law, Small and Medium Enterprise Administration, MOEA Consultant of the Chinese Federation of Labor Consultant of Changhua County Government Legal Support Member of Changhua County Government Labor Arbitration Committee Member of the Aviation Police Department Legal Advisory Committee Lecturer for Real Estate Salespersons in Civil Code, Fair Trade Act and Consumer Protection Law of Ministry of Interior	Attorney in Charge of HC & Partners Audit Committee Member/Remuneration Committee Member of Luo Lih-Fen Holding Co., Ltd. Independent Director/Audit Committee Member/Remuneration Committee Member of ONANO Corp. Independent Director/Audit Committee Member/Remuneration Committee Member of Allied Biotech Corp. Director of Changhua Public Service Channel Foundation	—	—	—	

Note 1: Li-Fen Luo holds 15,216 thousand shares of the Company through Black Praise International Limited with a shareholding ratio of 32.11%.

Note 2: Huan-Wen Jao holds 7,656 thousand shares of the Company through Forward Idea Investments Limited with a shareholding ratio of 16.16%, 5,406 thousand shares through Talent Reach (HK) Limited with a shareholding ratio of 11.41%, and 1,914 thousand shares through World Maker International Limited with a shareholding ratio of 4.04%.

Note 3: Shih-Chinn Ho holds 332 thousand shares (0.7%) through Wisdom Investment Co., Ltd.

Note 4: Li-Chen Lin holds 237 thousand shares of the Company through LeadSun Investment & Asset Management Limited with a shareholding ratio of 0.50%, as well as 157 thousand shares through LeadSun International Development Co., Ltd. with a shareholding ratio of 0.33%. Because Li-Chen Lin holds only 26.99% consolidated stake in LeadSun New Star Corp, her shareholding was not included in the Shares Held Through Nominees.

Note 5: To prevent the name of "Luo Li-Fen Group Limited" being registered by other companies, the President of this Company, Huan-Wen Jao, registered the Company in Hong Kong under his name and he also served as the Director. At present, Luo Li-Fen Group Limited has no substantive operations. It also pledged that if Luo Lih-Fen Holding Co., Ltd. is to register a company in Hong Kong under the aforesaid name, the original registration cost will be unconditionally transferred to Luo Lih-Fen Holding Co., Ltd.; and the Company may not engage in businesses currently associated with Luo Lih-Fen Holding Co., Ltd. and its subsidiaries.

Note 6: Where the Company's Chairman and President or equivalent (the supreme management) are the same person, spouses or relatives within 1st degree of kinship, please state the cause, rationality, necessity and responsive action: Ms. Li-Fen Luo, as the founder of the Company, owns the professional knowledge and skills required by the industry with her experience in this industry for more than three decades. Meanwhile, Ms. Li-Fen Luo has the practical experience in corporate business management for many years. Therefore, the Company retains Ms. Luo to serve as the CEO responsible for the routine management and decision making of the Company. In order to strengthen the Company's corporate governance, the Company has appointed 4 independent directors at the shareholders' meetings on June 3, 2020. The number of independent directors accords with the Articles of Incorporation, which requires that there should be no less than 3 independent directors appointed.

2. Major Shareholders of Corporate Shareholders

List of major shareholders

Date: April 30, 2021

Name of Institutional Shareholder	Major Shareholders of Corporate Shareholders
Black Praise International Limited Registration Location: Hong Kong *SinoPac is registered in the shareholder register as the Entrusted Custodian of Black Praise International Limited Investment Account.	Li-Fen Luo (100%)
Talent Reach (HK) Limited Registration Location: Hong Kong *SinoPac is registered in the shareholder register as the Entrusted Custodian of Talent Reach (HK) Limited Investment Account.	Huan-Wen Jao (100%)

3. The main shareholders if the main shareholder of the corporate shareholder is the corporation: None.

4. The status of expertise and independence of the directors and supervisors: (The Company has not appointed a supervisor.)

Name \ Qualification	Meet one of the following professional requirements, together with at least five years of work experience.			Conform to independence status (Note 1)												Number of other public companies working part-time as an independent director for ;
	An instructor or higher position in a department of commerce, law, finance, accounting , or other academic department related to the business needs of the Company in a public or private junior college, college, or university;	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company;	Commercial , legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Black Praise International Limited Representative: Li-Fen Luo			✓									✓	✓	✓		—
Talent Reach (HK) Limited Representative: Huan-Wen Jao			✓									✓	✓	✓		—
Shih-Chinn Ho			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Li-Chen Lin		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Hsiao-Ling Chou			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Kuo-Cheng Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Yu-Che Wang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Yin-Chieh Hsu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note 1: "✓" is marked in the space beneath a condition number when a director or supervisor has met that condition during the two (2) years prior to election and during his or her period of service. The conditions are as follows:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (unless the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the managers in the subparagraph (1) or any of the persons in the subparagraphs (2) & (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that designates its representative to act as the director or supervisor of the Company under Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (unless the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations) .
- (6) Not a director, supervisor or employee of a company of which the director seats or a majority of voting shares and those of the Company are controlled by the same person (unless the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).
- (7) Not a director, supervisor or employee of a company or institution that is the same person or spouse of the Company's Chairman, President or equivalents (unless the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).

- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company (unless the specific or institution holds more than 20% but less than 50% of the total number of issued shares of the Company, and the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, managerial officer of a sole proprietorship, partnership, company, or institution that, provides audit services, or the commercial, legal, financial or accounting services, which have earned no more than NT\$500,000 cumulatively for the most recent two years, to the Company or to any affiliate of the Company, or the spouse thereof. Notwithstanding, this shall not apply to the members of Remuneration Committee, Public Tender Offers Review Committee or Special Committee under Taiwan Business Mergers and Acquisitions Act, who perform duty pursuant to the Securities and Exchange Act or Business Mergers and Acquisitions Act.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Law.
- (12) Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act.

(II) Information of the President, Vice President, Associated Director, and Supervisor of the Various Units and Branches

Date: April 30, 2021; Unit: Thousand Shares, %

Job Title	Name	Gender	Nationality	Inauguration Day	Shares Held		Shares Held by Spouses and/or Children of Minor Age		Shares Held Through Nominees		Main Experience (Education)	Concurrent positions at other companies	Any Other Managerial Officer Who is a Spouse or a Relative Within the Second Degree of Kinship of this Person			Remarks
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
Chief Executive Officer	Li-Fen Luo	Female	R.O.C.	2018 01.16	2,472	5.22	—	—	15,216 (Note 1)	32.11	Bachelors, Hong Kong Chinese Medicine Research Institute Hong Kong Chinese Medicine Physician, General Practitioner Director-general of Chinese International Beauty Association The 3rd Chairman of the China International Leaders Association of the ILF Foundation	Director of Black Praise International Limited Director of Allied Biotech Corporation Chairman of Ying'an Investment Co., Ltd. Chairman of Luo Lih-Fen Enterprise Limited Chairman of Lever Guide Biotech Co., Ltd. Director of Richer Biotechnology Co., Ltd.	—	—	—	Note 2
President	Huan-Wen Jao	Male	R.O.C.	2016 12.15	0.03	—	—	—	14,976 (Note 3)	31.61	Bachelors of Electronic Engineering, National Defense University Chung Cheng Institute of Technology CEO of the Chinese International Beauty Association Vice President China Daily Chemical Industry Technology Innovation Alliance	Director of Luo Lih-Fen Group Co., Ltd. Executive Director of Juwenlee (Fujian) Cosmetics Co., Ltd. Executive Director and President of Zhangzhou Care-pro Biologic Technology Co., Ltd. Executive Director of Huiwenli (Fujian) Enterprise Management Co., Ltd. Director of Kangbaoli International Co., Ltd. Director of Forward Idea Investments Limited Director of Talent Reach (HK) Limited Director of World Maker International Limited Director of Luo Lih-Fen Group Limited (Note 4)	—	—	—	
Senior Vice President	Jian-Ping Lin	Male	China	2007 03.20	—	—	—	—	—	—	Bachelor of Law, Xiamen University Vice President of Fujian Daily Chemicals Chamber of Commerce Vice President of Zhangzhou Individual Private Enterprise Association Director of China Information Association For Traditional Chinese Medicine and Pharmacy, CIATCM Board Director of Detergent & Cosmetics Director of Fujian Province Information	President of Juwenlee (Fujian) Cosmetics Co., Ltd. Supervisor of Xiamen Luolifen Cosmetics Co., Ltd. Supervisor of Xiamen Draise Cosmetics Co., Ltd. President of Huiwenli (Fujian) Cosmetics Co., Ltd. Executive Director of LiChuang (FuJian) Bio- Technology Co.,Ltd.	—	—	—	

Job Title	Name	Gender	Nationality	Inauguration Day	Shares Held		Shares Held by Spouses and/or Children of Minor Age		Shares Held Through Nominees		Main Experience (Education)	Concurrent positions at other companies	Any Other Managerial Officer Who is a Spouse or a Relative Within the Second Degree of Kinship of this Person			Remarks
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
											and Consumer Association Vice President of Henan FE Subsidiary Ent. Administrative Supervisor of Xiamen Yongshun Paper Co. Administrative Unit Manager for Xinyu (Fujian) Technology Co., Ltd. Management Unit Manager for Odeo Technology (Xiamen) Co., Ltd.					
Senior Vice President of Operations	Hung Chen	Female	China	2006 12.19	—	—	—	—	—	—	Marketing Department of Ningde Vocational and Technical College, Fujian Province Tsinghua University "Cosmetic Professional Manager Class" Xiamen University "Entrepreneur Excellence Management Training" Class Front Office Manager, Fujian Quanzhou Zhenshi Hotel Company	Senior Vice President of Business for Juwenlee (Fujian) Cosmetics Co., Ltd. Executive Director and President of Xiamen Luolifen Cosmetics Co., Ltd. Supervisor of Xiamen Glingluo cosmetics Co., Ltd. Executive Director and President of Xiamen Draise Cosmetics Co., Ltd. President of LiChuang (FuJian) Bio-Technology Co., Ltd. Executive Director and President of Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	—	—	—	
Vice President of Business	Chao-Hsiang Chi	Male	China	2008 03.01	—	—	—	—	—	—	Xiamen University EMBA (Studying) Bachelors of Accounting, Zhejiang Gongshang University Planning, Harbin Broadcasting & TV Station Center	Vice President of Business for Juwenlee (Fujian) Cosmetics Co., Ltd. Executive Director and President of Zhangzhou Healthy Skin Clinic Co., Ltd. Executive Director and President of Zhangzhou Kangqili Health Management Co., Ltd. Executive Director and President of Xiamen Glingluo cosmetics Co., Ltd. Supervisor of Xiamen Sunlily Cosmetics Co., Ltd.	—	—	—	
Vice President of Business	Li Wang	Female	China	2006 12.19	—	—	—	—	—	—	Bachelor's Degree in Computer Applications, People's Liberation Army Xi'an Communication University Employee of the Hunan Jinshi Grain Bureau	Vice President of Business for Juwenlee (Fujian) Cosmetics Co., Ltd. Executive Director and President of Xiamen Sunlily Cosmetics Co., Ltd. Supervisor of LiChuang (FuJian) Bio-Technology Co., Ltd.	—	—	—	

Job Title	Name	Gender	Nationality	Inauguration Day	Shares Held		Shares Held by Spouses and/or Children of Minor Age		Shares Held Through Nominees		Main Experience (Education)	Concurrent positions at other companies	Any Other Managerial Officer Who is a Spouse or a Relative Within the Second Degree of Kinship of this Person			Remarks
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
CEO Special Assistant	Yi-Chun Lin (Note 5)	Female	R.O.C.	2017 12.01	6,000	0.01	—	—	—	—	Bachelor of Accounting, National Taipei University Passed the R.O.C. Accountant College Entrance Examination CFO of Yummy Town (Cayman) Holdings Corp. Manager of the Audit Unit for Anli International Co. Associate Manager of the Financial Unit for Taiwan Express (HK) Manager of Deloitte & Touche Assistant Manager of Deloitte Taiwan	Director of Fengyi Investment Co., Ltd.	—	—	—	
Special Assistant of the President	Chih-Fu Wang	Male	R.O.C.	2017 06.16	—	—	—	—	—	—	Bachelor of Accounting, National Taipei University Passed the R.O.C. Accountant College Entrance Examination CPA Partner of Quan Wei CPA Firm Special Assistant for the Chairman of Fu Chuan Steel Ltd. Board of Directors Secretary for Xiamen Quansheng Industrial Co. Assistant Manager of Deloitte Taiwan	Executive Director of Xiamen Fuqidana Enterprise Management Consulting Co. Director of Xiamen Yuangu Creative Design Co. Director of Guanneng Investment Co. Supervisor of Ximen Luhe International Trade Co.,Ltd	—	—	—	
Vice President of Finance	Xiu-Qiong Zhang	Female	China	2016 12.15	—	—	—	—	—	—	Bachelors of Business Administration, Jimei University CFO Class, School of Management, Xiamen University National Intermediate CPA Certificate National CTA Certificate Project Organizer of Xiamen Xinzhou Accounting Firm Limited Company Financial Officer of Xiamen Yongshun Paper Industry Development Co., Ltd.	Vice President of Finance of Juwenlee (Fujian) Cosmetics Co., Ltd.	—	—	—	
Vice President	Chung-Hsiung Huang	Male	R.O.C.	2021 01.18	—	—	—	—	—	—	Accounting Department of Fu Jen Catholic University Associate Manager of Finance for AZOTEK Co., Ltd. Assistant to Chairman of MIKOBEAUTE International Co., Ltd. Finance manager of ITEQ Corporation	Vice President of Lever Guide Biotech Co., Ltd.	—	—	—	

Job Title	Name	Gender	Nationality	Inauguration Day	Shares Held		Shares Held by Spouses and/or Children of Minor Age		Shares Held Through Nominees		Main Experience (Education)	Concurrent positions at other companies	Any Other Managerial Officer Who is a Spouse or a Relative Within the Second Degree of Kinship of this Person			Remarks
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
Audit Officer	Yi Shu Li	Female	R.O.C.	2020 01.01	—	—	—	—	—	—	Master of Graduate School of Business and Management, Lunghwa University Audit Manager of Leasing Co. Audit Manager of HH Leasing & Financial Corp. Audit Manager of Vectorite Biomedical Inc.	—	—	—	—	

Note 1: Where the Company's Chairman and President holds 15,216 thousand shares of the Company through Black Praise International Limited with a shareholding ratio of 32.11%.

Note 2: Where the Company's Chairman and President or equivalent (the supreme management) are the same person, spouses or relatives within 1st degree of kinship, please state the cause, rationality, necessity and responsive action: Ms. Li-Fen Luo, as the founder of the Company, owns the professional knowledge and skills required by the industry with her experience in this industry for more than three decades. Meanwhile, Ms. Li-Fen Luo has the practical experience in corporate business management for many years. Therefore, the Company retains Ms. Luo to serve as the CEO responsible for the routine management and decision making of the Company. In order to strengthen the Company's corporate governance, the Company has appointed 4 independent directors at the shareholders' meetings on June 3, 2020. The number of independent directors accords with the Articles of Incorporation requiring that there should be no less than 3 independent directors appointed.

Note 3: Huan-Wen Jao holds 7,656 thousand shares of the Company through Forward Idea Investments Limited with a shareholding ratio of 16.16%, 5,406 thousand shares through Talent Reach (HK) Limited with a shareholding ratio of 11.41%, and 1,914 thousand shares through World Maker International Limited with a shareholding ratio of 4.04%.

Note 4: To prevent the name of "Luo Li-Fen Group Limited" being registered by other companies first in 2016, the President of this Company, Huan-Wen Jao, registered the Company in HK under his name and he also served as the Director. At present, Luo Li-Fen Group Limited has no substantive operations. It also pledged that if Luo Lih-Fen Holding Co., Ltd. is to register a company in Hong Kong under the aforesaid name, the original registration cost will be unconditionally transferred to Luo Lih-Fen Holding Co., Ltd.; and the Company may not engage in businesses currently associated with Luo Lih-Fen Holding Co., Ltd. and its subsidiaries.

Note 5: Resigned on 2021.03.

III. Remuneration Paid to Directors, Supervisors, President, and Vice President During the Most Recent Year (2020)

(I) Remuneration to Directors, Independent Directors, President, and Vice President

1. Remuneration to Directors and Independent Directors

Date: December 31, 2020; Unit: NT\$1,000

Date: December 31, 2020; Unit: NT\$1,000

Job Title	Name	Renumeration of Directors								Total Amount of A, B, C, and D to Net Income After Tax (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Amount A, B, C, D, E, F, and G to Net Income After Tax (%)		Remuneration from investees other than subsidiaries, or parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Professional fees (D)				Wages, bonuses, and special allowances, etc. (E)		Severance pay and pension (F)		Employees' earnings (G)						
		The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement	The Company		All Companies in the Financial Statement		The Company	All Companies in the Financial Statement	
																Cash Amount	Share Amount	Cash Amount	Share Amount			
Director	Black Praise International Limited Representative: Li-Fen Luo	-	-	-	-	2,400	2,400	120	120	2.42	2.42	7,294	10,394	-	43	-	-	-	-	9.42	12.44	-
	Talent Reach (HK) Limited Representative: Huan-Wen Jao																					
	Shih-Chinn Ho																					
	Li-Chen Lin																					
Independent Director	Hsiao-Ling Chou	2,270	2,270	-	-	-	-	105	105	2.28	2.28	-	-	-	-	-	-	-	-	2.28	2.28	-
	Kuo-Cheng Wang																					
	Yu-Che Wang																					
	Yin-Chieh Hsu																					
Total		2,270	2,270	-	-	2,400	2,400	225	225	4.70	4.70	7,294	10,394	-	43	-	-	-	-	11.70	14.72	-

- Please state the policies, systems, standards and results of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors: The remuneration to the Company's independent directors is paid in accordance with the Company's Regulations Governing Remuneration to Independent Directors, and authorized subject to the experience, full-time and concurrent positions and scope of job responsibilities of the independent directors. The independent directors' salary is paid at fixed amount and on a monthly basis. The attendance fees are authorized per the counts of actual attendance by each director.
- In addition to those disclosed in the table above, the amount of remuneration for the services (such as non-employee consultants, etc.) provided to all of the companies by the Company's directors in the Financial Report for last year: None.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Directors			
	Summation of the First 4 Items (A+B+C+D)		Summation of the First 7 Items (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement
Below NT\$1,000,000	Li-Fen Luo, Huan-Wen Jao, Shih-Chinn Ho, Li-Chen Lin, Hsiao-Ling Chou, Kuo-Cheng Wang, Yu-Che Wang, Yin-Chieh Hsu	Li-Fen Luo, Huan-Wen Jao, Shih-Chinn Ho, Li-Chen Lin, Hsiao-Ling Chou, Kuo-Cheng Wang, Yu-Che Wang, Yin-Chieh Hsu	Shih-Chinn Ho, Li-Chen Lin, Hsiao-Ling Chou, Kuo-Cheng Wang, Yu-Che Wang, Yin-Chieh Hsu	Shih-Chinn Ho, Li-Chen Lin, Hsiao-Ling Chou, Kuo-Cheng Wang, Yu-Che Wang, Yin-Chieh Hsu
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	—	—	—	—
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	—	—	Huan-Wen Jao	—
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	—	—	Li-Fen Luo	Li-Fen Luo/Huan-Wen Jao
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—	—	—
Over NT\$100,000,000	—	—	—	—
Grand Total	8 People	8 People	8 People	8 People

2. Remuneration to Supervisor: Not applicable, because the Company has established the Audit Committee.

3. Remuneration to Presidents and Vice Presidents

Date: December 31, 2020; Unit: NT\$1,000

Date: December 31, 2020; Unit: NT\$1,000

Job Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances, etc. (C)		Employee remuneration (D)				Total Amount of A, B, C, and D to Net Income After Tax (%)		Remuneration from investees other than subsidiaries, or parent company
		The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement	The Company	All Companies in the Financial Statement	The Company		All Companies in the Financial Statement		The Company	All Companies in the Financial Statement	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
Chief Executive Officer	Li-Fen Luo	2,142	14,703	-	163	5,152	12,746	-	-	-	-	7.00	26.51	-
President	Huan-Wen Jao													
Senior Deputy President	Jian-Ping Lin													
Senior Vice President of Operations	Hung Chen													
Vice President of Business	Chao-Hsiang Chi													
Vice President of Business	Li Wang													
CEO Special Assistant	Yi-Chun Lin (Note 1)													
Special Assistant of the President	Chih-Fu Wang													
Accounting Manager	Xiu-Qiong Zhang													

Note 1: Resigned on 2021.03.

Range of Remuneration

Range of remuneration to presidents and vice presidents	Names of Presidents and Vice Presidents	
	The Company	All Companies in the Financial Statement
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	Xiu-Qiong Zhang/Yi-Chun Lin/Chih-Fu Wang
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Huan-Wen Jao	Jian-Ping Lin/Hung Chen/Chao-Hsiang Chi/Li Wang
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	Huan-Wen Jao
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Li-Fen Luo	Li-Fen Luo
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—
Over NT\$100,000,000	—	—
Grand Total	2 People	9 People

4. Name and distribution of the manager who assigned the employee's remuneration: None.

5. Respectively compare and specify the analysis results for the ratios of the net incomes for all of the total remuneration amounts paid by the Company and companies included in the consolidated financial statements to the Company's directors, supervisors, presidents, and vice presidents in the last two years to the net income after tax in the entity or separate financial reports; and specify the relevance between the payment remuneration policies, standards and combinations, remuneration setting procedures, operating performances, and future risks

- (1) Proportion of the total remuneration paid by the Company and companies included in the consolidated financial statements to the Company's Directors, Supervisors, Presidents and Vice Presidents to the net income after tax in the entity or separate financial report for the most recent two years.

Unit: NT\$1,000

Items \ Year	2019		2020	
	The Company	Consolidated Statement	The Company	Consolidated Statement
Total Remuneration of Directors	18,161	21,705	12,189	15,332
Total Remuneration to Directors to Net Income after Tax (%)	3.65%	4.36%	11.70%	14.72%
Total Remuneration to Presidents and Vice Presidents	8,736	33,051	7,294	27,612
Total Remuneration to Presidents and Vice President to Net Income after Tax (%)	1.76%	6.64%	7.00%	26.51%

- (2) Remuneration policies, standards and packages, procedures for determining remuneration and its connection with business performance and future risk exposure.

The Company has established the Remuneration Committee, which is composed of all independent directors. The Remuneration Committee is responsible for setting and regularly reviewing the policies, systems, standards, and structures for performance evaluation and compensation for directors and managers. The remuneration to directors and managers are now determined after regular assessment and reference to the typical pay levels adopted by peer companies.

The remuneration structure can be classified as "fixed" or "variable". A reasonable structure for fixed remuneration is determined with reference to industry standards to ensure that the remuneration paid by the Company satisfies laws and affords to attract excellent talents. Variable remuneration is related to company performance. Variable remunerations include the following: Performance bonuses, year-end bonuses, and employee bonuses distributed from earnings. The amount of variable remuneration paid is determined with reference to "distribution base" and "performance weight", taking into comprehensive consideration the company's financial performance, the quality and performance of company operations, and future risks, as well as personal performance appraisal results, spent hours, responsibilities, fulfillment of personal targets, other duty performance, and remuneration paid by the Company to the equivalent position in the recent years. Meanwhile, the connection of personal performance with business performance and future risk exposure is assessed in terms of the fulfillment of the Company's short-term and long-term business targets, and the Company's financial position. The remuneration shall be determined in the following manners:

- a. Ensure that the remuneration paid by the Company satisfies laws and affords to attract excellent talents.
- b. The performance appraisal on and remuneration shall be considered based on the typical pay levels adopted by peer companies, and in consideration of personal performance appraisal results, and the connection of personal performance with business performance and future risk exposure is assessed in terms of the fulfillment of the Company's short-term and long-term business targets, and the Company's financial position.
- c. Not to lead directors and managers to engage in any activities beyond the Company's risk acceptance for pursuing remuneration.
- d. Take the industrial characteristics and Company's business nature into account when determining the proportion of short-term performance remuneration to directors and senior management and time to pay certain variable remuneration.
- e. The rationality of the contents and amount of remuneration to directors and managers shall be taken into account. The resolution on remuneration to directors and managers shall not materially deviate from the financial performance. In the case of significant declination of earnings or long-term loss, the remuneration shall not be higher than that in the previous year.

IV. Company Corporate Governance Operational Status

(I) Board of Directors Operational Status:

In the most recent year (2020), the Board of Directors has convened 6 meetings. From 2021 until the date of publication of the annual report, the Board of Directors has convened 2 meetings. Therefore, there were already 8 meetings (A) convened in total. The Company's director presence (attendance) at the meetings is stated as following:

Job Title	Name	Actual presence (attendance) counts (B)	Number of Attendances by Proxy	Actual presence (attendance) rate (%) (B/A)	Remarks
Chairman	Black Praise International Limited Representative: Li-Fen Luo	8	0	100%	
Director	Talent Reach (HK) Limited Representative: Huan-Wen Jao	8	0	100%	
Director	Shih-Chinn Ho	8	0	100%	
Director	Li-Chen Lin	7	1	87.5%	
Independent Director	Hsiao-Ling Chou	6	1	75%	
Independent Director	Kuo-Cheng Wang	6	0	100%	Member of the 3rd-Term Board of Directors elected at the shareholders' meeting on June 3, 2020.
Independent Director	Yu-Che Wang	8	0	100%	
Independent Director	Yin-Chieh Hsu	7	1	87.5%	

Other Noteworthy Matters:

I. If the Board of Director operations have any of the following conditions; the date, period, and the proposal contents of the independent directors as well as the Company's handling of the independent directors' opinions must be specified:

(I) Matters specified in Article 14.3 of Taiwan's Securities and Exchange Act:

1. Motions reported/ratified/passed at the 18th meeting of the Board of Directors of 2nd term on March 9, 2020:

- (1) Motion to report the financial products acquired and disposed of recently by subsidiaries.
- (2) Motion to report the communication with the Company's stakeholders.
- (3) Motion to report the renewed liability insurance for the Company's directors and managers.
- (4) 2019 Business Report
- (5) 2019 Business Report and Financial Statement
- (6) 2019 Distribution of Earnings
- (7) Motion for the Company's "2019 Statement on Internal Control System".
- (8) 2019 Employee and Director Remuneration Distribution
- (9) Motion to amend the Company's "Articles of Incorporation".
- (10) Motion to amend the Company's "Parliamentary Rules for Shareholders' Meeting".
- (11) Amendments to the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"
- (12) Amendments to the Company's "Parliamentary Rules for Board of Directors Meeting"
- (13) Amendments to the Company's "Corporate Social Responsibility Best Practice Principles"
- (14) Motion to amend the Company's "Corporate Governance Best Practice Principles"

- (15) Motion to amend the Company's "Articles of Association for Remuneration Committee"
 - (16) Motion to amend the Company's "Articles of Association for Audit Committee"
 - (17) Motion to reelect the Company's directors and independent directors of 3rd Term.
 - (18) Motion to terminate the non-competition restrictions imposed on the new directors of 3rd term (including independent directors) and their representatives.
 - (19) Motion to accept the written proposal submitted by shareholders holding one percent or more of the Company's shares, or the period for accepting the nomination of director candidates and place designated for accepting the roster of director candidates nominated.
 - (20) Motion to convene the Company's 2020 general shareholders' meeting.
- Said motions were approved by all attending directors unanimously.
- 2. Motions reported/ratified/passed at the 19th meeting of the Board of Directors of 2nd term on May 11, 2020:**
- (1) Motion to report the Q1 2020 consolidated financial statements of the Company.
 - (2) Motion to report the financial products acquired and disposed of recently.
 - (3) Motion to report the increase in the capital of Xiamen Sunlily Cosmetics Co., Ltd. and Xiamen Glingluo Cosmetics Co., Ltd.
 - (4) Motion to report the disposal of investment in Xiamen Senlinhai Industry & Trade Co., Ltd.
 - (5) Motion to adjust the salary of the Accounting Manager
 - (6) Motion to approve the capitalization of earnings of Juwenlee (Fujian) Cosmetics Co., Ltd.
- Said motions were approved by all attending directors unanimously.
- 3. Motions reported/ratified/passed at the 1st meeting of the Board of Directors of 3rd term on June 03, 2020:**
- (1) Motion to elect the Company's Chairman of the 3rd Term.
- Unanimous approval granted to appoint Ms. Luo Li-Fen, the Representative of Black Praise International Limited, as the Chairman of the Company.
- 4. Motions reported/ratified/passed at the 2nd meeting of the Board of Directors of 3rd term on June 12, 2020:**
- (1) Motion to set the Company's ex-dividend dates and distribution of stock dividends.
 - (2) Motion to appoint members of the Remuneration Committee of the 2nd Term.
 - (3) Motion to appoint members of the Audit Committee of the 2nd Term.
- Said motions were approved by all attending directors unanimously.
- 5. Motions reported/ratified/passed at the 3rd meeting of the Board of Directors of 3rd term on August 10, 2020:**
- (1) Motion to report the Q2 2020 consolidated financial statements of the Company.
 - (2) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee.
 - (3) Motion to report the establishment of the Company's "Risk Management Policies and Procedures" and the recent implementation of risk management policies.
 - (4) Motion to establish the Company's Human Rights Policy.
 - (5) Motion to approve remuneration for the Company's directors.
- Said motions were approved by all attending directors unanimously.
- 6. Motions reported/ratified/passed at the 4th meeting of the Board of Directors of 3rd term on November 09, 2020:**
- (1) Motion for the Q3 2020 consolidated financial statements of the Company.
 - (2) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee.
 - (3) Motion for the investment in the establishment of Richer Biotechnology Co., Ltd.
 - (4) Motion for the Company's 2021 audit plan.
 - (5) Motion for the subsidiary Lever Guide Biotech Co., Ltd.'s merger and consolidation with Kang Jing Biologic Technology Co., Ltd.
- Said motions were approved by all attending directors unanimously.
- 7. Motions reported/ratified/passed at the 5th Meeting meeting of the Board of Directors of 3rd term on January 18, 2021:**
- (1) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee.
 - (2) Motion to report communication with stakeholders.

- (3) Motion to present the Business Integrity Report.
 - (4) Motion to assess the competence and independence of the Company's attesting CPA.
 - (5) Motion to report the 2020 Board Performance Evaluation.
 - (6) Motion to review the policies systems for the performance evaluation and salary compensation of the Company.
 - (7) Motion for the year-end bonus to the Company's managers in 2020.
 - (8) Motion for the Company's 2021 annual operating plan and budget.
 - (9) Motion for the appointment and remuneration of the Company's financial report CPA.
 - (10) Motion for the acquisition of right- of-use assets from related parties by the subsidiary in Taiwan.
- Said motions were approved by all attending directors unanimously.

8. Motions reported/ratified/passed at the 6th Meeting meeting of the Board of Directors of 3rd term on March 10, 2021:

- (1) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee.
 - (2) Motion to report the renewed liability insurance for the Company's directors and managers.
 - (3) 2020 Business Report.
 - (4) 2020 Business Report and Financial Statements.
 - (5) 2020 Distribution of Earnings.
 - (6) 2020 Employee and Director Remuneration Distribution.
 - (7) Motion for the Company's "2020 Statement on Internal Control System".
 - (8) Motion to amend the Company's "Parliamentary Rules for Shareholders' Meeting".
 - (9) Motion to terminate the non-competition restrictions imposed on the directors (including independent directors) of the Company.
 - (10) Motion to accept the written proposal submitted by shareholders holding one percent or more of the Company's shares and the period for accepting and place designated for accepting the nomination.
 - (11) Motion to designate the Company's custodian of securities transactions.
 - (12) Motion to pass the appointed Vice President.
 - (13) Motion to convene the Company's 2021 general shareholders' meeting.
- Said motions were approved by all attending directors unanimously.

(II) Aside from the above matters, other resolutions adopted by the Board of Directors to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

II. Recusals of directors due to conflicts of interests

(clearly state the director's name, contents of the motion and resolution thereof, reason for recusal and actual voting counts)

Board of Directors Meeting Date	Name of the Director Abstained	Motion Content	Reason for Conflict of Interest Abstention	Voting Participation Status
March 9, 2020	Li-Fen Luo, Huan-Wen Jao Li-Chen Lin, Shih-Chinn Ho Hsiao-Ling Chou, Yu-Che Wang Yin-Chieh Hsu	(1) Motion to reelect the Company's directors and independent directors of 3rd Term. (2) Motion to terminate the non-competition restrictions imposed on the new directors of 3rd term (including independent directors) and their representatives.	(1) Director/ independent director candidates to be nominated and reviewed (2) Stakeholders in the motion to terminate the non-competition restrictions imposed on directors	(1) The directors and independent directors are the nominated candidates for the reelection of directors (including independent directors). After listening to the explanation about the conflict of interest, they recused themselves from discussion and voting on the nomination and review of director or independent director candidates pursuant to laws. (2) As stakeholders in the motion, the directors recused themselves from discussion and voting on the termination of non-competition restriction on them pursuant to laws, after listening to the explanation about conflict of interest.

Board of Directors Meeting Date	Name of the Director Abstained	Motion Content	Reason for Conflict of Interest Abstention	Voting Participation Status
August 10, 2020	Li-Fen Luo, Huan-Wen Jao, Li-Chen Lin, Shih-Chinn Ho, Hsiao-Ling Chou, Kuo-Cheng Wang, Yu-Che Wang, Yin-Chieh Hsu	Motion to approve remuneration for the Company's directors.	Stakeholders in the motions for director's remuneration.	As stakeholders in the motion, the directors recused themselves from discussion and voting on remunerations pursuant to laws, after listening to the explanation about conflict of interest.
November 9, 2020	Li-Fen Luo	Motion for the subsidiary Lever Guide Biotech Co., Ltd.'s merger and consolidation with Kang Jing Biologic Technology Co., Ltd.	Parties involved in subsidiary consolidation have conflicts of interest with the Chairman Ms. Li-Fen Luo	As a stakeholder in the motion, the Chairman Ms. Li-Fen Luo recused herself from discussion and voting pursuant to laws, after listening to the explanation about conflict of interest. The discussion and voting on this motion were held by the acting chairperson, independent director Hsiao-Ling Chou.
January 18, 2021	Li-Fen Luo, Huan-Wen Jao	(1) Motion for the year-end bonus to the Company's managers in 2020. (2) Motion for the acquisition of right-of-use assets from related parties by the subsidiary in Taiwan.	(1) Ms. Li-Fen Luo is the CEO of the Company and Mr. Huan-Wen Jao is the President of the Company are stakeholders in the motion for managers' year-end bonuses. (2) The Chairman Ms. Li-Fen Luo is a stakeholder to the acquisition of right-of-use assets.	(1) As stakeholders in the motion, directors who are also managers of the Company recused themselves from discussion and voting on the motion pursuant to laws, after listening to the explanation about conflict of interest. (2) As a stakeholder to the acquisition of right-of-use asset, the Chairman Ms. Li-Fen Luo recused herself from discussion and voting on this motion pursuant to laws, after listening to the explanation about conflict of interest. The discussion and voting on (1) and (2) were held by the acting chairperson, independent director Hsiao-Ling Chou.
March 10, 2021	Shih-Chinn Ho, Yin-Chieh Hsu	Motion to terminate the non-competition restrictions imposed on the directors (including independent directors) of the Company.	Stakeholders in the motion to terminate the non-competition restrictions imposed on directors	As stakeholders in the motion, the directors recused themselves from discussion and voting on the termination of non-competition restriction on them pursuant to laws, after listening to the explanation about conflict of interest.

III. Status of self (or peer) assessment by the Board of Directors

(I) Method and Scope of Evaluation

Performance appraisal was conducted by using internal evaluation of the board, self-assessment by individual board members, and peer evaluation.

Items	Method of Evaluation	Scope of Evaluation	Questionnaire
1	Internal evaluation of the board	Board of Directors as a whole	1 self-assessment questionnaire on the performance of the Board of Directors
2	Self-assessment by individual directors	Individual Board members	1 self-assessment questionnaire for individual directors
3	Peer evaluation	Individual Board members	7 assessment questionnaires for board members
4	Self-assessment of functional committees	Functional committees	1 self-assessment questionnaire on the performance of functional committees

(II) Period of Evaluation

The performance evaluation covers the period from January 1, 2020 to December 31, 2020. (And June 3, 2020 to December 31, 2020 for new board members) Note: Directors were reelected this year; therefore, performance appraisal for newly elected board members begins from the date on which the members were elected.

(III) Contents of Evaluation

Each performance evaluation questionnaire assesses the following items:

Items	Items	Contents of Evaluation
1	Self-assessment questionnaire on the performance of the Board of Directors	Board performance evaluation covers the following five aspects, with a total of 45 rating indicators: A. Participation in Company operations; B. Improvement of the quality of the Board of Directors' decision making; C. Composition and structure of the Board of Directors; D. Election and continuing education of the Directors; E. Internal control
2	Self-assessment questionnaire for individual directors (Self-assessment/peer evaluation)	Individual director self-assessment and peer evaluation cover the following six aspects, with a total of 23 rating indicators: A. Familiarity with the goals and missions of the Company; B. Recognition of duties as Directors; C. Participation in Company operations; D. Management of internal relations and communication; E. Directors' professionalism and continuing education; F. Internal control
3	Self-assessment questionnaire on the performance of functional committees	Functional committee performance evaluation covers the following five aspects, with a total of 24 rating indicators: A. Participation in Company operations; B. Recognition of functional committee duties; C. Improvement in the quality of decision-making of functional committees; D. The composition of functional committees and member selection; E. Internal control

IV. Disclosure and use of assessment results

The Secretariat Office under the Board of Directors conducts a statistics on the appraisal results of the Board of Directors, individual Board members, and functional committees. The results are then presented to the Board of Directors as required by law and disclosed in the annual report and on the Market Observation Post System.

The performance evaluation results of individual directors will serve as a reference for determining remuneration to individual directors, and the board performance evaluation results will serve as a reference for the next direct election or nomination.

V. Evaluation Results

A total reelection of the Company's Board of Directors was carried out in 2020. This year, candidates were nominated with due consideration to the performance evaluation results of individual directors during their term of office and board diversification. The Board of Directors elected 8 directors (including 4 independent directors). Given the Company's board diversification policy, directors with expertise in industry, finance, information and laws are elected. With respect to the planning of directors' continuing education, the Company voluntarily hires a professional agency to provide continuing education courses for directors onsite at the Company. Directors may elect to attend these courses depending on their education progress for the year. In August 2020, arrangements were made for directors to attend continuing education courses offered by Taiwan Corporate Governance Association. All directors have met the annual continuing education requirements for directors and kept abreast of any information related to corporate governance.

The Company has set up two functional committees, which are composed of independent directors: Audit Committee and Remuneration Committee. The Audit Committee effectively evaluates and oversees internal control system and risk management operations, periodically tracks and monitors the company's accounting systems, financial position and financial reports, and audit reports. The Audit Committee maintains effective communication and constant contact with the Company's CPAs. The Remuneration Committee regularly reviews the performance of directors and managers, the relationship between their performance and remuneration, and whether their remuneration is reasonable. The management team proposes appropriate motions to each functional committee. The functional committees are able to provide recommendations in a timely, professional, and objective manner and present them to the Board of Directors for decision-making.

In 2020, the Company has convened a total of 6 board meetings (including Board of Directors of the 2nd Term). The total attendance for directors should have been 46 counts; actual attendance was 43 counts in total, for a total attendance rate of 93%. Directors' attendance at board meetings is considered fair. Directors (including independent directors) engage in positive

communication and interaction with the management team, chief audit officer, and independent auditors. The Company requires the management team to carry out and keep track of corporate governance-related regulations, internal control system, and operating performance. The Company's management team submits appropriate motions to the Board of Directors for discussion. Before a board meeting, the team is able to furnish Board members with appropriate information that serves as the basis for making decisions, and also documents issues that are of concern to directors and recommendations, as appropriate. Any director or manager who is required to recuse himself from related motions as stakeholder does recuse himself from the motions. The Board of Directors ensures the supervision of the internal control system and risk management situations that likely involve the proposed motions. For motions approved by the Board of Directors (including but are not limited to annual plans and budgets), the management team is able to implement the motions as proposed, and regularly keeps track of and provides report on relevant progresses.

Upon evaluation, the entire Board of Directors (and functional committees) is functioning effectively.

VI. Measures undertaken during the current year and in the most recent year in order to strengthen the functions of the Board of Directors and assessment of their implementation

Goal 1: Enhance information transparency

The Company's operations are transparent and focus on shareholders' equity. Important motions will be announced on the Market Observation Post System (MOPS) immediately after each Board of Directors meeting. The Company is capable of preparing the financial reports independently. PwC Taiwan is retained to (review/audit) certify the financial reports (quarterly/annually). The Company also discloses the relevant information via MOPS pursuant to laws. Additionally, the Company's official website also has the investor and stakeholder areas that disclose relevant business information for review by shareholders and stakeholders.

Goal 2: Diversify board composition and structure for better and stronger board managerial functions

The Company defines the diversity policy on the Board members in Article 20 of its Corporate Governance Best Practice Principles. The Company currently appoints 8 directors, including 3 female directors. Board members have expertise in operation, management, finance, auditing, economics, and information. Each member has years of practical experience in various fields, as well as extensive knowledge and expertise that conform to the Company's operational needs and can facilitate the Company's future business management, internal control, and industrial integration. Further, the Company has 4 independent directors form the Audit Committee and Remuneration Committee, respectively. Ms. Hsiao-Ling Chou serves as the convener of the Audit Committee and Remuneration Committee.

Goal 3: Encourage directors to continue their education

On August 10, 2020, the Company has arranged Taiwan Corporate Governance Association to provide its directors with the continuing education courses on tax laws and AI risk management topics. The Company's directors engaged in continuing education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", thus satisfying the continuing education requirements for directors.

Goal 4: Increase directors' participation in company operation and improve the decision-making quality of the Board of Directors

The Company directors' attendance at the Board of Directors meetings are considered fair, and so are the communication and interaction between the Board of Directors and the management team, audit officer and independent auditors. Meanwhile, the management team is asked to practice the corporate governance-related regulations, internal control system, and execution and follow-up of operating performance. Any director or manager who is required to recuse himself from related motions as stakeholder does recuse himself from the motions.

(II) Audit Committee Operation Status:

The Company's Audit Committee is composed entirely of independent directors, whose task focus in the most recent year (2020) included overseeing the company's internal control implementation status, status of regulatory compliance, whether the company's financial statements are presented fairly, and the independence and performance of independent auditors. In the recent years up to the date of publication of the annual report, the Company's Audit Committee has held a total of 7 (A) meetings, of which 5 were held in 2020 and 2 in 2021. The attendance of the 4 independent directors is as follows:

Job Title	Name	Attendance in person (B)	Number of Attendances by Proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Hsiao-Ling Chou	6	1	86%	12th meeting of the Audit Committee of 1st term Member Yin-Chieh Hsu was appointed to chair the meeting.
Independent Director	Kuo-Cheng Wang	5	0	100%	Independent Director elected at the shareholders' meeting on June 3, 2020.
Independent Director	Yu-Che Wang	7	0	100%	
Independent Director	Yin-Chieh Hsu	6	1	86%	

Other Noteworthy Matters:

I. When one of the following situations occurred to the operations of the Audit Committee; state the date, period, and proposal contents of the Board of Directors meeting as well as the opinions of all members of the Audit Committee and the Company's actions in response to the opinions of the Audit Committee:

(I) Matters specified in Article 14.5 of Taiwan's Securities and Exchange Act:

The Company established the Audit Committee on December 20, 2017. The operating status of the Audit Committee in the recent years up to the date of publication of the annual report is as follows:

1. The 17th meeting of the Audit Committee of 1st term on March 9, 2020 passed/reported/ratified the following:

- (1) 2019 Business Report and Financial Statement
 - (2) 2019 Distribution of Earnings
 - (3) Motion for the Company's "2019 Statement on Internal Control System".
 - (4) 2019 Audit Committee Inspection Report
 - (5) Motion to reelect the Company's directors and independent directors of 3rd Term. (Including the name list of the candidates for the nomination and audit directors and independent directors)
 - (6) Motion to terminate the non-competition restrictions imposed on the new directors of 3rd term (including independent directors) and their representatives.
 - (7) Motion to report the financial products acquired and disposed of recently by subsidiaries.
 - (8) Motion to report the renewed liability insurance for directors and managers.
- Said motions were approved by all attending Committee member unanimously.

2. The 18th meeting of the Audit Committee of 1st term on May 11, 2020 passed/reported/ratified the following:

- (1) Motion to report the Q1 2020 consolidated financial statements of the Company.
 - (2) Motion to report the financial products acquired and disposed of recently.
 - (3) Motion to report the increase in the capital of Xiamen Sunlily Cosmetics Co., Ltd. and Xiamen Glingluo Cosmetics Co., Ltd.
 - (4) Motion to report the disposal of investment in Xiamen Senlinhai Industry & Trade Co., Ltd.
 - (5) Motion for the capitalization of earnings of Juwenlee (Fujian) Cosmetics Co., Ltd.
- Said motions were approved by all attending Committee member unanimously.

3. **The 1st meeting of the Audit Committee of 2nd term on June 12, 2020 passed/reported/ratified the following:**
 - (1) Motion to appoint the convener and chair for the meetings of the Audit Committee of 2nd Term.
All attending committee members unanimously approved to appoint Ms. Hsiao-Ling Chou to be the convener of the 2nd Term Audit Committee.
 4. **The 2nd meeting of the Audit Committee of 2nd term on August 10, 2020 passed/reported/ratified the following:**
 - (1) Motion to report the Q2 2020 consolidated financial statements of the Company.
 - (2) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee.
 - (3) Motion to report the establishment of the Company's "Risk Management Policies and Procedures" and the recent implementation of risk management policies.
 - (4) Motion to establish the Company's Human Rights Policy.

Said motions were approved by all attending Committee member unanimously.
 5. **The 3rd meeting of the Audit Committee of 2nd term on November 09, 2020 passed/reported/ratified the following:**
 - (1) Motion for the Q3 2020 consolidated financial statements of the Company.
 - (2) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee.
 - (3) Motion for the investment in the establishment of Richer Biotechnology Co., Ltd.
 - (4) Motion for the Company's 2021 audit plan.
 - (5) Motion for the subsidiary Lever Guide Biotech Co., Ltd.'s merger and consolidation with Kang Jing Biologic Technology Co., Ltd.

Said motions were approved by all attending Committee member unanimously.
 6. **The 4th meeting of the Audit Committee of 2nd term on January 18, 2021 passed/reported/ratified the following:**
 - (1) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee.
 - (2) Motion to report communication with stakeholders.
 - (3) Motion to present the Business Integrity Report.
 - (4) Motion for the Company's 2021 annual operating plan and budget.
 - (5) Motion to assess the competence and independence of the Company's attesting CPA.
 - (6) Motion for the appointment and remuneration of the Company's financial report CPA.
 - (7) Motion for the acquisition of right-of-use assets from related parties by the subsidiary in Taiwan.

Said motions were approved by all attending Committee member unanimously.
 7. **The 5th meeting of the Audit Committee of 2nd term on March 10, 2021 passed the following:**
 - (1) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee.
 - (2) Motion to report the renewed liability insurance for the Company's directors and managers.
 - (3) 2020 Business Report and Financial Statements.
 - (4) 2020 Distribution of Earnings.
 - (5) Motion for the Company's "2020 Statement on Internal Control System".
 - (6) Motion to designate the Company's custodian of securities transactions.
 - (7) 2020 Audit Committee Inspection Report.

Said motions were approved by all attending Committee member unanimously.
- (II) Resolutions passed by two-thirds of all directors but without approval of the Audit Committee except for the preceding item: None.

II. Any independent directors who had to excuse themselves to prevent conflicts of interest

(clearly state the independent director's name, contents of the motion and resolution thereof, reason for recusal and actual voting counts)

Date	Name of Independent Director	Motion Content	Reason for Conflict of Interest Abstention	Voting Participation Status
March 9, 2020	Hsiao-Ling Chou Yu-Che Wang Yin-Chieh Hsu	(1) Motion to reelect the Company's directors and independent directors of 3rd Term. (2) Motion to terminate the non-competition restrictions imposed on the new directors of 3rd term (including independent directors) and their representatives.	(1) Director/ independent director candidates to be nominated and reviewed (2) Stakeholders in the motion to terminate the non-competition restrictions imposed on directors	(1) The members are candidates nominated for the reelection of independent directors. After listening to the explanation about the conflict of interest, they recused themselves from discussion and voting on the nomination and review of director or independent director candidates pursuant to laws. (2) As stakeholders in the motion, the directors recused themselves from discussion and voting on the termination of non-competition restriction on them pursuant to laws, after listening to the explanation about conflict of interest.

III. Communication between independent directors and internal audit officers as well as CPAs on the Company's finance and business

The Company's internal audit officers send the internal audit report to the independent directors periodically, in order to report the execution of the internal audit and audit results. Additionally, the Company's Audit Committee consists of the whole independent directors. The internal audit officers will report the audit results to the Audit Committee periodically, including the key inspection opinion on execution of the audit plan, internal operations, internal auditors' training and internal/external audits, and status of improvement thereof. CPAs will report to the independent directors on the Company's financial position, overall operations and internal audit on a quarterly basis, and communicate with the independent directors about the effect to the account entries by important adjusting journal entries or amendments to laws and regulations, if any.

Communication between independent directors and internal audit officers in 2020

Meeting Date/Term	Scope of Communication	Communication Results and Response
2020/03/09 17th meeting of the Audit Committee of 1st term	1. Reports on the internal audit progress. 2. 2019 "Statement on Internal Control System"	No objection. The Audit Committee' Statement on Internal Control System has been submitted to the Board of Directors for approval, and announced and reported as scheduled.
2020/05/11 18th meeting of the Audit Committee of 1st term	1. Reports on the internal audit progress.	No objection.
2020/08/10 2nd meeting of the Audit Committee of 2nd term	1. Reports on the internal audit progress.	No objection.
2020/11/09 3rd meeting of the Audit Committee of 2nd term	1. Reports on the internal audit progress. 2. 2021 audit plan	No objection. The audit plan approved by the Audit Committee has been submitted to the Board of Directors for approval. Relevant audits will be carried out in 2021 as planned.

Communication between independent directors and CPAs in 2020

Meeting Date/Term	Scope of Communication	Communication Results
2020/03/09 17th meeting of the Audit Committee of 1st term	<ol style="list-style-type: none"> 1. Explain the material adjustment on the audit on financial statements and income 2019, and report on the scope, method and findings of the assessment on internal control. 2. Discuss and communicate about the questions raised by independent directors toward the financial statements. 3. Communicate about the Key Audit Matters (KAM) in the audit report 4. Remarks on the effect of amendments to the latest amendments to laws and regulations and application of the new statement of standards. 	The annual financial report was approved by the Audit Committee, submitted to the Board of Directors and shareholders' meeting for approval, and announced and reported as scheduled.
2020/05/11 18th meeting of the Audit Committee of 1st term	<ol style="list-style-type: none"> 1. Explain the material adjustments to the review report on Q1 2020 financial statements. 2. Discuss and communicate about the questions raised by independent directors toward the financial statements. 3. Remarks on the latest financial reporting laws and regulations. 	The financial report was approved by the Audit Committee, and submitted to the Board of Directors for approval, and announced and reported as scheduled.
2020/08/10 2nd meeting of the Audit Committee of 2nd term	<ol style="list-style-type: none"> 1. Explain the material adjustments to the review report on Q2 2020 financial statements. 2. Discuss and communicate about the questions raised by independent directors toward the financial statements. 3. Present the interim report regarding the disclosure and assessment of the impact that COVID-19 pandemic has on the company. 	The financial report was approved by the Audit Committee, and submitted to the Board of Directors for approval, and announced and reported as scheduled.
2020/11/09 3rd meeting of the Audit Committee of 2nd term	<ol style="list-style-type: none"> 1. Explain the material adjustments to the review report on Q3 2020 financial statements. 2. Discuss and communicate about the questions raised by independent directors toward the financial statements. 3. Present auditing measures taken during the COVID-19 period. 	The financial report was approved by the Audit Committee, and submitted to the Board of Directors for approval, and announced and reported as scheduled.

(III) Corporate Governance Operation Status and deviations from the Corporate Governance Best Practice Principles for

TWSE/TPEX Listed Companies and reasons thereof

Corporate Governance Operation Status and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX

Listed Companies and reasons thereof

Evaluation Item	Operation Scenario			Reason for the Corporate Governance Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
I. Has the Company formulated and disclosed its "Corporate Governance Best Practice Principles" pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established a "Corporate Governance Best Practice Principles" and disclosed it on the company's website.	No major difference.
II. Company Shareholding Structure and Shareholders' Equity				
(I) Has the Company established an internal operating procedure to address shareholders' recommendations, doubts, and disputes, as well as litigation matters, and implemented the procedure?	✓		(I) The Company's "Corporate Governance Best Practice Principles" has established the relevant provision, and provided an ad litem agent and non-ad litem agent, spokesperson and deputy spokesperson dedicated to handle shareholders' recommendations, doubts and disputes, as well as litigation matters.	No major difference.
(II) Does the Company have a list of the major shareholders and ultimate controllers of major shareholders with actual control?	✓		(II) The Company periodically follows up on a monthly basis, and discloses pursuant to laws, the information about the shareholdings by directors, managers, and shareholders holding over 10% of the shares based on the information provided by the shareholder services agent. Therefore, the Company has controlled a list of the major shareholders and ultimate controllers of major shareholders with actual control.	No major difference.
(III) Has the Company established and implemented a risk control and firewall mechanism between affiliates?	✓		(III) The Company has established "Operating Regulations Governing Supervision of Subsidiaries" and "Operating Regulations Governing Transactions with Related Parties". The businesses and finances between the Company and its affiliates are independently divided, in order to establish and execute the appropriate risk control mechanisms and firewalls.	No major difference.

Evaluation Item	Operation Scenario			Reason for the Corporate Governance Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
(IV) Does the Company have internal regulations that prohibit Company insiders from buying or selling securities using unpublished market information?	✓		(IV) The Company has adopted the "Regulations Governing Prevention of Insider Trading" and "Operating Procedures for Handling Internal Material Information" to prohibit the Company insiders from buying or selling securities using unpublished market information. In response to the policy promoted by the competent authority, the Company will provide directors and managers with the "TWSE Listed Companies' Insider Equity Trading Q&A Promotional Manual" and information about insider trading prevention courses and presentations from time to time. Additionally, the Company conducts yearly training on the prevention of insider trading for senior managers.	No major difference.
III. Composition and Duties of the Board of Directors (I) Has the Board of Directors formulated a member composition diversification policy and implemented it accordingly?	✓		(I) The Company defines the diversity policy on the Board members in Article 20 of its Corporate Governance Best Practice Principles. The Company currently appoints 8 directors, including 3 female directors. Board members have expertise in operation, management, finance, auditing, economics, information, and distribution channels. Each member has years of practical experience in various fields, as well as extensive knowledge and expertise that conform to the Company's operational needs and can facilitate the Company's future business management, internal control, industrial integration, and sales expansion. For diversified composition of the Board of Directors, please refer to the following assessment on diversity policy on the Board of Directors.	No major difference.
(II) In addition to establishing the Remuneration Committee and Audit Committee pursuant to the law, has the Company voluntarily set up other types of functional committees?		✓	(II) The Company currently has no need to set up other functional committees, and will evaluate the need to establish such committees in the future.	To be established as needed.

Evaluation Item	Operation Scenario			Reason for the Corporate Governance Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
(III) Has the Company established the regulations governing performance evaluation on Board of Directors and the evaluation method, and conducted the performance evaluation periodically each year, and submitted the performance evaluation results to the Board of Directors, and taken it as the reference for remuneration to individual directors and nomination?	✓		(III) The Company has Regulations Governing Performance Appraisal on Board of Directors in place. Performance appraisal on the Board of Directors and functional committees is conducted once every year. The evaluation results were reported to the Board of Directors on January 18, 2021 and disclosed on the Corporate Governance section of the Company's website. The evaluation results also serve as a reference for the distribution of remuneration to directors and nomination.	No major difference.
(IV) Has the Company regularly assessed the independence of the independent auditors?	✓		(IV) The Company has adopted the "Regulations Governing Appraisal on Independence and Performance of Independent Auditors" and conducted the assessment on independence and competence of independent auditors periodically, including term of office, employment relationship, accounting audit, and interaction with the Company's directors and management, and access to the independent auditor's statement on independence, and submitted the results to Audit Committee and Board of Directors. The Company's appraisal results for the most recent year was resolved and passed by the Board of Directors meeting on January 18, 2021.	No major difference.
IV. Whether the TWSE/TPEX listed company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors/supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.)?	✓		The Secretariat Office of the Company's Board of Directors is responsible for promoting corporate governance affairs, including providing newly elected directors with materials that raise their awareness on securities market regulations and applicable laws, furnishing directors with information required for business execution by directors, occasionally providing information about latest changes in laws and regulations promulgated by the competent authority, and taking charge of affairs related to shareholders' meetings and Board of Directors.	No major difference.

Evaluation Item	Operation Scenario			Reason for the Corporate Governance Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
V. Does the Company establish a communication channel for the stakeholders (including but not limited to, shareholders, employees, customers and suppliers), set the stakeholder section on the Company's website, and respond to the stakeholders regarding their concerns over corporate social responsibilities?	✓		The Company has established a spokesperson and deputy spokesperson system. The relevant contact information is disclosed on the MOPS. The Company's website provides the stakeholder section via which the stakeholders may express the issues concerned by them. By the function of an issue, the Company delegates dedicated (concurrent) unit to maintain fair communication with stakeholders. In 2020, the Company's response to CSR issues that are crucial to stakeholders, and the status of communication with stakeholders have been reported to the Board of Directors on January 18, 2021 and disclosed on the Stakeholder section of the Company's website.	No major difference.
VI. Does the Company have commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company has commissioned the professional shareholder services agent, "SinoPac Securities Co., Ltd.", to handle the shareholder services on behalf of the Company.	No major difference.
VII. Information Disclosure				
(I) Has the Company established a website to disclose financial business and corporate governance information?	✓		(I) The Company established a corporate website to fully disclose financial business and corporate governance information.	No major difference.
(II) Has the Company adopted other information disclosure methods (if an English website has been established, has a dedicated person been appointed to collect and disclose the Company's information, execute the spokesperson system, or place the legal person briefing process in the Company website)?	✓		(II) The Company has a corresponding dedicated unit responsible for the collection and disclosure of the various information of the Company. The Company has set up spokespersons and agency spokespersons as required.	No major difference.
(III) Whether the Company announces and reports the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit?		✓	(III) The Company announces and reports the annual financial report within the statutory time limit, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit.	No major difference.

Evaluation Item	Operation Scenario			Reason for the Corporate Governance Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
VIII. Does the Company have other important information that can facilitate understanding towards the Company's corporate governance (including, but not limited to, employee rights, employee care, investor relations, supplier relationships, stakeholder rights, director and supervisor training status, risk management policies and metrics implementation status, customer policy implementation status, and director and supervisor insurance purchase status by the Company)?	✓		<p>(I) The Company has a harmonious labor relationship, and has protected the legitimate rights and interests of employees according to the labor laws of each operating location. The Company has neither experienced major labor disputes nor been punished by the competent authorities for major labor problems or major labor law violations.</p> <p>(II) The Company provides reasonable salary remuneration, cultural and recreational activities, and preferential purchase prices to employees. The employers and employees have established a good mutual trust relationship.</p> <p>(III) The Company has established a corporate website and spokesperson system in order to ensure the relevant financial business information and major information is reported via MOPS and in a timely manner to protect the rights of investors.</p> <p>(IV) The Company has operated in good faith, conducted fair transactions with suppliers, and clearly provided that suppliers are strictly prohibited from bribery.</p> <p>(V) Stakeholders can communicate and make suggestions through the channels provided by the Company in order to safeguard their legitimate rights and interests.</p> <p>(VI) The Company voluntarily retains the professional institution to offer the continuing education courses for directors at the Company's premises. The members of the Company's Board of Directors have completed the training hours according to the regulations and kept concerning the corporate governance-related information.</p> <p>(VII) The Company uses its best efforts to encourage managers to attend the corporate governance-related courses, and organizes the corporate governance courses and communication meetings from time to time.</p> <p>(VIII) The Company attaches great importance to the customer's rights and interests, and set the customer complaint mailbox which is handled by the dedicated personnel.</p>	No major difference.

Evaluation Item	Operation Scenario			Reason for the Corporate Governance Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
			<p>(IX) The Company has established the relevant regulations on director liability insurance in the "Corporate Governance Best Practice Principles," and purchased liability insurance for directors and managers.</p> <p>(X) The Company has established risk management policies and procedures, which have been approved by the Board of Directors. The scope of risk management, organizational structure, and operating status were presented to the Board of Directors on 2020/08/10. The Company has disclosed its Risk Management Policies and Procedures and implementation status on the Corporate Governance section of the Company's website.</p>	
<p>IX. Please specify the Company's measures to improve the items listed in the corporate governance review result by the Taiwan Stock Exchange Corporate Governance Center and the improvement plans for items yet to be improved. (Not required for non-evaluated companies): The Company continues to optimize corporate governance and relevant information disclosure: In recent years, the Company has optimized its corporate governance by establishing a Human Rights Policy, developing risk management policies, reviewing the implementation of risk management policies, and strengthening ethical awareness, and presented results to the Board of Directors. The Company optimized its information disclosure by including information on board diversification, the operating status of functional committees, and R&D statuses. Furthermore, the Company has improved the disclosure of relevant information in annual reports and on its Chinese and English websites. In future, the Company will continue to enhance corporate governance and relevant information disclosure.</p>				

Assessment on Diversity Policy on the Board of Directors

Board members	Gender	Concurrently serving as the Company's manager	Seniority as independent director		Industrial experience						Abilities required by composition of the Board of Directors							
			No more than 9 years	Over 9 years	Biotech and Medical Treatment	Channel marketing	Finance	IT	Law	Academic Research	Make Judgment About Operations	Financial And Accounting Analysis	Business Management	Crisis Management	Industrial Knowledge	International Market	Leadership	Ability To Make Decision
Li-Fen Luo	Female	✓	-	-	✓	✓					◎	◎	◎	◎	Bio	◎	◎	◎
Huan-Wen Jao	Male	✓	-	-	✓	✓					◎	◎	◎	◎	Bio	◎	◎	◎
Li-Chen Lin	Female	-	-	-					✓		○	○	◎	◎	Law	○	◎	◎
Shih-Chinn Ho	Male	-	-	-	✓				✓		◎	○	◎	◎	IT	○	◎	◎
Hsiao-Ling Chou	Female	-	✓	-			✓				○	◎	◎	○	Finance	◎	◎	◎
Yu-Che Wang	Male	-	✓	-			✓			✓	○	◎	◎	○	Finance	◎	○	◎
Yin-Chieh Hsu	Male	-	✓	-					✓		○	○	◎	◎	Law	○	◎	◎
Kuo-Cheng Wang	Male	-	✓	-		✓					◎	○	◎	○	Channel	◎	◎	◎

Note: "◎" refers to the possession of the professional ability, while "○" refers to the possession of the ability in part.

(IV) Composition, Duties, and Operation of the Remuneration Committee

1. Remuneration Committee Member Information

Identity (Note 1)	Qualification	Meet one of the following professional requirements, together with at least five years of work experience.			Conform to independence status (Note 3)										Number of positions as an Independent Director in other public companies	Remarks
	Name	An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Have work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Hsiao-Ling Chou			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	
Independent Director	Yu-Che Wang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	
Independent Director	Yin-Chieh Hsu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	Note 2

Note 1: Please fill-in as a director, independent director, or other.

Note 2: Remuneration Committee Member Yin-Chieh Hsu concurrently serves as the remuneration committee member of Allied Biotech Corp. and ONANO Corp.

Note 3: Please "✓" the corresponding boxes if the members have satisfied any of the following conditions during the two years prior to being elected or during the term of office.

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or its affiliates (unless the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the managers in the subparagraph (1) or any of the persons in the subparagraphs (2) & (3).
- Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that designates its representative to act as the director or supervisor of the Company under Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (unless the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).
- Not a director, supervisor or employee of a company of which the director seats or a majority of voting shares and those of the Company are controlled by the same person (unless the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).
- Not a director, supervisor or employee of a company or institution that is the same person or spouse of the Company's Chairman, President or equivalents (unless the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).
- Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company (unless the specific or institution holds more than 20% but less than 50% of the total number of issued shares of the Company, and the person is an independent director appointed by the Company and its parent company or subsidiaries, or subsidiaries subordinated to the same parent company pursuant to the Act or the local laws and regulations).
- Not a professional individual who, or an owner, partner, director, supervisor, managerial officer of a sole proprietorship, partnership, company, or institution that, provides audit services, or the commercial, legal, financial or accounting services, which have earned no more than NT\$500,000 cumulatively for the most recent two years, to the Company or to any affiliate of the Company, or the spouse thereof. Notwithstanding, this shall not apply to the members of Remuneration Committee, Public Tender Offers Review Committee or Special Committee under Taiwan Business Mergers and Acquisitions Act, who perform duty pursuant to the Securities and Exchange Act or Business Mergers and Acquisitions Act.
- Not been a person of any conditions defined in Article 30 of the Company Act

2. Duties of the Salary Remuneration Committee

The Company's Remuneration Committee faithfully fulfills the following functions and powers with the duty of a good manager according to procedures, and submits recommendations to the Board of Directors for discussion:

- (1) Regularly review the organization procedures of the Remuneration Committee and propose amendment recommendations.
- (2) Formulate and regularly review the standard, annual and long-term performance targets about the performance appraisal on the Company's directors and managers, and the policies, systems, standards, and structure for the remuneration, and disclose the performance appraisal standards in the annual report.
- (3) Regularly assess the performance target achievements of the Company's directors and managers, and set the contents and amount of their individual remuneration based on the evaluation results generated according to the performance appraisal standards, connection with performance, and reasonableness.

3. Salary Remuneration Committee Operating Status Information:

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Duration of service: from June 12, 2020 to June 2, 2023.
- (3) From the most recent year (2020) to the publication date of this Annual Report, the Company's Remuneration Committee has held a total of 6 meetings (A), of which 4 were held in 2020 and 2 in 2021, the attendance status of the Committee Members is as follows:

	Name	Attendance in person (B)	Number of Attendances by Proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Hsiao-Ling Chou	6	0	100%	
Committee member	Yu-Che Wang	6	0	100%	
Committee member	Yin-Chieh Hsu	6	0	100%	

Other Noteworthy Matters:

- I. If the Board of Directors does not adopt or amend the recommendations of the Compensation and Remuneration Committee, it shall state the date and time of the Board of Directors meeting, the content of the proposal, the results of the resolution of the Audit Committee, and how the Company handles the opinions of the Audit Committee (if the salary adopted by the Board of Directors is better than the recommendations of the Salary and Remuneration Committee, clarify the status and cause of the difference): None.
- II. For resolution(s) made by the Remuneration Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: No member has voiced opposing or qualified opinions against the resolutions made by the Remuneration Committee for the most recent year. Information concerning the resolution made by the Remuneration Committee and the Company's handling thereof:

Meeting Date/Term	Motion Content	Resolution	Handling of the opinion
2020/03/09 March 9, 2020 6th at 1st term	The Company's 2019 remuneration to employees and directors/supervisors	The motion was approved all attending Committee members unanimously.	Already passed by the Board of Directors, and to be reported at the shareholders' meeting in 2020.
2020/05/11 7th meeting of the Remuneration Committee of 1st term	Motion to adjust the salary of the Accounting Manager	The motion was approved all attending Committee members unanimously.	The motion was presented to the Board of Directors and passed as proposed.
2020/06/12 1st meeting of the Remuneration Committee of 2nd term	Motion to appoint the convener and chair for the meetings of the Remuneration Committee of 2nd Term.	All attending committee members unanimously approved to appoint Ms. Hsiao-Ling Chou to be the convener of the 2nd Term Remuneration Committee.	Relevant information on the Market Observation Post System has been updated.
2020/08/10 2nd meeting of the Remuneration Committee of 2nd term	Motion to approve remuneration for the Company's directors.	The motion was approved all attending Committee members unanimously. Note: Individual members who are stakeholders in a motion recused themselves from discussion and voting.	The motion was presented to the Board of Directors and passed as proposed.
2021/01/18 3rd meeting of the Remuneration Committee of 2nd term	(1) Motion to review the policies systems for the performance evaluation and salary compensation of the Company. (2) Motion for the year-end bonus to the Company's managers in 2020.	(1) The motion was approved all attending Committee members unanimously. (2) The motion was approved all attending Committee members unanimously.	(1) The motion was presented to the Board of Directors, revised as recommended by the directors, and passed as proposed. (2) The motion was presented to the Board of Directors and passed as proposed.
2021/03/10 4th meeting of the Remuneration Committee of 2nd term	(1) 2020 Employee and Director Remuneration Distribution. (2) Motion to pass the appointed Vice President.	(1) The motion was approved all attending Committee members unanimously. (2) The motion was approved all attending Committee members unanimously.	(1) The motion was presented to the Board of Directors and passed as proposed. (2) The motion was presented to the Board of Directors and passed as proposed.

(V) Fulfillment of corporate social responsibility: Systems and measures executed for environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities as well as the implementation status.

Fulfillment of corporate social responsibility, and deviations from Corporate Social Responsibility

Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation Item	Operation Scenario			Differences and Their Root Causes with Regards to the CSR Code of Practices for Publicly Traded Companies
	Yes	No	Brief Description	
I. Whether the Company conducts the risk assessment on the environment, society and corporate governance issues concerning the Company's operations in accordance with the materiality principle, and adopt related risk management policies or strategies? (Note 1)	✓		With reference to the significant effects (issues) expected to be generated by the environment, society, and corporate governance on investors and other stakeholders, the Company's Board of Directors has approved the risk management policies. The Group's President's Office was appointed to direct the related risk assessments and adopt response measures. Internally, the Company has established reporting and communication systems to ensure that response strategies are communicated precisely and implementation status is kept abreast in a timely manner. If necessary, related personnel will be arranged to form a dedicated taskforce responsible for formulating and adopting response strategies. The Company's report on the implementation status of its risk management policies has been disclosed on the Corporate Governance section of the Company's website.	No major difference.
II. Whether the Company establishes a unit dedicated to (concurrently engaged in) promoting corporate social responsibility under supervision by the high-rank management authorized by the Board of Directors who shall be responsible for reporting the status thereof to the Board of Directors?	✓		The Company has the Group President's Office responsible for promoting corporate social responsibility-related work and reporting the same to the Board of Directors.	No major difference.

Evaluation Item	Operation Scenario			Differences and Their Root Causes with Regards to the CSR Code of Practices for Publicly Traded Companies
	Yes	No	Brief Description	
<p>III. Environmental issues</p> <p>(I) Has the Company established an appropriate environmental management system according to the specific nature of the industry?</p> <p>(II) Has the Company endeavored to maximize the use of the various resources and utilize renewable materials that have the least environmental impact?</p> <p>(III) Whether the Company assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to climate issues?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The production unit of the Company has passed the local environmental impact assessment, commissioned professional recycling institutions to handle waste, discharged domestic pollution according to regulations, and complied with the relevant laws and regulations.</p> <p>(II) The Company has collaborated with community environmental policies and is committed to waste sorting, resource recycling, and using non-toxic and harmless materials for its products in order to prevent harm to the environment. At the same time when the Brand is committed to spreading the beauty, it is also making contribution to purify the environment and reduce carbon for the earth.</p> <p>(III) The Company follows relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business activities. Every year, the Company's managers assess the effects of climate changes and global warming on the market trends, and also seek environmentally friendly ingredients and materials for new product formulas and packaging materials. Environmental awareness is raised on a daily basis, which is why the concept of sustainability and environmental protection has been integrated into the Company's corporate culture.</p>	No major difference.

Evaluation Item	Operation Scenario			Differences and Their Root Causes with Regards to the CSR Code of Practices for Publicly Traded Companies
	Yes	No	Brief Description	
(IV) Whether the Company gathers the statistics about the annual greenhouse gas emission, water consumption and gross weight of waste for the past two years, and adopts policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption or management of other waste goods?	✓		(IV) The Company adopts the environmental protection-related management policies and practices various environmental protection and remediation actions, in line with the local governments' policies applicable within the jurisdictions where the subsidiaries are located. The Company primarily engages in R&D, production and sale of skin care products. Considering the nature of the Company's, the Company implements environmental protection policies in its routine operations and production processes. For example, the Company controls its water consumption (22,651 tons consumed in 2019 and 26,292 tons in 2020); selects product containers and packaging materials made of eco-friendly materials; and ensures that compliant suppliers dispose of wastes generated in the production process safely and in an eco-friendly manner. In addition, the Company sets up online systems to monitor water pollution and regularly commissions a third party to test whether the Company's wastewater and noise levels meet applicable environmental protection regulations and standards. Meanwhile, the Company promotes the energy conservation and carbon reduction actively, and the office premises is installed with the environmental protection slogans to practice the awareness toward energy conservation and carbon reduction in the employees' routine operations.	

Evaluation Item	Operation Scenario			Differences and Their Root Causes with Regards to the CSR Code of Practices for Publicly Traded Companies
	Yes	No	Brief Description	
IV. Social issues				No major difference.
(I) Whether the Company establishes the related management policies and procedures in accordance with the relevant laws and international human rights conventions?	✓		(I) The Company agrees with and supports the UN Universal Declaration of Human Rights, International Labor Convention, and other international human rights conventions. The Company' Board of Directors has approved Human Rights Policy to implement a human resources employment policy that does not have differential treatments based on gender, race, social class, age, marriage, and family status. The Company strives to achieve equality and fairness in employment, hiring conditions, salary, benefits, training, assessment, and promotion opportunities.	
(II) Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately?	✓		(II) The Company's remuneration system conforms to the industry standards, and the Company has conducted regular employee performance appraisal as basis for future salary adjustment and promotion. The Company has established a staff reward and punishment system with clear reward and punishment standards.	
(III) Whether the Company provides the existence of a safe and healthy work environment; regular safety and health training to employees?	✓		(III) The Company has displayed clear fire and safety escape routes at various locations, regularly inspected the fire-fighting facilities, dispatched common medicine and first aid supplies, and regularly promoted safety and health precautionary items. The Company provides safe and healthy workplace with ISO 45001.	
(IV) Whether the Company establishes some effective career development training plan for employees?	✓		(IV) The Company has clear ranking levels whereby excellent employees are gradually promoted according to their performance. Functional related posts are filled via departmental transfers or the transfer mechanism within the group to give employees room to grow.	

Evaluation Item	Operation Scenario			Differences and Their Root Causes with Regards to the CSR Code of Practices for Publicly Traded Companies
	Yes	No	Brief Description	
(V) Whether the Company complies with the related laws and international practices with respect to customers' health and safety, customers' privacy, marketing and labeling for its products and services, and adopts related consumers protection policy and complaining procedures?	✓		(V) The Company's important subsidiary, JUWENLEE, has obtained international cosmetics production system quality certifications such as ISO22716, ISO14001 (EU) and GMPC (USA). The Company also renews the related certifications periodically. For example, the Company has renewed the ISO14001 certification until February 23, 2022 on February 24, 2019, and renewed the ISO22716 certification from July 16, 2019 to July 15, 2022. The Company has established R&D, procurement, production, services, and other relevant internal control protocols; followed the specifications accordingly; and reasonably assured transparency and safety of product and service information. Any consumer rights violation can be handled by the dedicated customer service unit through the customer service hotline. Meanwhile, the Company establishes the periodic review, feedback and related procedure optimization mechanisms.	
(VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	✓		(VI) Article 28 of the "Corporate Governance Best Practice Principles" established by the Company provides the assessment requirements related to environmental and social impacts that procurement have on supplier communities. These requirements will strengthen cooperation with suppliers and encourage suppliers to collectively enhance corporate social responsibility. The Company has a "Suppliers' Management Policy" in place and prioritizes cooperation with suppliers that have national or international certifications, such as ISO9000, ISO 14001, ISO45001, CNAS, etc. The Policy requires the procurement unit to check whether a supplier has violated environmental protection and safety rules, and include environmental protection and safety issues in supplier performance appraisal. If a supplier has caused a major environmental or social impact, the Company will stop its partnership in due course.	

Evaluation Item	Operation Scenario			Differences and Their Root Causes with Regards to the CSR Code of Practices for Publicly Traded Companies
	Yes	No	Brief Description	
V. Whether the Company prepares the report disclosing the Company's non-financial information, such as CSR report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third party certification unit?		✓	The Company has not yet compiled a CSR report. Notwithstanding, the Company's CSR related information is fully disclosed in its Annual Reports and on its corporate website.	No major difference.
VI. If the Company has established the corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and their implementation: The Company has established the "Code of Practice on Corporate Social Responsibility" and continued to implement according to the relevant regulations.				
VII. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: The Company's CSR related information is disclosed on its corporate website from time to time, subject to the implementation and communication status.				

Note 1: The materiality principle applies when the issues about environment, society and corporate governance render material effects to the Company's investors and other stakeholders.

(VI) The Company's Ethical Operation Fulfillment Status and Measures Adopted

Fulfillment of ethical corporate management, and deviations from Ethical Corporate Management

Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Evaluation Item		Operation Scenario			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
		Yes	No	Brief Description	
I.	Establish Ethical Operation Policies and Programs				
(I)	Whether the Company adopts the ethical management policy approved by the Board of Directors, and expressly states the ethical corporate management policy and rules, and its fulfillment by the Board of Directors and senior management in its Articles of Incorporation and public documents, and discloses it on the Company's website?	✓		(I) The Company has established the "Code of Ethical Operation" and the "Ethical Operating Procedures and Behavior Guideline." They have passed the Board of Directors resolution and serve as the Company's integrity management policy and operational guidelines. Meanwhile, the Board of Directors passed the adoption of the "Regulations Governing Handling of Whistle-Blowing Against Misconduct and Immoral or Unethical Conduct" to enhance the practicing of ethical corporate management. Said principles are all disclosed on the Company's website. The Company's Board of Directors and senior management issue the statement on compliance with the ethical management policy, and use their best efforts to practice the undertaking about ethical management in the Company's routine operations.	No major difference.
(II)	Whether the Company establishes the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopts the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies"?	✓		(II) The "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" adopted by the Company already cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and clearly stipulated the various handling, punishment and incentive, appeal, and recording operation procedures for violations of ethical management. Meanwhile, the Company's Board of Directors has passed the "Regulations Governing Handling of Whistle-Blowing Against Misconduct and Immoral or	

Evaluation Item	Operation Scenario			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Brief Description	
(III) Whether the Company expressly states the SOP, guidelines and reward and disciplinary & complaining systems in the unethical and the conduct prevention program, implements the same precisely, reviews amendments to said program?	✓		<p>Unethical Conduct". Any bribery or anti-bribery incidents can be reported, and informers will be rewarded and violators will be punished. In addition, the Secretariat Office under the Board of Directors monitors relevant implementation status and reports to the Board of Directors periodically. Related systems have been effectively adopted.</p> <p>(III) In its "Procedures for Ethical Management and Guidelines for Conduct", the Company has identified business activities that are more likely to involve unethical behavior risks, and the relevant operating rules have been established. The Internal Audit Office would conduct review on them and make amendments thereto periodically. In addition, employees must sign a confidentiality agreement on the first day of reporting to work to allow the Company issue corresponding dispositions in the case of violation of the relevant terms of the contract.</p>	
<p>II. Implementation of ethical management</p> <p>(I) Whether the Company assesses a trading counterpart's ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?</p> <p>(II) Whether the Company establishes a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors who shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and reporting the status thereof to the Board of Directors periodically (at least for once per year)?</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company has collected as much credit status and industry reputation related information regarding its trading counterparts as possible before trading with them. Meanwhile, the Company's trading contracts would also expressly state the ethical conduct clauses.</p> <p>(II) The Secretariat Office of the Company's Board of Directors is the unit dedicated to promoting ethical corporate management and is responsible for assessing violations of ethical management. The Internal Audit Office supervises and executes relevant auditing tasks. The audit results are compiled in the audit report to be submitted to the Board of Directors periodically.</p>	No major difference.

Evaluation Item	Operation Scenario			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Brief Description	
(III) Has the Company established a policy to prevent conflicts of interest, provided a proper complaint reporting channel, and implemented accordingly?	✓		(III) The Company's "Procedures for Ethical Management and Guidelines for Conduct" has provided the conflict of interest avoidance provisions to prevent employees from violating the Company's ethical principles. If an employee violates the relevant regulations, the relevant investigation unit and decision-making supervisors shall provide opportunities for the accused to make a full statement before the Company makes a formal disciplinary decision.	
(IV) Whether the Company fulfills the ethical management by establishing an effective accounting system and internal control system, and has an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoints a CPA to conduct the audits?	✓		(IV) The Company has established relevant internal control system to eliminate as much as possible the opportunities that may entice employees to make mistakes, and its auditing unit has conducted necessary inspections on a regular basis. Moreover, the Company engages PwC Taiwan to conduct CPA audit of its internal control system.	
(V) Whether the Company organizes internal/external education training program for ethical management periodically?	✓		(V) The Company has reminded employees of the importance of ethical practices during daily operations, and employees will be publicly praised for refusing to accept bribes from transaction counterparties in order to reinforce their sense of honor. The Company has posted notices in each meeting room to strictly forbid manufacturers from exercising kickbacks. The concept of ethical operations has become the basic culture of the Company.	
III. Status of the Company's whistle-blowing system (I) Whether the Company has defined a specific whistleblowing and reward system, and established some convenient whistleblowing channel, and assigned competent dedicated personnel to deal with the situation?	✓		(I) The Company has formulated the "Illegal, Unethical, or Dishonest Behavior Reporting and Handling Method" and provided a reporting channel on the Company's website. The Board of Directors' Secretariat Office is responsible for deploying relevant personnel to conduct the necessary evidence collection and investigation for the cases reported.	No major difference.

Evaluation Item	Operation Scenario			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Brief Description	
(II) Whether the Company defines the standard operating procedure, follow-up measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of complaints as accepted?	✓		(II) The Company shall primarily focus on evidence collection. If the dedicated unit accepting the whistleblowing finds any material violations or the potential impairment on the Company, it shall report the same to independent directors in writing (or in an electronic form) immediately. If necessary, it may report the same to the police and criminal investigation entities for investigation. The information collected by the Company shall only be used to facilitate the police investigation. The relevant information shall be kept by the dedicated unit in a strictly confidential manner. Meanwhile, the relevant measures to protect the whistleblower shall be in place.	
(III) Whether the Company has adopted any measures to prevent the whistleblowers from being abused after the whistleblowing?	✓		(III) The Company has disclosed its whistleblower protection policy on its corporate website and in its "Ethical Corporate Management Best Practice Principles".	
IV. Strengthening Information Disclosure (I) Whether the Company has disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?	✓		The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" are disclosed on the corporate website, and kept updated thereon.	No major difference.
V. If the Company has drafted its own business integrity code in accordance with the "Code of Business Integrity for TWSE/GTSM Listed Companies," please clarify any differences between the actual operations and the code: None.				
VI. Other important information to facilitate better understanding of the Company's ethical management practices: To enhance managers' adoption of ethical corporate management, the Group's President guides all managers of the Company to collectively promote an ethical culture within the company and to lead employees toward a stable corporate development. <p>(I) The Company has formulated guidelines for ethical corporate management, which cover provisions prescribed in the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies. In accordance with relevant laws and regulations of the competent authority, the Company has partially amended its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" in 2020 in accordance with the official letter issued by the Taiwan Stock Exchange.</p> <p>(II) The Company actively implements its ethical corporate management policies, including the following: Establishing rules relevant to recusal of conflicting interests and various internal control rules to eliminate as much as possible the opportunities that may entice employees to make mistakes. The auditing unit regularly conducts necessary inspections and found no significant deficiencies. PwC Taiwan was employed in 2020 to conduct internal control review. Every</p>				

Evaluation Item	Operation Scenario			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Brief Description	
year, at least one event is organized to raise awareness on insider trading prevention and ethical corporate management. Posters are provided on the Corporate Governance section of the company website for access by insiders and quasi-insiders. From time to time, information on insider trading prevention is provided to employees in support of government initiatives. For example, the Secretariat Office of the Company's Board of Directors occasionally sends emails that provide information on common violations committed by insiders.				

(VII) If the Company has established a corporate governance code and related provisions, its inquiry method must be disclosed.

The Company has established the "Corporate Governance Best Practice Principles," the "Code of Ethical Operation," the "Corporate Governance Best Practice Principles," and other relevant provisions that have been published on the corporate website.

(VIII) Other important information that is sufficient to enhance the understanding of the corporate governance operations may be disclosed altogether: None.

(IX) Internal Control System Implementation Status

1. Statement on Internal Control

Luo Lih-Fen Holding Co., Ltd.
Statement on Internal Control System

Date: March 10, 2021

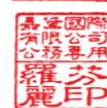
This Statement of Internal Control System is issued based on the self-assessment results of the Company for the period January 1 to December 31, 2020.

- I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and managerial officers. In this regard the Company has already established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of reporting, and compliance with applicable laws and regulations.
- II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the abovementioned items, please refer to the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2020 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- V. For the purpose of public announcement and reporting, in accordance with Article 28 of the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Company's period of special audits by CPAs mentioned in the preceding paragraph and the reliability of external financial reporting, as well as the internal control system related to the safeguarding of asset security (so as to prevent unauthorized acquisition, use, and disposition of assets), are as mentioned above, effectively designed and operating, and there is neither significant deficiency in the recording, handling, and summarization of financial information and reliability of reporting, nor significant deficiency in the safeguarding of asset security so as to prevent unauthorized acquisition, use, and disposition of assets.
- VII. This Statement is an integral part of the Company's Annual Report and Prospectus, and will be made public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VIII. This statement was passed by the board of directors in their meeting held on March 10, 2021, with none of the 8 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Luo Lih-Fen Holding Co., Ltd.

Chairman: Li-Fen Luo

President: Huan-Wen Jao



2. The external auditor's report issued by the CPA commissioned to conduct an internal control audit, if any:

Luo Lih-Fen Holding Co., Ltd.
Internal Control System Review Report

We have reviewed the statement of Luo Lih-Fen Holding Co., Ltd. and its subsidiaries ("the Company") issued on March 10, 2021 stating the effectiveness of the design and implementation of its internal control system for the years ended December 31, 2020 based on an assessment of internal control system relevant to external financial reporting and safeguarding of asset security has been reviewed by this accountant. The maintenance of an effective internal control system and the assessment of its effectiveness are the responsibility of a company's management. Our responsibility is to express an opinion on the effectiveness of the company's internal control system and the above mentioned company's statement on internal control system based on the review results.

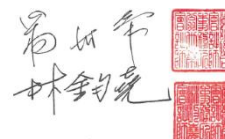
We planned and performed the review in accordance with the Regulations Governing the Establishment of Internal Control Systems by Public Companies and generally accepted auditing standards to reasonably assure that the Company's aforementioned internal control system remains effective in all material aspects. This review includes understanding the company's internal control system, assessing the process by which management assesses the effectiveness of the overall internal control system, testing and evaluating the effectiveness of the design and implementation of the internal control system, and other review procedures that we deem necessary. We believe that the review procedures provide a reasonable basis for our opinion.

An internal control system is subject to inherent limitations. Therefore, the possibility remains that the aforesaid internal control system implemented by the Company is unable to prevent or detect an error or fraud that has occurred. Furthermore, circumstances may change in the future and render compliance with the internal control system less effective. Therefore, it does not necessarily follow that an internal control system that is effective in the current period will be effective in the future.

In our opinion, based on the judgment criteria for the effectiveness of control system prescribed in the Regulations Governing the Establishment of Internal Control Systems by Public Companies, the design and implementation of the internal control system relating to the external financial reporting and safeguarding of asset security of the Company remain effective in all material aspects for the year ended December 31, 2020. The Company's statement issued on March 10, 2021 fairly presents, in all material aspects, the effectiveness of the aforementioned design and implementation of internal control system relating to external financial reporting and safeguarding of asset security.

PwC Taiwan

Shih-Jung Weng
Accountant
Chun-Yao Lin



Former Ministry of Finance Securities and
Futures Commission
Approval Document No.: (88) Tai-Cai
Certificate (XI) No. 95577
Former Treasury Securities and Exchange
Commission
Approval Document No.: (85) Tai-Cai
Certificate (XI) No. 68702
March 10, 2021

(X) Penalties on the Company or its personnel or punishment imposed by the Company on personnel in violation of internal control system regulations, where the punishment result may have significant impacts on shareholders' rights and interests or securities price, major deficiencies and improvement in the most recent year and up to the date of report: None.

(XI) Important Resolution of the Board of Directors as of the Date of Publication of the Annual Report

1. Shareholders' Meeting Motion Summary

Date	Session	Important Resolution Items	Implementation Status
June 3, 2020	General Shareholders' Meeting	<ol style="list-style-type: none"> 1. Motion to acknowledge the 2019 business report and financial statements. 2. Motion to acknowledge the 2019 distribution of earnings. 3. Motion to amend the Company's "Articles of Incorporation". 4. Motion to amend the Company's "Operating Procedures for Loaning Funds to Others". 5. Motion to amend the Company's "Operating Procedures for Endorsement and Guarantee". 6. Motion to amend the Company's "Parliamentary Rules for Shareholders' Meeting". 7. Motion to reelect the Company's directors and independent directors of 3rd Term. 8. Motion to terminate the non-competition restrictions imposed on the new directors of 3rd term (including independent directors) and their representatives. 	<ol style="list-style-type: none"> (1) Acknowledged and approved. (2) The motion was acknowledged and approved and implemented as proposed. (3) Amendments to the Articles of Incorporation, which were approved at the shareholders' meetings, have been completed. (4) Amendments to the Operating Procedures, which were approved at the shareholders' meetings, have been completed. (5) Amendments to the Operating Procedures, which were approved at the shareholders' meetings, have been completed. (6) Amendments to the Parliamentary Rules, which were approved at the shareholders' meetings, have been completed. (7) The appointment of new directors and independent directors has been completed, and a new chairman has been elected. (8) The motion was approved at the shareholders' meetings and implemented as proposed. <p>Explanation: The motions to amend the articles of incorporation and regulations approved at the shareholders' meeting have been executed successfully. The Company's 2019 distribution of allocable earnings was NT\$451,827 thousand. The common stock cash dividends per share was NT\$7. The distributed earnings totaled NT\$331,716 thousand accordingly. The ex-dividend date was July 07, 2020. The cash dividends have been paid.</p>

2. Important Resolutions by Board of Directors

Date	Session	Important Resolution Items
March 9, 2020	18th meeting of the 2nd term	<ol style="list-style-type: none"> (1) Motion to report the financial products acquired and disposed of recently by subsidiaries. (2) Motion to report the communication with the Company's stakeholders. (3) Motion to report the renewed liability insurance for the Company's directors and managers. (4) Motion to pass the Company's 2019 business report. (5) Motion to acknowledge the Company's 2019 business report and financial statements. (6) Motion to acknowledge the Company's 2019 distribution of earnings. (7) Motion to pass the Company's 2019 "Statement on Internal Control System". (8) The Company's 2019 remuneration to employees and directors/supervisors. (9) Motion to amend the Company's "Articles of Incorporation". (10) Motion to amend the Company's "Parliamentary Rules for Shareholders' Meeting". (11) Motion to amend the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". (12) Motion to amend the Company's "Parliamentary Rules for Board of Directors Meeting". (13) Motion to amend the Company's "Corporate Social Responsibility Best Practice Principles". (14) Motion to amend the Company's "Corporate Governance Best Practice Principles". (15) Motion to amend the Company's "Articles of Association for Remuneration Committee". (16) Motion to amend the Company's "Articles of Association for Audit Committee". (17) Motion to reelect the Company's directors and independent directors of 3rd Term. (Including the name list of the candidates for the nomination and audit directors and independent directors) (18) Motion to terminate the non-competition restrictions imposed on the new directors of 3rd term (including independent directors) and their representatives. (19) Motion to accept the written proposal submitted by shareholders holding one percent or more of the Company's shares, or the period for accepting the nomination of director candidates and place designated for accepting the roster of director candidates nominated. (20) Motion to convene the Company's 2020 general shareholders' meeting.
May 11, 2020	19th meeting of the Board of Directors of the 2nd term	<ol style="list-style-type: none"> (1) Approved the Q1 2020 consolidated financial statements of the Company. (2) Reported the financial products acquired and disposed of recently. (3) Reported the increase in the capital of Xiamen Sunlily Cosmetics Co., Ltd. and Xiamen Glingluo Cosmetics Co., Ltd. (4) Reported the disposal of investment in Xiamen Senlinhai Industry & Trade Co., Ltd. (5) Approved the adjustment to the Accounting Manager's salary. (6) Approved the capitalization of earnings of Juwenlee (Fujian) Cosmetics Co., Ltd.
June 3, 2020	1st meeting of the Board of Directors of the 3rd term	<ol style="list-style-type: none"> (1) Motion to elect the Company's Chairman of the 3rd Term: Unanimous approval granted to appoint Ms. Luo Li-Fen, the representative of Black Praise International Limited, as the Chairman of the Company.
June 12, 2020	2nd meeting of the Board of Directors of the 3rd term	<ol style="list-style-type: none"> (1) Motion to approve the Company's ex-dividend dates and distribution of stock dividends. (2) Motion to approve the appointment of members of the Remuneration Committee of the 2nd Term. (3) Motion to approve the appointment of members of the Audit Committee of the 2nd Term.
August 10, 2020	3rd meeting of the Board of Directors of the 3rd term	<ol style="list-style-type: none"> (1) Motion to approve the Q2 2020 consolidated financial statements of the Company. (2) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee. (3) Motion to approve the establishment of the Company's "Risk Management Policies and Procedures" and the recent implementation of risk management policies. (4) Motion to approve the establishment of the Company's Human Rights Policy. (5) Motion to approve the review of the remuneration for the Company's directors.

Date	Session	Important Resolution Items
November 9, 2020	4th meeting of the Board of Directors of the 3rd term	(1) Motion to approve the Q3 2020 consolidated financial statements of the Company. (2) Motion to report the recent acquisition and disposal of assets and the recent provision of endorsement and guarantee. (3) Motion to report the investment in the establishment of Richer Biotechnology Co., Ltd. (4) Motion to pass the Company's 2021 audit plan. (5) Motion to approve the subsidiary Lever Guide Biotech Co., Ltd.'s merger and consolidation with Kang Jing Biologic Technology Co., Ltd.
January 18, 2021	5th meeting of the Board of Directors of the 3rd term	(1) Motion to report the recent acquisition and disposal of assets and provision of endorsement and guarantee. (2) Motion to report the status of communication with stakeholders. (3) Motion to present the Business Integrity Report. (4) Motion to approve the assessment on the competence and independence of the Company's attesting CPA. (5) Motion to report the 2020 Board Performance Evaluation. (6) Motion to approve the review of the policies systems for the performance evaluation and salary compensation of the Company. (7) Motion to pass the motion for the year-end bonus to the Company's managers in 2020. (8) Motion to approve the Company's 2021 annual operating plan and budget. (9) Motion to approve the appointment and remuneration of the Company's financial report CPA. (10) Motion to approve the acquisition of right- of-use assets from related parties by the subsidiary in Taiwan.
March 10, 2021	6th meeting of the Board of Directors of the 3rd term	(1) Motion to report the recent acquisition and disposal of assets and provision of endorsement and guarantee. (2) Motion to report the renewed liability insurance for the Company's directors and managers. (3) Motion to pass the Company's 2020 business report. (4) Motion to acknowledge the Company's 2020 business report and financial statements. (5) Motion to acknowledge the Company's 2020 distribution of earnings. (6) Motion to approve the 2020 Employee and Director Remuneration Distribution. (7) Motion to pass the Company's 2020 "Statement on Internal Control System". (8) Motion to amend the Company's "Parliamentary Rules for Shareholders' Meeting". (9) Motion to approve the removal of the non-competition restrictions imposed on the directors (including independent directors) of the Company. (10) Motion to approve the written proposal submitted by shareholders holding one percent or more of the Company's shares and the period for accepting and place designated for accepting the nomination. (11) Motion to approve the designation of the Company's custodian of securities transactions. (12) Motion to approve the appointed Vice President. (13) Motion to approve the convening of the Company's 2021 general shareholders' meeting.

(XII) The main contents of important resolutions passed by the Board of Directors regarding in which directors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of the annual report: None.

(XIII) Summary of resignation by/dismissal of the Company Chairman, president, accounting manager, financial manager, internal audit officer, corporate governance officer, or R&D officer in the most recent year and as of the publication of the annual report: None.

V. CPA Public Expense Information

CPA Firm Name	CPA Name		Audit Period	Notes
PwC Taiwan	Shih-Jung Weng	Chun-Yao Lin	2020/1/1~2020/12/31	

Unit: NT\$ thousand

Amount range		Fee items	Audit Expense	Non-Audit Expense	Total
1	Less than NT\$2,000 thousand		-	V	-
2	NT\$2,000 thousand (inclusive)–NT\$4,000 thousand		V	-	-
3	NT\$4,000 thousand (inclusive)–NT\$6,000 thousand		-	-	V
4	NT\$6,000 thousand (inclusive)–NT\$8,000 thousand		-	-	-
5	NT\$8,000 thousand (inclusive)–NT\$10,000 thousand		-	-	-
6	Over NT\$10,000 thousand (inclusive)		-	-	-

(I) When non-audit fees paid to the CPA to the accounting firm of the CPA, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the transaction volume of both audit and non-audit fees as well as details of non-audit services shall be disclosed

Unit: NT\$1,000

CPA Firm Name	CPA Name	Audit Expense	Non-Audit Expense					CPA Audit Period	Notes
			System Design	Industrial and Commercial Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Shih-Jung Weng	3,400	-	-	-	880	880	2020/01/01 ~ 2020/12/31	The other elements constituting non-audit fees include special review fees for internal control, NT\$800 thousand, and fees for applying for permission and approval to invest in Mainland China, NT\$80 thousand.
	Chun-Yao Lin								

(II) Change of CPA firm and the audit fees for the year of the change less than that of the previous year, and the amount of audit fees before and after the change, and reasons of the change: None.

(III) In the case of any reduction in audit fees by more than 15% compared to the previous year, please state the amount, the percentage and reason of such variation: None.

VI. Information on change/replacement of CPA: None.

VII. Disclosure of any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the last year, including their names, position, and the periods during which they were employed by the auditor's firm or any of its affiliated company: None.

VIII. Equity transfer and equity pledge modification scenario of directors, supervisors, managers and shareholders holding more than 10% of the shares for the last year until the publication date of the Annual Report

(I) Changes in equity of Director, Supervisor, Manager, and Major Shareholder

Unit: shares

Job Title	Name	2020		As of April 30, 2021	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged
Chairman	Black Praise International Limited	—	—	—	—
	Representative: Li-Fen Luo	15,000	—	—	—
Director	Talent Reach (HK) Limited	—	—	—	—
	Representative: Huan-Wen Jao	—	—	—	—
Director	Shih-Chinn Ho	—	—	—	—
Director	Li-Chen Lin	—	—	—	—
Independent Director	Hsiao-Ling Chou	—	—	—	—
Independent Director	Kuo-Cheng Wang	—	—	—	—
Independent Director	Yu-Che Wang	—	—	—	—
Independent Director	Yin-Chieh Hsu	—	—	—	—
Chief Executive Officer	Li-Fen Luo	15,000	—	—	—
President	Huan-Wen Jao	—	—	—	—
Senior Vice President	Jian-Ping Lin	—	—	—	—
Senior Vice President of Operations	Hung Chen	—	—	—	—
Vice President of Business	Chao-Hsiang Chi	—	—	—	—
Vice President of Business	Li Wang	—	—	—	—
Special Assistant of the President	Chih-Fu Wang	—	—	—	—
Vice President	Chung-Hsiung Huang (Note 1)	—	—	—	—
CEO Special Assistant	Yi-Chun Lin (Note 2)	—	—	6,000	—
Vice President of Finance	Xiu-Qiong Zhang	—	—	—	—
Audit Officer	Yi Shu Li	—	—	—	—
Major Shareholders	Black Praise International Limited	—	—	—	—
	Representative: Li-Fen Luo	15,000	—	—	—
Major Shareholders	Talent Reach (HK) Limited	—	—	—	—
	Representative: Huan-Wen Jao	—	—	—	—
Major Shareholders	Forward Idea Investments Limited	—	—	—	—
	Representative: Huan-Wen Jao	—	—	—	—

Note 1: Appointed in 2021.01.

Note 2: Resigned in 2021.03.

(II) Information about the counterpart of transfer of shares by directors, supervisors, managers, and shareholders holding more than 10 percent of outstanding shares that is a related party: None.

(III) Information about the counterpart of pledge of shares by directors, supervisors, managers, and shareholders holding more than 10 percent of outstanding shares that is a related party: None.

IX. Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship of another.

Date: April 30, 2021; Unit: Thousand Shares

Name	Personal Shares Held		Shares Held by Spouses and/or Children of Minor Age		Total Shares held via Another Party's Name		Title and Name of Shareholders Holding top 10 of the Shares Who are Related to Each Other or are Spouses or Second Degree Relatives		Remarks
	Number of Shares	Holding ratio (%)	Number of Shares	Holding ratio (%)	Number of Shares	Holding ratio (%)	Title(Name)	Relationship	
SinoPac is the Entrusted Custodian of Black Praise International Limited Account (Black Praise International Limited Representative: Luo Li-Fen)	15,216	32.11	—	—	—	—	(1) Li-Fen Luo (2) SinoPac is the Entrusted Custodian of Perfect Honesty International Limited Investment Account	(1) Same Person as the Representative (2) A relative within 2nd degree of kinship with the Representative	None
SinoPac is the Entrusted Custodian of Forward Idea Investments Limited Investment Account (Forward Idea Investments Limited Representative: Huan-Wen Jao)	7,656	16.16	—	—	—	—	(1) SinoPac is the Entrusted Custodian of Talent Reach (HK) Limited Investment Account (2) SinoPac is the Entrusted Custodian of World Maker International Limited Investment Account (3) SinoPac is the Entrusted Custodian of Full Surplus Investments Limited Investment Account	(1) Same Person as Representative (2) Same Person as Representative (3) A relative within 1st degree of kinship with the Representative	None
SinoPac is the Entrusted Custodian of Talent Reach (HK) Limited Investment Account (Talent Reach (HK) Limited Representative: Huan-Wen Jao)	5,406	11.41	—	—	—	—	(1) SinoPac is the Entrusted Custodian of Forward Idea Investments Limited Investment Account (2) SinoPac is the Entrusted Custodian of World Maker International Limited Investment Account (3) SinoPac is the Entrusted Custodian of Full Surplus Investments Limited Investment Account	(1) Same Person as Representative (2) Same Person as Representative (3) A relative within 1st degree of kinship with the Representative	None
LUO, LI-FEN	2,472	5.22	—	—	15,216 (Note 1)	32.11	(1) SinoPac is the Entrusted Custodian of Black Praise International Limited Account (2) SinoPac is the Entrusted Custodian of Perfect Honesty International Limited Investment Account	(1) Same Person as Representative (2) A relative within 2nd degree of kinship with the Representative	None
SinoPac is the Entrusted Custodian of Fang Tai International Co., Ltd. Investment Account (Fang Tai International Co., Ltd.)	1,925	4.06	—	—	—	—	—	—	None

Name	Personal Shares Held		Shares Held by Spouses and/or Children of Minor Age		Total Shares held via Another Party's Name		Title and Name of Shareholders Holding top 10 of the Shares Who are Related to Each Other or are Spouses or Second Degree Relatives		Remarks
	Number of Shares	Holding ratio (%)	Number of Shares	Holding ratio (%)	Number of Shares	Holding ratio (%)	Title(Name)	Relationship	
SinoPac is the Entrusted Custodian of World Maker International Limited Investment Account (World Maker International Limited Representative: Huan-Wen Jao)	1,914	4.04	—	—	—	—	(1) SinoPac is the Entrusted Custodian of Forward Idea Investments Limited Investment Account (2) SinoPac is the Entrusted Custodian of Talent Reach (HK) Limited Investment Account (3) SinoPac is the Entrusted Custodian of Full Surplus Investments Limited Investment Account	(1) Same Person as Representative (2) Same Person as Representative (3) A relative within 1st degree of kinship with the Representative	None
SinoPac is the Entrusted Custodian of Perfect Honesty International Limited Investment Account (Perfect Honesty International Limited)	1,575	3.32	—	—	—	—	(1) SinoPac is the Entrusted Custodian of Black Praise International Limited Account (2) LUO,LI-FEN	(1) A relative within 2nd degree of kinship with the Representative (2) A relative within 2nd degree of kinship with the Representative	None
SinoPac is the Entrusted Custodian of Full Surplus Investments Limited Investment Account (Full Surplus Investments Limited)	1,253	2.64	—	—	—	—	(1) SinoPac is the Entrusted Custodian of Forward Idea Investments Limited Investment Account (2) SinoPac is the Entrusted Custodian of Talent Reach (HK) Limited Investment Account (3) SinoPac is the Entrusted Custodian of World Maker International Limited Investment Account	(1) A relative within 1st degree of kinship with the Representative (2) A relative within 1st degree of kinship with the Representative (3) A relative within 1st degree of kinship with the Representative	None
Taishin International Bank is the Entrusted Custodian of LeadSun New Star Corp. Investment Account (LeadSun New Star Corp. Representative: Li-Chen Lin)	848	1.79	—	—	—	—	—	—	None
SinoPac is the Entrusted Custodian of Wonder World Consultants Limited Investment Account (Wonder World Consultants Limited)	622	1.31	—	—	—	—	—	—	None

Note 1: Li-Fen Luo holds 15,216 thousand shares of the Company through Black Praise International Limited with a shareholding ratio of 32.11%.

X. Number of Shares Held by the Company or the Company's Directors, Supervisors, or Managers as Well as the Number of Shares Held by the Company for the Reinvestment Businesses That it Directly or Indirectly Controls, and Combined to Calculate the Comprehensive Shareholding Ratio

Date: December 31, 2020

Unit: Thousand Shares ; %

Reinvestments Businesses	This Company's Investments		Investment by directors and managers or by directly or indirectly controlled enterprises		Comprehensive Investment	
	Number of Shares	Holding ratio (%)	Number of Shares	Holding ratio (%)	Number of Shares	Holding ratio (%)
Luo Lih-Fen Group Co., Ltd.	1,600	100%	—	—	1,600	100%
Luo Lih-Fen Enterprise Limited	Note 1	100%	—	—	Note 1	100%
Lever Guide Biotech Co., Ltd. (TW)	21,000	100%	—	—	21,000	100%
Richer Biotechnology Co., Ltd.	1,200	66.67%	—	—	1,200	66.67%
Juwenlee (Fujian) Cosmetics Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Luolifen Cosmetics Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Glingluo Cosmetics Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Sunlily Cosmetics Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Draise Cosmetics Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Lichuang (Fujian) Bio-Technology Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Zhangzhou Kangqili Health Management Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Zhangzhou Healthy Skin Clinic Co., Ltd.	Note 1	100%	—	—	Note 1	100%

Note 1: A limited company without share division.

Four. Capital Overview

I. Capital and Shares

(I) Sources of Capital Share

1. Capital Formation Process

Date: April 30, 2021; Unit: Share; Dollar

Year Month	Price at Issuance	Authorized Capital		Paid in Capital		Notes		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital Stock	Offset Share Capital Via Properties Other Than Cash	Others
September 2016	USD1	5	USD 5	5	USD 5	Share Capital Establishment	—	—
December 2016	USD1	2,000,000	USD 2,000,000	5	USD 5	Increase in Authorized Capital	—	—
October 2017	USD1	2,000,000	USD 2,000,000	1,378,650	USD 1,378,650	Cash capital increase 1,378,645 shares	—	—
November 2017	USD50	2,000,000	USD 2,000,000	1,476,150	USD 1,476,150	Cash capital increase 97,500 shares	—	—
December 2017	USD100	2,000,000	USD 2,000,000	1,650,000	USD 1,650,000	Cash capital increase 173,850 shares	—	—
December 2017	NTD10	100,000,000	NTD 1,000,000,000	4,950,000	NTD 49,500,000	Convert Denomination to NTD and Increase the Authorized Capital	—	—
December 2017	NTD10	100,000,000	NTD 1,000,000,000	33,000,000	NTD 330,000,000	Capital surplus transferred to capital 28,050,000 shares	—	—
May 2018	NTD10	100,000,000	NTD 1,000,000,000	38,280,000	NTD 382,800,000	Earnings transferred to capital 5,280,000 shares	—	—
November 2018	NTD105	100,000,000	NTD 1,000,000,000	43,080,000	NTD 430,800,000	Cash capital increase 4,800,000 shares	—	Note 1
August 2019	NTD10	100,000,000	NTD 1,000,000,000	47,388,000	NTD 473,880,000	Earnings transferred to capital 4,308,000 shares	—	Note 2

Note 1: In collaboration with the public underwriting for cash replenishment and issuing 4,800,000 shares of common stock prior to its IPO, the Company received the approval from TWSE via Letter under Tai-Zhen-Shang-2-Zi No.1071703289 dated October 2, 2018 from TWSE declaring the effective registration.

Note 2: The motion to issue new shares through capitalization of earnings was approved at the shareholders' meeting dated June 18, 2019. The application form for listing of new shares issued through capital increase by foreign issuer was approved by TWSE on August 5, 2019.

2. Type of Shares:

Date: April 30, 2021; Unit: shares

Type of Shares:	Authorized Capital			Notes
	Outstanding Capital Stock (Note)	Unissued Shares	Total	
Registered Regular Shares	47,388,000	52,612,000	100,000,000	—

(II) Shareholder structure

Date: April 30, 2021

Shareholder structure Quantity	Government Agency	Financial Institution	Other Corporation	Individuals	Foreign Company or Foreigner	Total
Number of People	0	4	16	2,177	29	2,226
Number Held (Shares)	0	12,000	956,820	8,780,958	37,638,222	47,388,000
Shareholding Ratio %	0	0.03%	2.02%	18.52%	79.43%	100.00%

Note: The Company's transfer registration suspension date commences from April 5, 2021 to June 3, 2021.

(III) Status of Share Dispersion

1. Common stock

Par value at NT\$10 per share; April 30, 2021

Shareholding Level	Numbers of Shareholders (person)	Number Held (Shares)	Holding ratio (%)
1 to 999	586	75,728	0.16%
1,000 to 5,000	1,385	2,413,036	5.09%
5,001 to 10,000	124	949,565	2.00%
10,001 to 15,000	50	630,410	1.33%
15,001 to 20,000	19	341,242	0.72%
20,001 to 30,000	15	370,100	0.78%
30,001 to 50,000	8	283,352	0.60%
50,001 to 100,000	15	1,137,325	2.40%
100,001 to 200,000	10	1,297,720	2.74%
200,001 to 400,000	4	1,002,400	2.12%
400,001 to 600,000	0	0	0.00%
600,001 to 800,000	1	622,040	1.31%
800,001 to 1,000,000	1	847,860	1.79%
Over 1,000,001	8	37,417,222	78.96%
Total	2,226	47,388,000	100.00%

Note: The Company's transfer registration suspension date commences from April 5, 2021 to June 3, 2021.

2. Preferred stock: The Company has not yet issued any preferred stock.

(IV) List of Major Shareholders

Name of, Number of Shares Held by, and Shareholding Ratio of, Shareholders with a Shareholding Ratio of Over 5% or Ranking Top 10 Shareholders

April 30, 2021; Unit: shares

Major Shareholder Name	Share	Number of Shares	Shareholding Ratio
SinoPac is the Entrusted Custodian of Black Praise International Limited Account (Black Praise International Limited Representative: Li-Fen Luo)		15,216	32.11
SinoPac is the Entrusted Custodian of Forward Idea Investments Limited Investment Account (Forward Idea Investments Limited Representative: Huan-Wen Jao)		7,656	16.16
SinoPac is the Entrusted Custodian of Talent Reach (HK) Limited Investment Account (Talent Reach (HK) Limited Representative: Huan-Wen Jao)		5,406	11.41
LUO, LI-FEN		2,472	5.22
SinoPac is the Entrusted Custodian of Fang Tai International Co., Ltd. Investment Account (Fang Tai International Co., Ltd.)		1,925	4.06

Major Shareholder Name	Share	Number of Shares	Shareholding Ratio
SinoPac is the Entrusted Custodian of World Maker International Limited Investment Account (World Maker International Limited Representative: Huan-Wen Jao)		1,914	4.04
SinoPac is the Entrusted Custodian of Perfect Honesty International Limited Investment Account (Perfect Honesty International Limited)		1,575	3.32
SinoPac is the Entrusted Custodian of Full Surplus Investments Limited Investment Account (Full Surplus Investments Limited)		1,253	2.64
Taishin International Bank is the Entrusted Custodian of LeadSun New Star Corp. Investment Account (LeadSun New Star Corp. representative: Li-Chen Lin)		848	1.79
SinoPac is the Entrusted Custodian of Wonder World Consultants Limited Investment Account (Wonder World Consultants Limited)		622	1.31

(V) Price, Net Worth, Earnings, Dividends, and Other Information per Share for the Last Two Years

Unit: NTD

YEAR		2019	2020	Ending Q1 of 2021
Items				
Stock price (Note 1)	Highest	232.50	178.00	105.50
	Lowest	160.00	91.10	80.80
	Average	182.26	116.51	93.69
Net Value per Share	Before Distribution	39.00	34.55	(Note 8)
	After Distribution	39.00	(Note 7)	-
Earnings per Share (Note 2)	Weighted average number of shares (1,000 shares)		47,388	47,388
	Earnings per Share	Before adjustment (retroactive)	10.50	2.20
		After adjustment (retroactive)	10.50	(Note 7)
Dividends per Share	Cash Dividends		7.0	2.0 (Note 7)
	Stock dividends	Out of earnings	0.0	0.0 (Note 7)
		Out of additional paid-in capital	0.0	0.0 (Note 7)
	Accumulated unpaid dividend (Note 3)		—	—
Investment Returns Analysis	PE ratio (Note 4)		18.14	52.96 (Note 7)
	Price-dividend ratio (Note 5)		26.04	58.26 (Note 7)
	Cash dividend yield (Note 6)		3.84%	1.72% (Note 7)

* If shares are distributed in connection with a capital increase out of earnings or capital surplus, please also disclose the information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market prices of common stocks for each year, and then calculate the average market price for each year based on the annual transaction value and volume.

Note 2: Filled-in based on the number of shares issued at the end of the year and according to the Shareholders' Meeting resolution status for the following year. Show the earnings per share before and after the adjustment if retroactive adjustment is needed due to stock dividends

Note 3: If equity securities issuance provisions provided that when the undistributed dividends in the year are accumulated to the year of the surplus, the dividends outstanding as of the current year shall be disclosed separately.

Note 4: Price to Earnings Ratio = average closing price per share/earnings per share for the year.

Note 5: Price to Dividend Ratio = average closing price per share/cash dividend per share for the year.

Note 6: Cash Dividend Yield = cash dividend per share/average closing price per share for the year.

Note 7: Approved by the Board of Directors on March 10, 2021 and awaiting resolution and approval at the 2021 shareholders' meeting.

Note 8: The financial statement for Q1 of 2021 has not yet been approved by the Company's Board of Directors prior to the date of publication of the annual report.

(VI) Company's Dividend Policy and Execution Status

1. Company Dividend Policy

According to Article 100 of the Company's Articles of Association, the Company's dividend policy is as follows:

- (1) As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and/or stock dividends/bonuses. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wish to distribute.
- (2) During the Relevant Period, subject to the Cayman Islands Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than one percent (1%) of the profits for such year to the Employees as the Employees' compensation in the form of shares and/or in cash and may distribute not more than three percent (3%) hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors.
- (3) During the Relevant Period, subject to the Cayman Islands Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and setting aside the Special Reserve (if any), the Company may distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the Members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members.

- (4) During the Relevant Period, unless otherwise resolved by the general meeting of the Company, the Employees and Directors' compensations and dividends, bonuses or other forms of distributions payable to the Members shall be declared in NTD.
- (5) The Board may deduct from the dividends, bonuses or any other amount payable to the Member in respect of the Share any amount (if any) due by such Member to the Company on account of calls or otherwise in relation to the Share.
- (6) Any dividend, bonus or other monies payable on or in respect of the Share may be paid by wire transfer to the bank account nominated by the Member or by cheque or warrant sent through a post to the registered address of the Member, or to such Person and to such address as the holder may nominate in writing. In the case of joint Members, any of them may give a valid receipt for the dividend, bonus or other monies payable on or in respect of the Share.
- (7) Subject to the Cayman Islands Law and the Applicable Listing Rules, any Special Reserve may be reversed to undistributed profits of the Company.

2. Implementation Status

The 2020 annual surplus distribution proposal of the Company was approved by the Board of Directors on March 10, 2021; which proposed to distribute the dividends recognized by the Shareholders' Meeting on June 3, 2021 as follows:

Unit: NT\$

Summary	Total
Distributable earnings:	
Undistributed Surplus at the Beginning of the Period	\$ 120,111,193
Plus: Net profit after tax for the year	104,147,460
Less: Allocation to legal reserve	(10,414,746)
Plus: Reversal of special reserve (Note)	15,698,000
Total distributable earnings	229,541,907
Distribution Items:	
Cash dividend (NT\$2 per share)	(94,776,000)
Retained earnings after distribution	\$ 134,765,907

Note: Pursuant to Letter No. Financial-Supervisory-Securities-Corporate-1010012865, the Company provided special reserve from other net deductions from shareholders' equity generated by exchange differences resulting from translating the financial statements in foreign operations.

3. Expected significant changes in the dividend policy: None.

(VII) Effects That the Stock Dividends Proposed by the Shareholders' Meeting Have on the Company's Business Performance and Earnings per Share:

The Company did not disclose the financial forecast for the current year, and therefore this is not applicable.

(VIII) Remuneration to Employee and Directors/Supervisors

1. The percentages or ranges with respect to remuneration to employees and directors/supervisors as set forth in the Company's Articles of Incorporation:

According to Article 100 of the Company's Articles of Incorporation:

During the Relevant Period, subject to the Cayman Islands Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than one percent (1%) of the profits for such year to the Employees as the Employees' compensation in the form of shares and/or in cash and may distribute not more than three percent (3%) hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The "profit" referred to in this Paragraph means the pre-tax profits before subtracting the remuneration distributed to the employees and directors.

2. The basis for estimating the amount of remuneration to employees and directors/supervisors shall take into account the number of shares to be distributed as stock bonuses, and the accounting treatment of any discrepancy between the actual distributed amount and the estimated figure for the current period:

The remuneration for the Company's employees and directors shall be estimated based on the amount that may be allocated according to the Company's Articles of Incorporation. If the estimated expenses in this period are different from those of the Shareholders' Meeting resolution, it shall be considered as change in accounting estimates, and the account shall be adjusted during the annual Shareholders' Meeting resolution.

The remuneration to employees and directors for this period has been estimated in accordance with the Company's Articles of Association. They passed the Board of Directors resolution on March 10, 2021 without any discrepancy, which will be reported to the shareholders' meeting in due course.

3. Board of Directors Resolution Status on Remuneration Distribution:

The remuneration to employees and directors for this period has been estimated in accordance with the Company's Articles of Association. In 2020, the remuneration to employees was NT\$1,200,000, and the remuneration to directors/supervisors was NT\$2,400,000, accounting for 1.11% and 2.23% of the profits audited by a CPA in 2020, respectively, to be distributed entirely in cash as listed. The status of the aforesaid distribution was approved by the Remuneration Committee on March 10, 2021 without any discrepancy and is waiting for the Board of Directors to report to the shareholders.

- (1) Employee remuneration paid in cash or stock distribution as well as the remuneration amount for directors and supervisors. If the annual estimated amount is different than the recognized amount, the difference, cause, and handling status must be disclosed: None.

- (2) Proposed distribution of remuneration to employees in the form of stock bonus as a percentage to net profit after tax plus the total remuneration to employees in the entity or separate financial statement for the current period: N/A.

4. Shareholders' meeting report status and results on remuneration distribution:

The remuneration to employees and directors for this period has been estimated in accordance with the Company's Articles of Association. They passed the Board of Directors resolution on March 10, 2021 without any discrepancy, which will be reported to the shareholders' meeting in due course.

- 5. The actual distribution of remuneration to employees and directors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price of the shares distributed), and, if there is any discrepancy between the actual distribution and the estimated remuneration to employees and directors, additionally the discrepancy, cause, and how it is treated: None.**

(IX) Repurchase of the Company's shares: None.

II. Instance of corporate bonds

None.

III. Instance of preferred stock

None.

IV. Issuance of Overseas Depository Receipts

None.

V. Issuance of Employee Stock Option Plan

None.

VI. Information about new restricted employee shares

None.

VII. Information about new shares issued upon merger or acquisition or acquisition of another company's shares

None.

VIII. Capital Application Plan Implementation Status

None.

Five. Overview of Operations

I. Business Contents

(I) Scope of Business

1. Major Business Contents Operated by the Company:

The Company primarily engages in the R&D, manufacturing and sales of beauty care and cosmetic products, and covers deal management and related personnel training. Its products are sold to the beauty and cosmetic stores through dealers in the various provinces of Mainland China, such as beauty and cosmetic stores, who then sell the products to terminal consumers. Until the end of 2020, the Company's products have been sold in over 4,000 terminal beauty salons across 30 provinces, municipalities, and autonomous regions in Mainland China. The Company has a premium beauty and skin care product brand. In addition to household (home-based) products, professional care kits are also available, providing clients with a full range of beauty and skin care products as well as professional treatment options in terminal beauty salons.

The Company currently owns three major facial care brands, "GLINGLUO, SUNLILY, and DRAISE, a high-end facial product brand MALLSKIN, and the health preservation brand QIECOME. In keeping pace with the rapid development of social commerce and online media platforms in recent years, the Company has launched a new online retail brand, EasyBio. In 2020, the Company has completed the development of mini-programs for retail shoppers, which comprise close to 2,000 offline distributors and stores, and direct selling stores where products are sold directly to consumers on major e-commerce platforms (e.g., TaoBao, Tmall, and JD.Com). The Company has always adhered to the "Belief in Professionalism, Commitment to Beauty" corporate spirit and the "Integrity, Trust, and Sustainable Management" business philosophy. It has won favor and trust from the majority of Asian women via high quality services and good reputations.

2. Business Proportion:

Unit: NT\$1,000

Key Items \ YEAR	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
Beauty Care Products	1,242,858	91.51	1,371,691	94.88	796,347	94.26
Others	115,326	8.49	74,004	5.12	48,538	5.74
Total	1,358,184	100.00	1,445,695	100.00	844,885	100

3. Current Product and Service Items

Product Type	Product Description
Beauty Care Products	Washing, hydration, essence, cream mask, facial kit, eye kit, health preservation kit, oral health preservation food and beauty care instrument.
Other Incomes	Consulting business revenue, raw material sales, semi-finished products, and packaging materials.

4. New Products (Services) Planned to be Developed

The Company primarily focuses on facial beauty care products, paying particular attention to the development of facial skin care series products as its starting point in the future. In recent years, the Company has developed high-end personalized facial products and health preservation products. New products that have been developed in 2020 include guangyao anti-aging kit, vibrant metabolism kit, ocean series kit, concentrated essence serum, and persistence kit.

The original offline channels are based on a business model comprising distributors, physical stores, and customers. Given the vigorous development of such online media platforms as social e-commerce, the Company will expand the development of its new retail brand EasyBio in order to achieve goals more efficiently and ultimately reduce the additional communication costs incurred from executing business plans. By using large platforms such as TaoBao, Tmall, and JD.Com as the main sales and marketing platform, the Company plans to build a direct-to-consumer business model and simultaneously develop a new retail model integrating online and offline channels to subsequently establish a direct-selling chain system. In 2021, the Company expects to set up EasyBio offline flagship stores with branches in Xiamen, Fujian Province as a model example. This retail model will occupy an area of 800-1000 m², providing mainly plastic surgery and daily beauty care services. Nail and eyelash beauty services will be offered as part of our customer acquisition plan, and a setup of 10–15 200-m² lifestyle beauty satellite stores is expected with the flagship store at the center. In future, Fujian Province will be used as a model example to recruit business partners to open direct-selling stores and franchise stores nationwide, thus completing a business operating system that comprises the three major systems of distribution, online networks, and retail chain.

In addition, the Company will adhere to the innovative development concepts of easy to use and environmentally friendly as the direction for future product development. Understanding the market demands and consumption trends while searching for product innovation directions will become the key development principle for the Company. Therefore, we will further develop and design products that appeal to consumers by gaining insights into consumer preferences via market information collection, investigation, and research; and incorporate the group product development mechanism to further conduct R&D and design products that appeal to consumers.

(II) Industry overview

1. Industry status and development

(1) Market Overview for Cosmetics and Skin Care Products

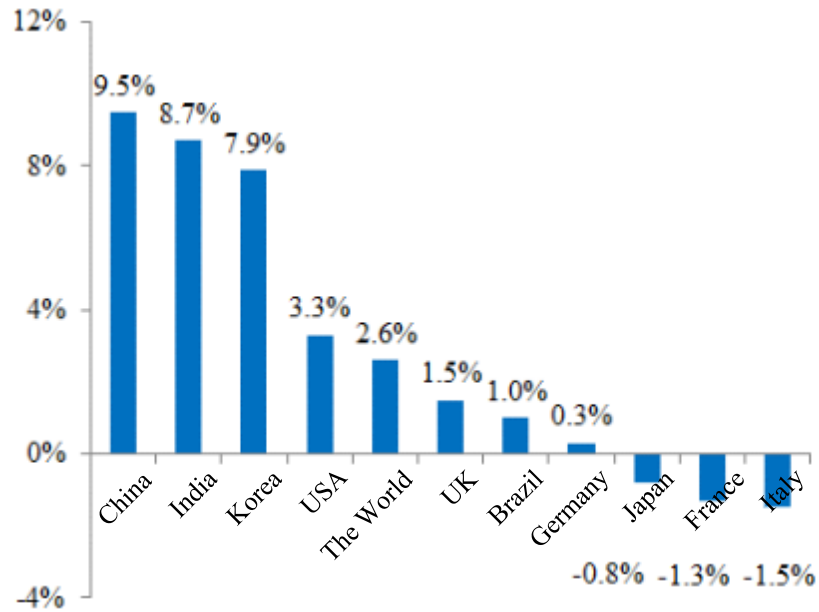
According to the "Beauty and Personal Care in China" report issued by Euromonitor in 2021, cosmetics and skin care products can be defined as baby and child-specific products, bath and shower, color cosmetics, deodorants, depilatories, fragrances, hair care, men's grooming, oral care, skincare, sun care, and sets/kits, etc.

(2) Market overview and development

A. Global Market Development

According to research conducted by Northeast Securities, the global beauty and skin care market has grown from US\$387.2 billion to US\$488.3 billion in the past decade, with CAGR2.6%. The beauty and skin care market in China has grown exponentially from \$181.7 billion to \$410.5 billion at CAGR 9.5%, leading global growth and becoming the second largest cosmetics consumption country in the world with a market share of 12.7%. Among Top 10 cosmetics consumption countries, the emerging markets, such as India and Korea, also outperformed others. Notwithstanding, the matured markets, such as Japan, France and Italy, reflected negative growth, while the other major markets' growth stayed stable. The Company's main operating market is Mainland China, and the following is the market analysis for Mainland China.

CAGR of TOP 10 Cosmetics Consumption Countries from 2009 to 2019



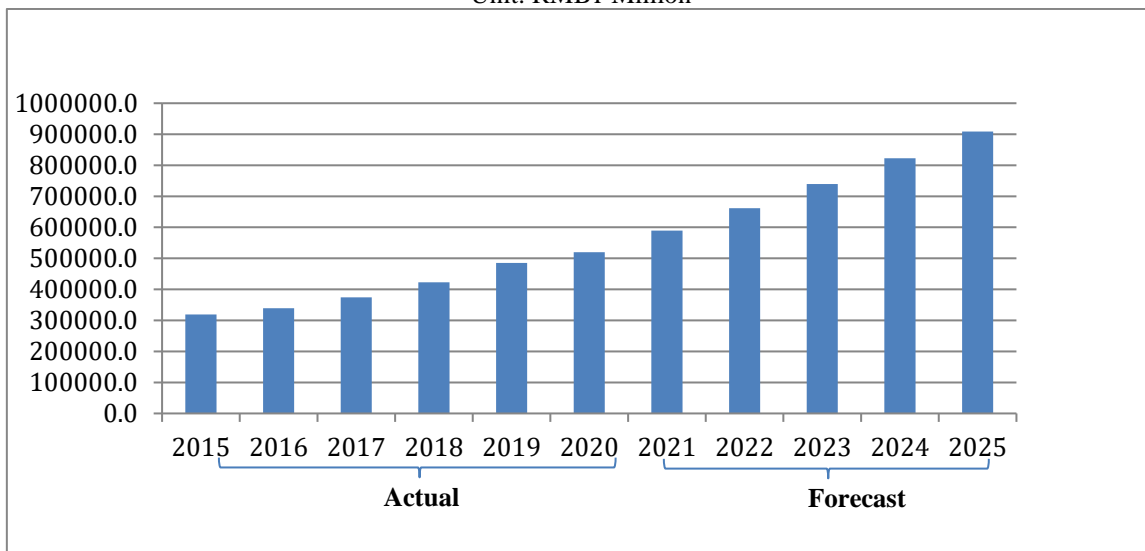
Source of data: Northeast Securities

B. Mainland China Market Development

Reports from Euromonitor indicated that the sales volume of the beauty and personal care market in Mainland China was RMB¥519.94 billion in 2020, up 7.2% from 2019. In a span of five years from 2015 to 2020, the beauty and personal care market grew overall by approximately 63.1%. The market scale is expected to reach RMB¥908.67 billion by 2025 at a compound growth rate of 11.8% between 2020 and 2025. Mainland China will maintain its status as the nation in the Asia Pacific region with the largest beauty and personal care market.

2015~2025 Beauty and Personal Care Market in Mainland China

Unit: RMB¥ Million



Source of data: Euromonitor International Limited, Beauty and Personal Care 2021ed, retail value RSP, current, 2020 data

C. Product Category Development

(A) Global Market

According to Euromonitor, the scale of the global skincare market has declined proportionately in 2015 due to continued sluggish demand in Eurozones and a significant economic recession in Brazil. Over the past three years, the world registered economic rebound, fueling the consumption of skincare products. The global skin care product market reached US\$145.9 billion in 2017, subsequently dropping to US\$132.7 billion in 2018. In 2019, the global skin care market recovered, attributable to the consumption growth in Greater China and the impact of emerging markets such as Russia and India. A progressive estimation reveals that the global skin care market is expected to reach US\$140 billion in 2019, a year-on-year increase of 5.5%. The impact of the COVID-19 pandemic has led to a decline in consumer demand for skincare products, simultaneously affecting offline sales channels accordingly. The global skin care market is expected to show signs of decline in 2020.

Currently, facial skincare products are the product with the largest global market, accounting for 76.64% of the overall skincare market, followed by body skincare products, which account for 13.87% of the overall market. Hand skincare products and skincare sets/kits occupy a relatively smaller market, at 2.34% and 7.23%, respectively.

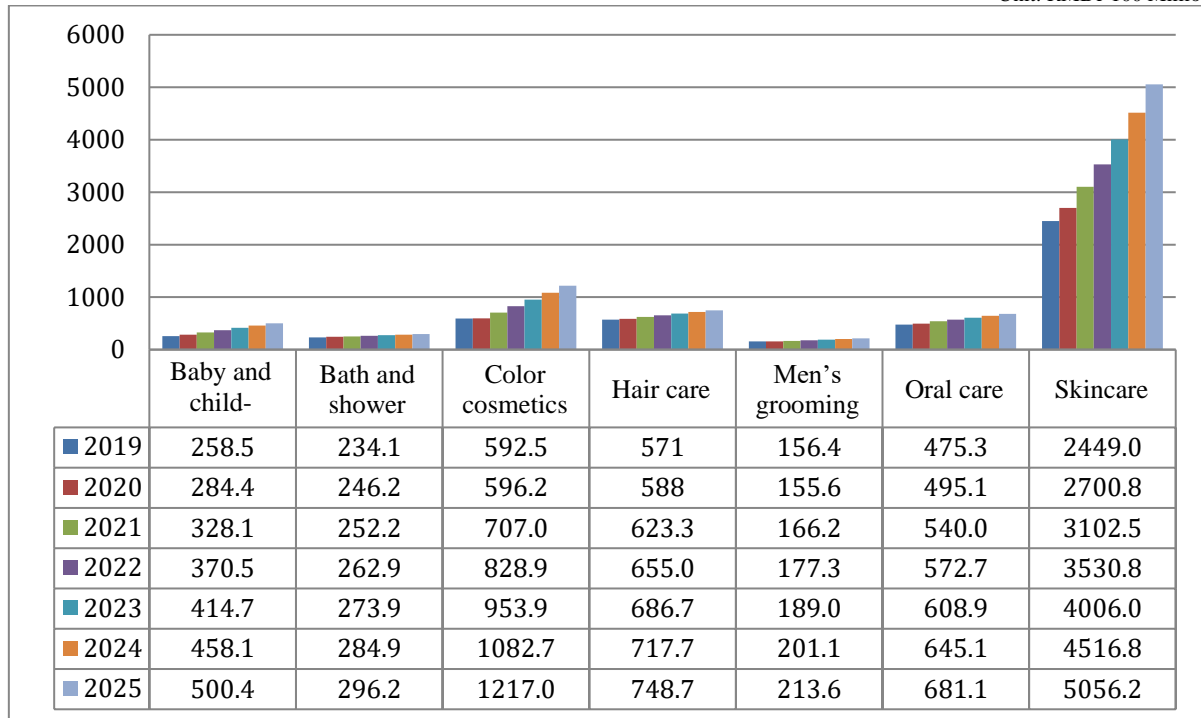
Asia-Pacific regions represented by China, Japan, and South Korea are the primary skincare markets in the world. According to data published by L'Oréal BMS estimates, the skincare market in the Asia-Pacific region accounted for nearly 55% of the global market in 2018. In 2019, the skincare industry in Asia Pacific grew rapidly, reaching 56%, while the market in Western Europe declined. The markets in North America and Europe measured 20% and 14%, respectively, in 2019.

(B) Mainland China Market

Euromonitor reported that sales from the beauty and personal care market in Mainland China were RMB¥519.94 billion in 2020, and the market scale is estimated to reach RMB¥908.67 billion by 2025, growing at a compound rate of 11.8% between 2020 and 2025. The top sales items for the beauty and skin care market in Mainland China primarily focus on skin care products, hair products, and color cosmetics. The sales of skin care products reached RMB¥2270.08 billion in 2020, which grew by 10.3% from 2019 and accounted for up to 51.9% of the overall beauty and personal care market. This is followed by color cosmetics with a sale of RMB¥59.62 billion in 2020, up 0.62% from 2019 and accounting for up to 11.5% of the overall beauty and personal care market. Color cosmetics still show a strong potential, growing at a compound rate of 18.7% from 2015 to 2020. Hair care products ranked third, with its sales of RMB¥58.8 billion in 2020, up 3.0% from 2019, accounting for 11.3% of the overall beauty and personal care market.

Beauty and Personal Care Product Sales Forecast for Mainland China

Unit: RMB¥ 100 Million

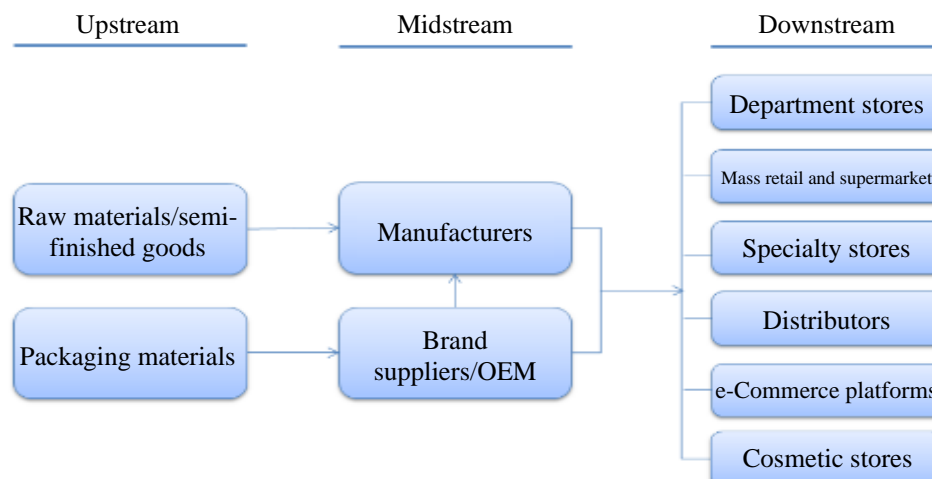


Source of data: Euromonitor International Limited, Beauty and Personal Care 2021ed, retail value RSP, current, 2020 data

In conclusion, the continual growth of the global market for cosmetic and skin care products, the increase of consumer interest in skin care, and the rising income of the middle class will help to promote consumer spending and market development; and drive the product sales and operation growth of this Company.

2. Association between upstream, midstream, and downstream industry participants

At present, this Company primarily engages in the R&D, manufacturing, and sales of facial beauty care products. The correlation between the upstream, midstream, and downstream is shown in the figure below:



The Company's products are made of self-developed key raw materials or raw materials and packing materials purchased from markets in Mainland China. Our products are manufactured according to formula ratio, inspected, packaged, and then sold to beauty salons across Mainland China through distributors. Our products are also sold directly to consumers through mini-programs for retail shoppers comprising distributors and physical stores and through direct selling stores on major

e-commerce platforms (e.g., TaoBao, Tmall, and JD.Com). Therefore, the Company is midstream and downstream to cosmetic and skincare industries.

Because the Company frequently interacts with major upstream suppliers and downstream distributors, as well as e-commerce platforms, it is able to keep abreast of market trends, meet consumer demands, continue to introduce competitive products, and increase market competitiveness.

3. Various Development Trends for Products:

(1) Natural Raw Material Source Changes and Conceptual Upgrade

As consumer demands continue to change and global climate changes are become more apparent; people are paying more attention to nature related subjects such as environmental protection, organic life style, and health conditioning. As such, cosmetic care product consumers also hope that the raw materials for such products are purchased and produced locally in addition to being naturally plant based. To enable consumers to have more confidence in the safety of our products, we hope to produce safe, non-allergenic, pure, and effective raw materials via technological methods in the future, and apply them to the skin care products being used.

The Company has a number of patents that use natural botanical ingredients as raw materials in combination with extraction techniques to extract active ingredients. This extraction technology not only is friendly to the environment, the green environmental protection technology also does not produce any residual organic solvents. It can also effectively protect the functional ingredients from being destroyed during the extraction process, which is in line with the market trends.

(2) Cosmetics and Skin Care Products Related Laws and Regulations Have Tightened and Supervision Has Become Stricter

According to the IEK report, the cosmetics and skin care industry is recognized as one of the largest and most highly profitable industries worldwide mainly due to the high demand of cosmetics and skin care products from consumers throughout the world. Skin care products are the most demanding items in the market, and the market scale has continued to grow steadily. However, because cosmetic products will directly come into contact with the human body and their marketing regulations are relatively less strict than those for drugs and foods, different countries have continued to formulate pre-marketing regulations and standards for cosmetic products. In addition to the implementation of the cosmetics filing system, starting in 2017 the China Food and Drug Administration also requires cosmetics manufacturers to obtain the "Cosmetics Manufacturing License" before engaging in manufacturing. It also emphasized strengthening supervision and other measures in the future. Therefore, brands and enterprises with sufficient enterprise strength that strictly abide by the law will become the future driving force of the cosmetics industry in Mainland China. They also benefit from the vast number of consumers by establishing the basis to ensure abundant cosmetic and skin care product selection choices.

The products of the Company are registered and filed in accordance with the relevant laws and regulations before reaching the market. The Company has obtained the aforesaid Cosmetics Manufacturing License from the China Food and Drug Administration. In addition to the strict quality control, our production plants have also obtained the ISO22716 cosmetics certification, which shows that the Company has maintained good standards in terms of personnel health training for production line and plant equipment sanitary control.

(3) Customized Goods That Further Meet the Consumer Demands

According to the Hong Kong Trade Development Council's description of the cosmetics market in Mainland China, consumers' consumption concepts have undergone major changes with continuously strengthened autonomy. Consumers no longer rely mainly on advertisement guidance, but have started to rely on a variety of consideration references through many channels in order to select their own cosmetic products. Mintel's global trend study also mentioned that consumers have learned about their own bodies from a large amount of online information in order to best understand their skin and other physical conditions. They also realized that everyone is different, so the demand for personalized cosmetic products is increasing.

The Company's main business model involves selling to distributors who then sell to terminal consumers through their beauty salon channels. The Company cooperates with schools and business entities every year to recruit talented professionals for dealers and beauty salons. The Company has organized a number of training courses for terminal beauty salon owners and beauticians. The goal is to help them to improve their professional knowledge and care practices so they can provide appropriate services to satisfy the individual conditions and needs of consumers.

4. Competition Status

The Company's products are primarily facial beauty care products. With the advancement of technology and the continuous improvement of economic standards, skin care products are no longer a luxury demand. The use of skin care products has turned into a part of the daily life for most people and inspired people to pursue a higher level of beauty. Therefore, medical cosmetic technologies that cater to different needs for different parts of the body are born. Although medical cosmetic surgeries can satisfy whitening and tightening effects for consumer within a short period of time, some surgical costs are expensive and the corresponding risks are higher. In addition, after medical cosmetic surgeries, people must still rely on basic maintenance in order to maintain the effects. This Company has the ability to develop products and has obtained many patents, so it cannot be completely replaced.

Presently, the beauty and personal care market in Mainland China primarily sells products through online and offline channels, with the online sales channel dominating the industry in the future given the development of digital technologies. In 2019, the Company has launched a new online retail brand, EasyBio. In 2020, the Company has completed the development of mini-programs for retail shoppers, which comprise close to 2000 offline distributors and stores, and direct selling stores where products are sold directly to consumers on major e-commerce platforms (e.g., TaoBao, Tmall, and JD.Com). Meanwhile, the Company is also extending its presence in major social media, with the plan to further expand this new retail brand market, focusing particularly on large e-commerce platforms such as TaoBao, Tmall, and JD.Com. The Company will also build a direct-to-consumer business model on these sales platforms.

The Company plans to develop a new retail model integrating online and offline channels and subsequently establish a direct-selling chain system. In the second half of 2021, the Company expects to set up EasyBio offline flagship stores with branches in Xiamen, Fujian Province as model example. This retail model will occupy an area of 800-1000 m² providing mainly plastic surgery and daily beauty care services. Nail and eyelash beauty services are offered as part of our customer acquisition plan, and set up a 200-m² lifestyle beauty satellite store with the flagship store at the center. In 2021, the

Company expects to set up 10-15 stores and from thereon, Fujian Province will be used as a model example to recruit business partners to open direct-selling stores and franchise stores nationwide, thus completing a business operating system that comprises three major systems of distribution, online networks, and retail chain.

In summary, the risks of the Company's product, sales channels, and industry-related functions being replaced are limited.

(III) Technology and R&D Status

1. R&D Expenses Invested in the Latest Year and as of the Date of Publication of the Annual Report

Unit: NT\$1,000

Items	2020	2021 to Date of Publication
R&D Costs	69,453	(Note)
Consolidated Net Operating Income	844,885	(Note)
R&D Costs as a Percentage of Consolidated Revenue (%)	8.22%	(Note)

Note: The financial statement for Q1 of 2021 has not yet been announced prior to the date of publication of the annual report.

2. Successfully developed technology or product during the most recent year and up to the date of publication of the annual report

Items	Year	Specific R&D Results	Product Description	Main Functions and Benefits:
1	2018	Products containing Guaiac Sodium Sulfonate	The guaiac sodium sulfonate derived from German Chamomile and Yellow Camomille is a traditional European botanical drug with excellent anti-inflammatory, anti-allergic, and tissue repair effects. It provides skin soothing, repairing, and rejuvenating effects when used in cosmetics.	Hibiscus Cream (Upgraded Version)
2	2018	Ultrasonic Assisted Supercritical Carbon Dioxide Continuous Houseleek Active Ingredients Extraction Method	The stems and leaves of houseleeks have anti-inflammatory, anti-oxidation, and whitening effects. By optimizing the supercritical carbon dioxide extraction method for the extraction process of the houseleek branches and leaves, the total flavonoid content and antioxidant activity in the extract were significantly higher than those extracted using the traditional method.	Make-up remover, moisturizing facial mask, hydrogel cleansing lotion, probiotic solution, fountain of life pure liquid, etc.
3	2018	A Serum With Anti-wrinkle Effects on the Skin	According to the wrinkle appearance mechanism; active ingredients such as houseleek extract, roselle flower extract, and okra extract can improve the dark, rough, loose, and lifeless skin phenomena caused by work environment and aging. The ingredients can repair the skin's health, make the skin supple and smooth, give the skin a three dimensional and bright look, emit a penetrating glow from the inside out, and give the skin a soft, silky feel, and elastic feel.	Century Zhen Yan Pure Liquid, Hyaluronic Acid Pure Liquid, etc.
4	2018	A Cis-isomeric Crocetin Separation Method	Added saffron acid microemulsion, which can effectively absorb UVB, UVA, and short-wave blue light. Meanwhile, saffron acid can eliminate active oxygen, promote collagen secretion, and have a good post-sun-exposure repair effect.	Fullerene Water Eye Mask

Items	Year	Specific R&D Results	Product Description	Main Functions and Benefits:
5	2019	A New Whitening Toner	Based on the melanin production and dissemination mechanism; the cherry blossom, wakame, and heather extracts can inhibit melanin formation and deposit; and the heather and balloon vine extracts provide an anti-allergic effect. In addition to whitening and freckle reduction, the formula can also improve skin dullness and sallowness while keeping the skin moisturized and refreshed.	Skin Beautification Pure Liquid
6	2019	Moisturizing Cream that can be quickly absorbed by the skin	Unique formulation technology that helps the skin to absorb the active ingredients in the formula. Forms a unique skin feel, allows ingredients to be quickly absorbed by the skin.	Skin Toning Cream
7	2019	A pure liquid composition containing stem cell culture liquid and capable of improving skin	Stem cells are capable of not only differentiation and regeneration, but also generation of paracrine active substances. The active factors sought in the stem cell culture solution applied to skin care products generate a better anti-aging effect on the skin.	Products including Source of Life Freeze Dried Powder, and Genrenewing Face Freeze Dried Powder, etc.
8	2019	A preparation method of stem cell compositions and extracts, and application of the compositions	The exogenous proteins separated and collected from the culture fluid of adipose-derived mesenchymal stem cell may function to adjust and control the physiological activities of skin cells, thereby inducing fibroblasts to secrete collagen and generating the significant anti-glycation effect.	Products including Genflexibility Freeze Dried Powder, and Face Spa Freeze Dried Powder, etc.
9	2019	Test and application of five major skin genes	The test of the skin-related gene SNP combination may be applied to analyze the congenital characteristics of the skin, such as tanning, aging, and sensitivity. The personal skin care program may be customized based on the weak SNP Loci and consumers' skin condition and geographical locations identified in the test result.	Product series including Genskin care cream, Genskin conditioning lotion and Genflexibility facial mask
10	2019	Skin bacteria flora analysis technology and micro-ecological product development	Comparing the difference in the bacteria flora between defective skin and healthy one to verify the ecological characteristics of the healthy skin, and then selecting the raw materials of cosmetics capable of improving the skin ecology to practice the development of products with improved micro-ecological condition.	Product series including Prebiotics Toner, Prebiotics Essence and Prebiotics Repairing Cream.
11	2019	Anti-aging assessment by fibroblast	Establishing a fibroblast cytology model to observe the growth condition and rate of fibroblasts, detect the viability of fibroblasts, content of collagen, and the relative expression of mRNA in the collagen and metal matrix protease, etc., and to assess the effect produced by raw materials of cosmetics and products on secretion of collagen by fibroblasts, thereby predicting the anti-aging effect and upgrading and optimizing the anti-aging effect of existing products.	Development of primary raw materials of cosmetics, and test of products Primarily involving the products including Source of Life Pure Liquid and Source of Life Facial Mask, etc.
12	2020	A method for preparing and making saffron acid microemulsion and freeze dried powder	Saffron acid is insoluble in water; preparing saffron acid into microemulsion can solve the problem of applying saffron acid in practice.	EasyBio concentrated anti-wrinkle eye cream

Items	Year	Specific R&D Results	Product Description	Main Functions and Benefits:
13	2020	A method for extracting and separating highly viscous narcissus polysaccharides from a Chinese narcissus bulb	Narcissi are popular ornamental plants and one of the top ten famous flowers in China, with those narcissi in Zhangzhou attaining fame both at home and abroad during the Republican Era of China. Narcissi are not only ornamental plants, but these flowers also play a valuable role in cosmetics. Fragrance can be extracted from narcissus flowers, and polysaccharide skincare ingredients can be extracted from their bulbs. Polysaccharides in narcissus bulbs exhibit moisturizing and repairing effects.	EasyBio concentrated oxygen water moisturizing liquid
14	2020	An anti-aging ingredient and preparation method	The ingredient is prepared by high pressure micro jet method using organic germanium, ribonucleic acid, lecithin, natural polysaccharides, collagen, and water. Key factors that influence skin aging, such as UV ray, free radicals, and MMPs, are used to develop an ingredient that can slow the aging process. This ingredient has moisturizing functions, replenishes extracellular matrix, removes free radicals, increases the expression of type I collagen and elastin, and inhibits the expression of MMPs to thicken the extracellular matrix, thereby achieving anti-aging effects.	EasyBio concentrated essence
15	2020	A product series made of elements from the ocean	Using ocean elements to produce skincare products has been trending in recent years. Extracting raw materials from seawater, seaweed, fish, through to the cells of marine animals and plants has created infinite possibilities for the innovation of cosmetic products. Plankton extracts contain nucleotides derived from extremophile living in harsh environments. These extracts provide multiple protection and anti-pressure targeting to effectively resist protein, RNA, and mitochondria damages caused by exposure to UV rays, infrared, and excessively high/low temperatures. They also exhibit fast whitening, wrinkle removal, and skin protection functions.	Hydrating repair essence, hydrating brightening essence, hydrating skin spray, and hydrating lifting essence cream
16	2020	An ingredient with skin brightening and whitening effects and a skincare product containing this ingredient	Composed primarily of ferulic acid, 3-o-ethyl ascorbic acid, and niacinamide, this ingredient not only has multidimensional inhibitory effect at various stages of melanin production, but it also uses antioxidants to achieve skin brightening and whitening effects. This ingredient can be added to various skincare products, and achieve multidimensional and comprehensive inhibitory effect on skin melanin production. Concurrently, its efficacy can be increased through antioxidants, ultimately achieving skin brightening and whitening effects.	EasyBio brightening essence

(IV) Long- and Short-term Business Development Plans

1. Short-term Plan Development Direction

- (1) Affected by the COVID-19 pandemic in 2020, revenues from the offline channels of the Company's three major brands have dropped. Nevertheless, the Company will continue to expand its physical presence and introduce more distributors and beauty salons, providing that the pandemic is kept under control, consumer confidence is restored, and increasingly more consumers shop in stores. In addition, the Company will attempt to raise customer order value by introducing a high-end facial care brand—MALLSKIN—that serves primarily beauty salon customers in the upper tier of the pyramid.

- (2) Models of beauty salons in several benchmark provinces have been completed in the basic project for the Company's health preservation brand QIECOME. Accordingly, the Company will launch this brand across Mainland China and simultaneously introduce a new high-end option exclusively for the top 20% high-end beauty salon customers.
- (3) For our new retail brand EasyBio, the Company has completed developing mini-programs for retail shoppers comprising offline distributors and stores. In 2021, these mini-programs are focused on the expansion of public (online e-commerce platforms) traffic to sell products directly to consumers in direct selling stores on major e-commerce platforms (e.g., TaoBao, Tmall, and JD.Com). Meanwhile, the Company will concentrate its efforts to achieve a full media coverage through traditional media and new media.
- (4) The Company will establish Richer Biotechnology Co., Ltd. to continuously develop markets in Taiwan and lay a foundation for the development of healthy cosmeceuticals in combination with the concept of precision health. In addition, the Company will merge with distributors in Taiwan to integrate resources, provide a more comprehensive range of products and services, and expand its sales network in Taiwan.

2. Long-Term Plan Development Direction

- (1) With an offline network of more than 4,000 beauty salons and close to 2000 online sales channels, the Company will combine its existing sale systems to online and offline channels coupled with our new retail model to establish a direct-to-consumer business model, forming a chain system completed with a business operating system that comprises the three major systems of distribution, online networks, and retail chain.
- (2) Continue to strengthen media promotion and enhance end-user awareness of brands.
- (3) Increase the investment into full network information construction, Integrate the full digital information network for the upstream and downstream of the industry.
- (4) Develop innovative products from raw materials to continuously improve product quality.
- (5) Continue to deepen the training system and expand school/enterprise cooperation.

II. Marketing and Sales Status

(I) Market Analysis

1. Sales (Provision) Regions of Major Goods (Services)

The facial beauty care product R&D, manufacturing, and sales units established by the Company in Mainland China sell products to various terminal beauty salons through distributors located in the various provinces of Mainland China. From thereon the products are sold to terminal consumers. Therefore, 99.64% of the service providing regions is currently located in Mainland China.

Unit: NT\$ thousand; %

Sales Regions \ YEAR	2018		2019		2020	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Mainland China	1,358,184	100%	1,440,498	99.64%	842,746	99.75%
Taiwan	-	-	5,197	0.36%	2,139	0.25%

2. Market Share

The Company's R&D, manufacturing, sales, and market for its professional beauty care product lines are located in Mainland China. According to statistics provided by Euromonitor, the skincare product market in Mainland China measured RMB¥212,716.1 million and RMB¥243,856.0 million in 2019 and 2020, respectively. Based on the Company's 2019 and 2020 operating income estimates, the market shares were approximately 0.14% and 0.13%, respectively, which is considered low. Nevertheless, the Company's products are sold to terminal consumers through distributors and their beauty salons. Our new retail brand, "EasyBio", has attracted the attention of young consumer groups, prompting them to visit physical stores through traffic flow operations on Internet channels. Our health preservation brand, "QIECOME" serves to develop markets other than facial cosmetics and beauty care products. The Company is expected to continuously increase its market share.

3. Future Market Supply, Demand, and Growth Status

At present, the Company's main operations and markets are in Mainland China. The cosmetics and skin care products produced are mainly sold to terminal beauty salons in various regions through distributors. In terms of market demand, Euromonitor reported that the average sales of beauty and personal care products in Mainland China have grown annually at 12.6% from 2015 to 2020 with the growth of the economy. In 2020, beauty and personal care market sales in Mainland China reached RMB¥519.8 billion, which is expected to reach RMB¥908.5 billion in 2025, growing annually at a compound rate of 11.8% for the period 2021 to 2025. This trend shows that the market for beauty and personal care products will continue to grow.

In terms of market supply, data published by Euromonitor revealed that the sale of beauty and personal care products in Mainland China in 2020 totaled RMB¥519.8 billion, which yields a per capita beauty and personal care consumption of RMB¥340.75 when divided by China's total population of 1.4 billion at the end of 2020 as announced by the National Bureau of Statistics of China. Although still incomparable to multiple other countries, the statistics issued by the National Bureau of Statistics indicated that the retail sales of cosmetics in 2020 increased by 9.5% compared to that of 2019. The data show that the growth of the people's livelihood consumption will continue to drive the overall market supply growth.

Overall, factors such as the steady economic growth in Mainland China, the accelerated income growth of its residents, and the further expansion of the consumer goods market have contributed to the growth of the supply and demand market for the Company's products. They will also contribute to the expansion of the Company's sales and business scale.

4. Competitive Niche

(1) Independent Development Capability

Luo Lih-Fen Holding Co., Ltd. has richly experienced R&D teams that continuously develop the latest raw materials, formulations, and product technologies. The Company has also collected market research information in order to develop innovative products with foresight, used strict scientific and safety test methods to ensure the high performance and safety of the products, and produced stable quality products through repeated tests and trial productions in order to create products with core competitiveness. The technology center is equipped with a variety of advanced R&D equipment such as the supercritical carbon dioxide extraction unit and the ultrasonic extraction concentrating machine combined with the Company's patented extraction technology

used to extract raw plant materials without destroying the functional ingredients. The multi-functional microplate reader and skin tester devices are used to evaluate moisturizing, anti-wrinkle, oil control, anti-acne, whitening, freckle, and sunscreen performance. Atomic absorption spectrophotometers are used to perform physical and chemical tests for color, appearance, odor, cold and heat resistance stability, PH acidity level, centrifugation stability, and moisture content. Therefore, the Company is able to independently perform formula innovation, efficacy evaluation, process research, raw material extraction, packaging materials research, hazardous substances inspection and analysis, etc.; and continue to introduce new competitive products that meet the market demands.

(2) Collaborative projects with leading academic and research institutions

YEAR	Academic institutions	Scope of Cooperation
2020	School of Pharmaceutical Sciences of Xiamen University	The cosmetic effects of stem cells, secretions of stem cells, and marine active peptides
2019	Tzu Chi Medical Center	Stem cell polypeptide research and the construction of stem cell laboratories in Taiwan
2019	Hungkuang University	Clinical trials of patented formulas (techniques) and product efficacy evaluation

Based on existing R&D orientation, the Company may further develop the preparation and application of plant-based raw materials. Upon receiving the technology license from Tzu Chi, the Company will complete product commercialization and launch promptly, coupled with the "customization" services" to embrace the new era of precision skin, beauty, and health care services.

(3) Strict Production Standards and Quality Control That Improve Product Quality

The Company has strict requirements on product quality and established inspection standards on raw material storage, raw material emulsification and semi-finished product production, package filling operation, and finished product warehousing. Such inspections include raw material PH value and density; physical and chemical indicator evaluation; examination of microbial indicators such as bacterial count, yeast, etc.; and vigorous monitoring of the various production processes. Before the products are put on the market, they are registered and filed in accordance with the relevant laws and regulations, and the product formula and sales package information are provided to the China Food and Drug Administration (CFDA) for review. At the end of 2016, the Company passed the production conditions, equipment and metrology inspections, and personnel requirements to obtain the cosmetics production license issued by the CFDA. In addition to production process strict quality control, the Company's factory also obtained the Good Manufacturing Practice (GMP) for cosmetics, ISO22716 International Good Manufacturing Practice Guidelines for Cosmetics, and ISO14001 Environmental Management System certifications. The Company has also purchased liability insurance for its products, which shows well-regulated sanitary control for its production plants and equipment as well as strict safety control for the consumers.

(4) Innovative and Effective Marketing That Amplify Brand Reputation and Visibility

The Company has adopted the "Belief in Professionalism, Determination to Beauty" development strategy to hold dealer briefings and roundtables from time to time to directly meet with distributor presidents, brand directors, and terminal beauty salon owners. The goal is to convey the group strategy and market planning strategy, invite them to participate in the National Investment Promotion Association, and jointly develop the market. The Company has also improved the product and brand exposure through media interviews and marketing advertisements, established stable cooperation with dealers and customers, and its products are sold to 30 provinces, municipalities, and autonomous regions throughout Mainland China. The Company has 50 cooperative dealers and over 4,000 terminal sales beauty salons. Most of the dealers are strategic distribution partners with over a decade of partnership experience. In 2015 and 2016, "LUOLIHFEN" and "SUNLILY" were respectively awarded the Fujian Provincial Famous Trademarks issued by the Fujian Administration Bureau for Industry and Commerce; which indicates that the Company's corporate image is deeply relied upon and recognized by officials, dealers, terminal beauty salons, and consumers.

(5) Diversified Training Methods Creating a Comprehensive Talent Pool

The Company values talent cultivation. In addition to jointly establishing the Luo Lih-Fen Image Health Management Institute with Eastern Liaoning University and signing an industry/academia cooperation agreement with Heilongjiang University of Chinese Medicine Jiamusi College, the Company has also established "skin care institutes" under its organizational structure, creating a comprehensive education and training system. Each year, core competence courses in professional knowledge, management skills, and nursing techniques are provided through "Youth Camps," "Knowledge Tour Camps," "I am Diva," and "Handsome Ace Camps" to beautician instructors, terminal beauty salon owners, and beauticians. The Company will be able to satisfy its own human resource needs and also to refer competent talents to distributors and terminal beauty salon owners, thereby enhancing the quality of talents and the link between upstream and downstream participants.

5. Development Prospect Advantages and Disadvantages, and Countermeasures

(1) Favorable Factors

A. Tightened industry regulations and strengthened government supervision are favorable to legal compliance and companies with R&D strength.

In the past, due to the imperfect policies and regulations in the Mainland China, good and bad quality cosmetics and skin care products were mixed and circulated in the market. In recent years, the CFDA has implemented the cosmetics filing system, started to require cosmetics manufacturers to obtain the "Cosmetics Manufacturing License" in order to engage in production since 2017, and provided that cosmetic manufacturers must conform to the Cosmetics Manufacturing License related specification requirements pursuant to the "Cosmetics Safety Technical Specification." To establish a comprehensive quality and safety management system, four major records for each batch of products must be recorded in detail: (1) raw material procurement and acceptance inspection, (2) production process, (3) product inspection, and (4) warehousing and sales. The goal is to strictly control the quality and safety of products, and operate in good faith. The relevant costs and expenses needed to meet the

government policy requirements may not be affordable to all companies, which can eliminate companies that have insufficient scale, production quality, or have poor quality control. This Company has reached sufficient scale under years of operation. Its three major brands -- Glingluo, Sunlily, and Draise -- have been registered and filed in accordance with the law before listing; their production, finances, and business operations are in compliance with the relevant regulations; and we are one of the enterprises that have obtained the production license earlier in Fujian Province.

In addition, the Company has established a technical center under the R&D department of the Mainland China factory. The technical center covers an area of 560 pings and is equipped with supercritical carbon dioxide extraction equipment, an ultrasonic extraction and concentration machine, atomic absorption spectrophotometer, multi-function microplate reader, multi-functional skin tester, vacuum emulsifier, and other advanced R&D equipment. The center also has physics and chemistry laboratories, stability laboratories, microbiology laboratories, efficacy evaluation laboratories, etc. From formula innovation to efficacy evaluation, process research, raw material extraction, packaging materials research, hazardous substance inspection and analysis, etc.; each aspect can be completed autonomously and the center lays the foundation for future R&D.

B. The market has room to grow in the future, which is conducive to performance improvement.

Euromonitor reported that the average sales of beauty and personal care products in Mainland China have grown annually at 12.6% from 2015 to 2020 with the growth of the economy. In 2020, beauty and personal care market sales in Mainland China reached RMB¥519.8 billion, which is expected to reach RMB¥908.5 billion in 2025, growing annually at a compound rate of 11.8% for the period 2021 to 2025. This trend shows that the market for beauty and personal care products will continue to grow.

C. Good brand image and popular trademarks are conducive to market expansion.

Since the Company's entry into the Mainland China market, it has cultivated stable dealers and customer groups; its products are sold to 30 provinces, municipalities, and autonomous regions in Mainland China with up to 50 cooperative dealers and over 4,000 terminal sales beauty salons. The Company has maintained good partnerships with most of its dealers, and all of them have been distributing the three major brand products for many years. In 2015 and 2016, "LUOLIHFEN" and "SUNLILY" were respectively awarded the Fujian Provincial Famous Trademarks issued by the Fujian Administration Bureau for Industry and Commerce; which indicates that the Company's corporate image is deeply relied upon and recognized by officials, dealers, terminal beauty salons, and consumers. In addition, the performance of household products has rapidly improved; which indicates that beauty salon consumers have high satisfaction with the Company's products, are willing to continue to purchase the products for their own use, and have a certain level of recognition for the Company's brand.

(2) Unfavorable Factors and Countermeasures

A. Counterfeiting is severe in the Mainland China market.

The Company believes that every product is a result of the constant upgrade of professionalism. A combination of R&D, operation, sales team, and large amount of effort and cost invested are required for the products to obtain their corresponding value. However, there are still poor-quality counterfeit brands on the market that affect the Company's corporate image and interests.

[Response Measures]

The Company has obtained a number of local trademark rights in accordance with the "Trademark Law of the People's Republic of China." Apart from obtaining legal protection through registered trademarks, the dealers will also voluntarily share important market information with the Company, thanks to our close cooperative relationship with them. Therefore, the longer-term distribution system partnership can also be used to combat counterfeiting. The Company has also commissioned an external company to retrieve all trademark infringement related information over the Internet, and hired a trademark rights protection agency to assist the Company to handle trademark related litigations in order to fully prevent and deal with any counterfeiting issues.

B. Intense market competition.

Professional lines of cosmetics and skin care products have better profits due to higher technical thresholds, but also attract enterprises or less legitimate manufacturers to join the competition. In addition, statistics provided by ZhiYan Intelligence Research Group (2016) indicated that there are over 50,000 professional brands, over 10,000 manufacturers, and approximately 1.7 million professional beauty salons across Mainland China. On average, each medium- to large-scale manufacturer's products can be sold in 300 beauty salons. This causes small-scale manufacturers to compete by providing discounts and gifts, which showcases the fierce competition of the market.

[Response Measures]

The Company has long-term brand management, and its sales channel comprises the beauty salons of top-quality distributors throughout the provinces in Mainland China. The Company uses the multi-brand development strategy to transcend the regional brand protection method. This allows the terminal beauty salons to minimize customer poaching. No other brands will use only a single brand and thus be limited by the number of direct or franchise beauty salons, and this strategy enables the products to continue to improve the overall market share. In addition, the Company has continued to conduct R&D to meet the demands of the consumers in the market, provide strict control over the quality of the production process, cultivate excellent sales teams, and use TV advertising and special interview methods to enhance brand value and strengthen customer loyalty.

C. Beauty care instructors and beauticians in terminal beauty salons have a high turnover rate

Beautician instructors are the key for the Company to retain its customers. In addition to constantly learning new knowledge, technology, product efficiency skilled care techniques, and equipment use; they must also have the necessary sales skills to visit the

various regional terminal beauty salon owners and beauticians in order to promote the Company's products. Therefore, they even represent the Company's image and spirit in a sense. The beauticians of the terminal beauty salons are the first-line personnel facing the consumers to recommend products and care services. However, because both positions are considered long work hour and labor-intensive jobs, the employee turnover rate is relatively high.

[Response Measures]

In addition to jointly establishing the Luo Lih-Fen Image Health Management Institute with Eastern Liaoning University and signing an industry/academia cooperation agreement with Heilongjiang University of Chinese Medicine Jiamusi College, the Company has also established "skin care institutes" under its organizational structure, and created a comprehensive education and training system. Each year, core competence courses in professional knowledge, management skills, and nursing techniques are provided through "Youth Camps," "Knowledge Tour Camps," "I am Diva," and "Handsome Ace Camps" to beautician instructors, terminal beauty salon owners, and beauticians. The Company will also continue to provide a comprehensive staff welfare and promotion system as well as good working environment to the staff in order to retain excellent talents and reduce the turnover rate.

D. The COVID-19 pandemic has negatively affected physical offline channels

The original offline channels are based on a business model comprising distributors, physical stores, and customers. However, fewer consumers are shopping in stores because the pandemic has delayed the resumption of business operations and suspended all offline physical activities, causing a significant decline in revenue during the COVID-19 period.

[Response Measures]

In 2019, the Company has launched a new online retail brand, EasyBio. In 2020, the Company has completed the development of mini-programs for retail shoppers, which comprise close to 2000 offline distributors and stores, and direct selling stores where products are sold directly to consumers on major e-commerce platforms (e.g. TaoBao, Tmall, and JD.Com). The sales figure in 2020 has increased exponentially.

In 2021, these mini-programs are focused on the expansion of public (online e-commerce platforms) traffic to sell products directly to consumers in direct selling stores on major e-commerce platforms (e.g., TaoBao, Tmall, and JD.Com). Meanwhile, the Company will concentrate its efforts to achieve a full media coverage through traditional media and new media.

With an offline network of more than 4,000 beauty salons and close to 2000 online sales channels, the Company will combine its existing sale systems to online and offline channels coupled with our new retail model to establish a direct-to-consumer business model, forming a chain system completed with a business operating system that comprises the three major systems of distribution, online networks, and retail chain.

In summary, these measures will further increase the diversity and digital application of the Company's sales channels.

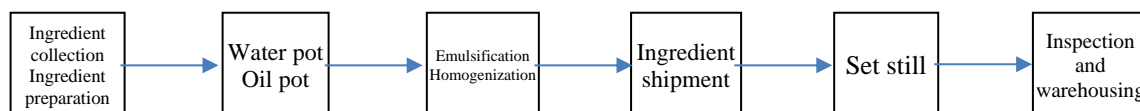
(II) Important Purpose and Production Process of the Main Products

1. Purpose of Products

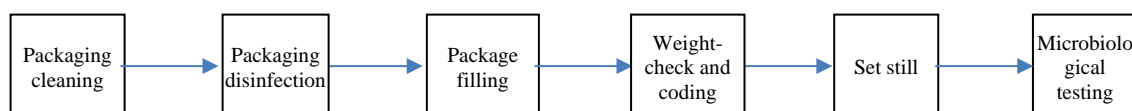
The Company's main products are beauty care products that provide anti-aging, whitening, anti-oxidation, skin repair, and other restorative effects.

2. Product Production Process

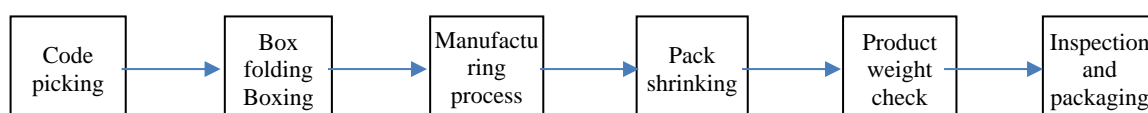
(1) Raw material emulsification/semi-finished goods



(2) Filling



(3) Packaging



(III) Supply status of primary raw materials

The Company primarily engages in the R&D, development, manufacturing, and sales of beauty care products, and covers dealer management and training for relevant personnel. The main product R&D and production base is JUWENLEE. The Company and its main raw material suppliers have maintained positive and stable cooperative relationships. In addition to fully grasping the supply source, we also provide strict quality and delivery deadline control to eliminate any primary material supply related concerns.

(IV) Customers' names as well as their purchase (sales) amounts and ratios that accounted for over 10% of the total amount of goods sold in the past two years, and explain the reasons for the increase or decrease changes:

1. Main Supplier Information for Those Accounting for Over 10% of the Total Purchase Amount in the Past Two Years:

Unit: NT\$ thousand; %

YEAR	2019				2020				2021 to Date of Publication			
Items	Title	Amount	%	Relation	Title	Amount	%	Relation	Title	Amount	As a percentage of total purchase (%) from the year to the previous quarter	Relation
1	P01 (Note 1)	42,214	12.08	None	P01 (Note 1)	19,802	8.08	None	-	(Note 3)	-	-
2	Senlinhai (Note 2)	20,576	5.89	Related party	Senlinhai (Note 2)	1,426	0.58	Related party	-	(Note 3)	-	-
3	Others	286,662	82.03	None	Others	223,781	91.34	None	Others	(Note 3)	-	None
	Net Amount	349,452	100.00	-	Net Amount	245,009	100.00	-	Net Amount	(Note 3)	-	-

Note 1: Because the confidentiality agreement signed by this Company with other companies stipulated that the clients are non-related parties and their names cannot be disclosed, so they are represented by codes.

Note 2: Xiamen Senlinhai Industry & Trade Co., Ltd.

Note 3: The financial statement for Q1 of 2021 as audited by CPA has not yet been announced prior to the date of publication of the annual report.

P01 was founded in 2005. It is primarily engaged in the manufacture and sales of acrylic packaging materials for cosmetics. The Company purchases the plastic containers, such as lotion bottles, water bottles and pumps of essence bottles, primarily from P01. Purchases made in 2019 through to 2020 from P01 amounted to NT\$42,214 thousand and NT\$19,802 thousand, accounting for 12.08% and 8.08% of the net purchase ratio, respectively. Due to COVID-19, the Company reduced its purchase volume in 2020 by NT\$22,412 thousand compared to the same period last year.

Xiamen Senlinhai Industry & Trade Co., Ltd. Is primarily engaged in the manufacture of plastic plates, tubes and materials, and manufacture and sales of plastic boxes and containers. To integrate upstream packing materials supply chains, the Company invested in the said company in August 2019 following the resolution of the shareholders of sub-subsidiary Juvenile (Fujian) Cosmetics Co., Ltd., and acquired 30% of the equity thereof. In April 2020, the shareholders of sub-subsidiary Juvenile (Fujian) Cosmetics Co., Ltd. Resolved to transfer the equity, terminating the company's investment in the company. In 2020 when the Company still had a relationship with Xiamen Senlinhai, we purchased plastic containers, such as lotion bottles, water bottles, and pumps of essence bottles, from the company, spending NT\$1,426 thousand, which accounted for 0.58% of the net purchase ratio.

2. Customer Information for Those Accounting for Over 10% of the Total Purchase Amount for Any Year in the Past Two Years:

The Company's customers are scattered, and no single customer has accounted for over 10% of the sales amount within the past two years.

(V) Production Volume and Value for the Past Two Years:

Unit: Thousand PCS; NT\$ thousand

Main Products \ YEAR	2019			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Beauty Care Products (Note 2)	3,807	5,311	1,563,275	3,854	3,699	987,646
Others	(Note 1)		125,498	(Note 1)		48,538
Total	3,807	5,311	1,688,773	3,854	3,699	1,036,184

Note 1: Other items are National Merchants Association related businesses as well as the sales of waste and raw materials, so there is no production capacity and volume data.

Note 2: The production volume is calculated based on the actual output of each year. The production capacity is based on the existing equipment for each year, 8 hours per each day's shift, and 22 days per month converted to the maximum capacity in kilograms. The PCS is then converted according to the sales volume of each category of beauty care products in each year and the average unit capacity.

Reasons for the increase or decrease changes: In 2020, revenue decreased because of COVID-19, causing mass production and production volume to decrease.

(VI) Sales Volume and Value in the last Two Years

Unit: Thousand PCS; NT\$ thousand

Main Products \ YEAR	2019				2020			
	Foreign Sales		Domestic Sales		Foreign Sales		Domestic Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Beauty Care Products	-	-	4,327	1,371,691	-	-	4,111	796,347
Others	-	-	(Note 1)	74,004	-	-	(Note 1)	48,538
Total	-	-	4,327	1,445,695	-	-	4,111	844,885

Note 1: Other sales primarily comprised National Merchants Association related businesses as well as the sales of waste and raw materials.

Note 2: Domestic Sales refers to sales in China and Taiwan

Reasons for the increase or decrease changes: Sales volume in 2020 was lower than that in 2019, mainly due to COVID-19, and fewer end consumers are shopping in stores despite business resumption, resulting in significantly reduced operating revenue compared to last year.

III. Number of Employees, Average Years of Service, Average Age, and Academic Background Distribution Ratio of Employees in the Last Two Years and up to:

Unit: Person

YEAR		End of 2019	End of 2020	March 31, 2021
Number of employees	Manager	11	14	13
	General Staff	454	466	464
	Production Line Staff	165	140	137
	Total	630	620	614
Average Age		29.73	31.21	32.52
Average Service Tenure (Years)		3.09	3.59	3.73
Academic Background Distribution Ratio	PhD Degree	0.16%	0.16%	0.16
	Master's Degree	1.75%	1.94%	1.96
	College	58.57%	61.45%	61.89
	High School	15.87%	15.48%	15.31
	Under High School	23.65%	20.97%	20.68

IV. Environmental Protection Expenditure Information

(I) A description of the application, payment, or establishment for those who must apply for a pollution facility installation permit, pollution discharge permit, pay pollution prevention costs, or set up an environmental protection unit according to the law:

The Company's main subsidiary in Mainland China -- Juwenlee (Fujian) Cosmetics Co., Ltd. -- has obtained the "Sewage Discharge Permit" issued and approved by the "Zhangzhou Taiwanese Investment Zone Environment and Safety Production Supervision Administration." On November 24, 2006, the "Construction Project Environmental Impact Report" for the initial construction project was approved by the Zhangzhou Environmental Protection Bureau. In August 2010, the initial construction project passed the acceptance inspection by the Zhangzhou Environmental Monitoring Station. On March 18, 2011, Zhangzhou Environmental Protection Bureau issued the "Acceptance Inspection Opinion" approving the environmental protection acceptance inspection for the completion of JUWENLEE's initial construction project. This Company has paid a sewage discharge fee according to the law, and its financial operation has not suffered a material adverse effect due to violation of environmental protection laws and regulations.

Pollution Prevention Expenditure Program	Payment Status
Raw Material Barrel Processing	Directly Recycled by the Original Supplier Without Additional Charge
Recycle Wastes, Such as Waste Packaging, Bottles, and Bags, Collectively	Development Zone Sanitation Department Regularly Collects and Disposes of Wastes for a Fee

Since the establishment of the Company, the Company has completed the EIA acceptance and obtained the sewage discharge permit (the latest license is valid from March 15, 2017 to March 14, 2022). In response to the Company's future development needs, the Company's status was reported to the Zhangzhou Taiwanese

Investment Zone Economic Development Administration on May 30, 2016; and the Company has completed investment for the application to expand the annual output of cosmetics to 500 tons on December 1, 2017. The EIA report for the project expansion area was completed and approved by the experts on-site, the total amount of pollution discharge applied was approved, and the Company obtained the approval documents from the Zhangzhou Taiwanese Investment Zone Environment and Safety Production Supervision Administration on July 30, 2018 approving the Company's acceptance inspection record to expand the Company's annual cosmetics projects production to 500 tons. In addition, according to the response opinion of the Ministry of Ecology and Environment, Decree 11 "China MEP Published Management Catalog of Fixed Pollution Sources (2019) issued by the Ministry of Ecology and Environment on December 20, 2019, the Company was divided into C2682 Cosmetics Industry and obtained a pollutant discharge permit on March 18, 2020.

In response to the Company's future development needs, the Company reported the application for expanding the annual output of cosmetics to 2,100 tons to the Zhangzhou Taiwanese Investment Zone Economic Development Administration once again on January 24, 2019. The expansion will be completed by virtue of renovation of the Company's existing factory premises, construction of automated production plant and smart warehousing center. The EIA report for the project expansion area was completed and approved by the experts on-site, and the Company obtained the approval documents from the Zhangzhou Taiwanese Investment Zone Ecological Environment Supervision Administration on December 31, 2019. The plant has been demolished and is under construction.

(II) List the Company's investments in equipment primarily used to prevent and control environmental pollution, the application of such equipment, and the possible benefits:

December 31, 2020; Unit: NT\$1,000

Equipment Name	Quantity	Date Obtained	Investment Cost	Unreduced Balance	Application and Anticipation Possible Benefits
Pollution Treatment Equipment	1	Note 1	Note 1	Note 1	The pollution generated in the production is discharged to the Longchi Development Zone Pollution Treatment Plant after being treated using this equipment.
Integrated pollution Treatment Equipment Project	1	January 2018	361	261	
Underground polluted water treatment facilities and civil construction & renovation project	1	January 2019	2,702	976	
Plant waste water treatment system	1	July 2019	808	699	
Online water pollution monitoring system maintenance fee	1	July 2020	461	230	
Projects involving plant #3 (Zone A) emergency pond, wastewater circulation pond, and automated sprinkler system for plant greenification	1	July 2020	Note 2	Note 2	
Total			4,332	2,166	

Note 1: When the Company acquired the land and plant in 2011, the original pollution treatment equipment was included, so the acquisition cost for the pollution treatment equipment cannot be separated.

Note 2: The Company has renovated and expanded the plant in 2020; this project is in under construction.

Note 3: The Company purchases environmental pollution prevention equipment primarily in RMB. The Statement has converted it to the amount expressed by the currency applicable to the financial statements at the foreign exchange rate prevailing on December 31, 2020.

- (III) In the last two years and as of the date of publication of the annual report, if the Company has improved environmental pollution and experienced pollution dispute incidents, the handling process must be explained: None.**
- (IV) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. None.**
- (V) The impacts that the current pollution status and improvement have on the Company's earnings, competitiveness position, and capital expenditures as well as the major environmental protection related capital expenditures for the next two years: None.**

V. Labor Relations

- (I) List the Company's employee welfare measures; education, training, retirement system, and their implementation status; and labor agreements as well as the various employee rights protection measures:**

1. Employee Welfare Measures and Implementation Status

The Company has established integrity supermarket, holiday gifts, cultural and recreational activities such as sports events, spring and mid-autumn festival parties, celebration activities, occasional dinner parties and sweepstakes, and company product employee discounts in addition to wedding and funeral welfare subsidies. Employees are also provided with various education and training opportunities in order to enhance their horizons and work efficiency.

2. Staff Education and Training Status

In order to improve the quality and work skills of employees while enhancing the efficiency and quality of their work, the Company has provided various employee education and training from time to time in order to cultivate outstanding talents, further improve operational performances, and achieve the goal of sustainable development.

3. Employee Retirement System and Implementation Status

The Company primarily operates within the territory of the People's Republic of China, and has provided social insurance (including pension, unemployment, medical care, childbirth, and work injury) for its employees pursuant to the "Social Insurance Law of the People's Republic of China."

Individuals who participate in the basic pension insurance and have paid the premium for fifteen years shall receive a basic pension on a monthly basis after reaching the statutory retirement age. Individuals who participate in the basic pension insurance and have paid the premium for less than fifteen years shall receive a basic pension on a monthly basis after reaching the statutory retirement age and paying the premium for full fifteen years. Employees can also be transferred to a new type of pension insurance for rural residents or social endowment insurance for urban and rural residents and enjoy the corresponding pension insurance benefits according to the provisions provided by the State Council.

4. Labor Agreement and Employee Rights Protection Implementation Status

The Company always attaches great importance to the rights and interests its employees. In addition to clearly defining the various working conditions, employees can submit their opinions at any time through meetings, emails, or mailboxes. The labor/employer communication channel is unimpeded and there have been no major labor disputes as of the publication date of this Annual Report.

5. Safety, Environment and Occupational Health & Sanitation Implementation Status

The Company consistently places value on employees' health and safety and endeavors to provide a positive workplace that meets ISO 45001 requirements. The new employees are not allowed to take the position until they complete the 3rd-level education program for safe production. The intra-company transferred employees must attend the safety education program again and then may be allowed to take the position. The employees must follow the three Nots policy, i.e. Not hurting self, Not hurting others, and Not being hurt by others. To raise the safety awareness and practice the prevention work. To provide irregular and regular safety-related education program for current employees, including but not limited to, fire safety training or drills, traffic safety, safety of chemicals, safety of overhead work, and rehearsal of the handling methods applicable upon occurrence of various safety incidents.

To install or distribute labor protection gears and supplies for employees, subject to the nature of work and employment conditions, pursuant to the standards aligning with the Company's status. Each department must educate workers how to use the labor protection gears and supplies correctly, and check the employees' use of the same from time to time. The employees shall urge the working environment to be ready for prevention of heatstroke, freezing, noise, and dust, and conduct the regular sanitary monitoring and testing. Certain technical reform or health protection policy must be taken to deal with the operations beyond the scope of the national safety and health standards, in order to keep improving the employment conditions. To allocate the subsidy for health foods and special allowance to workers engaged in special works. To prohibit female employees from being assigned to engage in toxic and harmful works that would affect the health of fetus and baby during pregnancy or breastfeeding.

(II) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. None.

VI. Important contracts

Supply and Sales Contracts, Technical Cooperation Contracts, Engineering Contracts, Long-term Loan Contracts, and Other Important Contracts in the Most Recent Year That are Currently Valid and can Affect the Rights of Investors:

Nature of Contract	Involved Parties	Valid Date	Main Content	Restriction Provisions
Supply and Marketing Contract	Juwenlee (Fujian) Cosmetics Co., Ltd. And strategic distributors in various provinces, municipalities, and autonomous regions.	2020/01~2020/12 (Note)	Contracted Shipment Delivery Conditions	Confidentiality Contracts Regional Restrictions
Technical Cooperation Contracts	Juwenlee (Fujian) Cosmetics Co., Ltd. and Zhongjing Biotechnology Co., Ltd.	2018/01~2021/12	Assist the Company in the analysis and application of cell technology to enhance the Company's future development capabilities.	1. Zhongjing Biotechnology Co., Ltd. owns the intellectual property rights of the technology under this agreement, which JUWENLEE shall not claim. 2. JUWENLEE shall keep all of the information regarding this agreement confidential indefinitely.
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Tzu Chi Hospital	2019/06~2029/05	Industry-Academia Cooperation for Stem Cell Polypeptide Anti-Aging Obstetrics	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Hungkuang University	2019/06~2020/05	Project for Development and Industrial Application of Cosmetics and Skin Care Products Based on Taiwan Hibiscus and Research Project for Development and Industrial Application of Raw Materials Based on Dihydromyricetin	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Xiamen Buyun Information Technology Co., Ltd.	2020/01~2020/12 2020/07~2021/06	Luo Li-Fen business digital management platform, technical guides for software development, and maintenance support services for product protection	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Xiamen University	2020.10.15-2022.10.14	The development of stem cell technologies, marine active ingredients, and micro-ecological ingredients	None
Engineering Contracts	Juwenlee (Fujian) Cosmetics Co., Ltd. and Xiamen Yi Hua Chen Decoration Co., Ltd.	2019/08 to end of project maintenance and repair period	Renovation of company buildings, including waterproofing, fencing, road paving, and outer wall renovation works	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Fujian Jiulong Construction Group Co., Ltd.	2020/07~2021/11	Construction of Plant #3 Zones A&B, foundation pit support, and water-related engineering projects	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Fujian Hengxiang Engineering Project Management Co., Ltd.	2020/05 to end of project	Supervision contract for Plant #3 Zones A&B	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Fujian Yuxin Construction Engineering Co., Ltd.	2020/07~End of quality assurance period (12 months)	Temporary power distribution for the construction of Plant #3	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Fujian Bixia Environmental Technology Co., Ltd.	2020/7~2025/6	Outsourcing the maintenance of Juwenlee water pollution online monitoring system	None
Long-term borrowing contract	Lever Guide Biotech Co., Ltd. (TW) and Taipei Fubon Bank	2020/01~2035/02	Secured loans	Refer to Financial report for details

Note: Zhejiang Province GLINGLUO 2017/01~2022/01

Six. Financial Status

I. Concise Financial Information for the Last Five Fiscal Years

(I) Concise Balance Sheet and Gain or Loss Statement - International Financial Reporting Standards

1. Concise Asset Balance Sheet

Unit: NT\$1,000

YEAR Items		Financial Information for the Last Five Fiscal Years (Note 1)					Financial Information for the Year Ended on March 31, 2021
		2016	2017	2018	2019	2020	
Current Assets		338,128	1,073,612	1,886,673	1,681,026	1,405,878	(Note 2)
Real Property, Plants, and Equipment		90,437	152,630	197,647	214,906	360,972	(Note 2)
Intangible Assets		813	1,775	1,603	9,449	42,990	(Note 2)
Other Assets		34,756	38,899	35,183	290,098	269,210	(Note 2)
Total Assets		464,134	1,266,916	2,121,106	2,195,479	2,079,050	(Note 2)
Current Liabilities	Before Distribution	367,156	334,533	416,227	336,262	332,244	(Note 2)
	After Distribution	420,510	479,733	717,787	667,978	-	(Note 2)
Non-current Liabilities		7,979	17,214	7,476	11,117	103,728	(Note 2)
Total Liabilities	Before Distribution	375,135	351,747	423,703	347,379	435,972	(Note 2)
	After Distribution	428,489	686,280	725,263	679,095	-	(Note 2)
Equity Attributable to the Owner of Parent Company		88,999	915,169	1,697,403	1,848,100	1,637,309	(Note 2)
Share Capital		52,409	330,000	430,800	473,880	473,880	(Note 2)
Capital Surplus		-	379,160	829,495	829,495	830,575	(Note 2)
Retained Earnings	Before Distribution	40,607	205,925	439,172	592,272	364,703	(Note 2)
	After Distribution	(12,747)	7,925	94,532	260,556	-	(Note 2)
Other Equity Interests		(4,017)	84	(2,064)	(47,547)	(31,849)	(Note 2)
Treasury stock		-	-	-	-	-	(Note 2)
Uncontrolled equity		-	-	-	-	5,769	(Note 2)
Total Equity	Before Distribution	88,999	915,169	1,697,403	1,848,100	1,643,078	(Note 2)
	After Distribution	35,645	717,169	1,395,843	1516,384	-	(Note 2)

Note 1: Information in the 2016 Condensed Consolidated Income Statement is based on the pro forma Consolidated Financial Report certified by the CPA, and information in the 2017–2020 Condensed Consolidated Income Statement is based on the Consolidated Financial Report certified by the CPA.

Note 2: The financial statement for Q1 of 2021 as audited by CPA has not yet been announced prior to the date of publication of the annual report.

Note 3: The post-distribution numbers mentioned above refer to the numbers filled-in based on the Shareholders' Meeting resolution status for the following year.

2. Concise Income Statement

Unit: NT\$1,000

Items \ YEAR	Financial Information for the Last Five Fiscal Years (Note 1)					Financial Information for the Year Ended on March 31, 2021
	2016	2017	2018	2019	2020	
Operating Incomes	434,653	868,559	1,358,184	1,445,695	844,885	(Note 2)
Operating Margin	224,944	524,280	910,524	979,789	517,825	(Note 2)
Operating Profit	104,506	315,173	572,166	527,236	59,218	(Note 2)
Non-operating Incomes and Expenses	13,952	3,577	11,274	42,104	53,035	(Note 2)
Profit Before Income Tax	118,458	318,750	583,440	569,340	112,253	(Note 2)
Continuing business units Current period net profit	84,665	240,015	431,247	497,740	103,916	(Note 2)
Loss From Units That Stopped Operations	-	-	-	-	-	(Note 2)
Net Profit (Loss) for Current Period	84,665	240,015	431,247	497,740	103,916	(Note 2)
Other comprehensive income of the term (Net income after tax)	(3,821)	(4,811)	(2,148)	(45,483)	15,698	(Note 2)
Total Consolidated Gains or Losses	80,844	235,204	429,099	452,257	119,614	(Note 2)
Net profit attributable to owner of parent	78,614	240,015	431,247	497,740	104,147	(Note 2)
Net Profit Attributable to Non-controlling Interests	6,051	-	-	-	(231)	(Note 2)
Total Consolidated Gains or Losses Attributable to the Parent Company Owner	74,751	235,204	429,099	452,257	119,845	(Note 2)
Total Consolidated Profits or Losses Attributable to Non-controlling Interests	6,093	-	-	-	(231)	(Note 2)
Earnings per Share	2.38	7.27	11.09	10.50	2.20	(Note 2)

Note 1: Information in the 2016 Condensed Consolidated Income Statement is based on the pro forma Consolidated Financial Report certified by the CPA, and information in the 2017–2020 Condensed Consolidated Income Statement is based on the Consolidated Financial Report certified by the CPA.

Note 2: The financial statement for Q1 of 2021 as audited by CPA was not yet announced prior to the date of publication of the annual report.

(II) CPA Names and Audit Opinions for the Last Five Years

Year	CPA Firm	CPA Name	Audit Opinion
2016	PwC Taiwan	Shih-Jung Weng, Chun-Yao Lin	Unqualified Opinion
2017	PwC Taiwan	Shih-Jung Weng, Chun-Yao Lin	Unqualified Opinion
2018	PwC Taiwan	Shih-Jung Weng, Chun-Yao Lin	Unqualified Opinion
2019	PwC Taiwan	Shih-Jung Weng, Chun-Yao Lin	Unqualified Opinion
2020	PwC Taiwan	Shih-Jung Weng, Chun-Yao Lin	Unqualified Opinion

Note: The Company only prepared the 2016 pro forma Financial Report.

II. Financial analysis for the most recent five years

(I) Financial Analysis - International Financial Reporting Standards

Analysis Item \ YEAR		Financial analysis for the most recent five years (Note 1)					Financial Information for the Year Ended on March 31, 2021
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt Ratio	80.82	27.76	19.98	15.82	20.97	(Note 2)
	Ratio of Long-Term Capital to Property, Plant and Equipment	107.23	610.88	862.59	770.64	440.49	(Note 2)
Solvency (%)	Current Ratio	92.09	320.93	453.28	499.92	423.15	(Note 2)
	Quick Ratio	59.01	299.6	435.04	464.98	382.28	(Note 2)
	Interest Earned Ratio (Times)	0	0	0	5,751.90	78.52	(Note 2)
Operating Performance	Accounts Receivable Turnover (Times)	8.39	35.26	1,388.03	207.67	67.73	(Note 2)
	Average Collection Period	44	10.35	0.26	1.75	5.39	(Note 2)
	Inventory Turnover (Times)	2.33	3.94	8.49	7.03	3.47	(Note 2)
	Accounts Payable Turnover (Times)	4.3	7.04	12.27	12.50	14.77	(Note 2)
	Average Days in Sales	157	93	43	51.92	105.19	(Note 2)
	Property, Plant and Equipment Turnover (Times)	5.79	7.15	7.75	6.58	2.65	(Note 2)
	Total Assets Turnover (Times)	1.27	1.00	0.80	0.66	0.4	(Note 2)
Profitability	Return on Total Assets (%)	24.71	27.73	25.46	23.06	4.92	(Note 2)
	Return on Stockholders' Equity (%)	185.79	47.80	33.01	28.07	5.95	(Note 2)
	Pre-Tax Income to Paid-In Capital (%)	226.03	96.59	135.43	120.14	23.69	(Note 2)
	Profit Ratio (%)	19.48	27.63	31.75	34.42	12.3	(Note 2)
	Earnings Per Share (NT\$)	2.38	7.27	11.09	10.50	2.2	(Note 2)
Cash flow	Cash Flow Ratio (%)	60.65	118.08	121.56	5.20	5.13	(Note 2)
	Cash Flow Adequacy Ratio (%)	108.82	189.02	208.03	129.36	82.78	(Note 2)
	Cash Reinvestment Ratio (%)	172.28	35.70	20.68	(14.77)	(17.15)	(Note 2)
Leverage	Operating Leverage	1.05	1.03	1.04	1.06	1.82	(Note 2)
	Financial Leverage	1.00	1.00	1.00	1.00	1.03	(Note 2)
Please specify the reasons for the changes in the financial ratios for the past two years. (Analysis is exempt if the increase or decrease is less than 20%.)							
(1) Increase in debt ratio: Mainly due to the procurement of land and buildings, which increased long-term liabilities, and decrease in total asset after payment of stock dividends.							
(2) Decrease in Long-Term Capital to Property, Plant and Equipment: Primarily due to decrease in capital after payment of stock dividends.							
(3) Decrease in Times Interest Earned: Mainly due to borrowings this year, which increased interest expenditures.							

- (4) Decrease in the turnover of receivables and increase in the number of cash collection days: Mainly due to reduction of operating revenues caused by COVID-19.
- (5) Decrease in inventory turnover and increase in the average sales days: Primarily as a result of the increase in the Company's inventory for the new brand products.
- (6) Decrease in return on total assets and profit ratio: Mainly due to reduction of operating revenues caused by COVID-19.
- (7) Decrease in the cash flow adequacy ratio: Primarily as a result of the decrease in net cash flow.
- (8) Increase in operating leverage: Mainly due to borrowings, which increased interest expenditures.

Note 1: Information in the 2016 Condensed Consolidated Income Statement is based on the pro forma Consolidated Financial Report certified by the CPA, and information in the 2017–2019 Condensed Consolidated Income Statement is based on the Consolidated Financial Report certified by the CPA.

Note 2: The financial statement for Q1 of 2021 as audited by CPA has not yet been announced prior to the date of publication of the annual report.

Note 3: Calculation formula:

1. Financial Structure
 - (1) Liability to Assets Ratio = total liabilities/total assets.
 - (2) Ratio of Long-term Capital to Property, Plant, and Equipment = (total equity + non-current liabilities)/net property, plant, and equipment.
2. Solvency
 - (1) Current Ratio = current assets/current liabilities.
 - (2) Quick Ratio = (current assets - inventory - prepaid expenses)/current liabilities.
 - (3) Time interest earned = net income before income tax and interest expense / current interest expense.
3. Management Capacity
 - (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
 - (2) Average collection period = 365 / receivables turnover.
 - (3) Inventory turnover ratio = cost of goods sold / average amount of inventory.
 - (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
 - (5) Average days of sales = 365 / inventory turnover.
 - (6) Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
 - (7) Total Asset Turnover = net sales/average total assets.
4. Profitability
 - (1) Return on assets = [after-tax income (loss) + interest expense × (1 - tax rate)]/average total assets.
 - (2) Return on Equity = after-tax profit/loss/average equity.
 - (3) Pure Income Rate = after-tax profit/loss/net sales.
 - (4) Earnings per Share = (profit or loss attributable to parent company owners - preferred stock dividends)/weighted average number of shares outstanding. (Note 4)
5. Cash flow
 - (1) Cash Flow Ratio = net cash flow from operating activities/current liabilities.
 - (2) Net Cash Flow Cash Flow Rate = net cash flow from operating activities in the last five years/last five years (capital expenditure + inventory increase + cash dividend).
 - (3) Cash Reinvestment Ratio = (net cash flow from operating activities - cash dividends)/gross from property, plant, and equipment + long-term investments + other non-current assets + working capital) (Note 5)
6. Leverage:
 - (1) Operating leverage = (net operating revenues - variable operating costs and expenses)/operating profit (Note 6)
 - (2) Financial Leverage = operating interest/(operating interest - interest expenses).

Note 4: The preceding formula for calculating the earnings per share must pay attention to the following:

1. Based on the weighted average number of ordinary shares rather than on the number of shares that have been issued at the end of the year.
2. Those who have cash replenishment or treasury shares must consider the circulation period and calculate the weighted average number of shares.
3. Where there is a surplus to increase capital or capital reserve to increase capital, the proportion of capital increase must be retrospectively adjusted when calculating the earnings per share for the previous annual and semi-annual periods, and there is no need to consider the capital increase issuance period.
4. If the preferred stock is a non-convertible accumulative preferred stock, its annual dividend(whether issued or not) must be subtracted from the net profit after tax, or the net loss after tax must be added. If the preferred stock is non-cumulative and in the case of net profit after tax, the preferred stock dividend must be deducted from the net profit after tax. If it is a loss, no adjustment is required.

Note 5: When measuring cash flow, special attention should be paid to the following items:

1. The net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. The capital expenditure refers to the number of cash outflows per year of capital investment.
3. The increase in inventories is only included when the ending balance is greater than the opening balance; and if the inventory at the end of the year decreases, it is calculated as zero.
4. The cash dividends include cash dividends from ordinary shares and preferred stocks.
5. The gross value of property, plant, and equipment refers to the total amount of real property, plant, and equipment before depreciation.

Note 6: The issuer shall classify the various operating costs and operating expenses into fixed and variable terms according to their nature. If there is any estimation or subjective judgment, the issuer must pay attention to the rationality and maintain consistency.

Note 7: If the Company's shares are non-detailed or if the denomination of each share is not NT\$10, the former calculation for the ratio of paid-in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owner of parent company.

III. Audit Committee Inspection Report of the Financial Report for the Most Recent Year

Audit Committee Inspection Report

The Board of Directors was approved to

prepare the Company's 2020 business report, financial statements and earnings distribution plan, in which the financial statements have been inspected by Shih-Jung Weng, CPA and Chun-Yao Lin, CPA of PwC Taiwan, who gave an unqualified opinion in their audit report. The Audit Committee, after completing the audit of said reports and statements prepared by the Board of Directors, believes that they are free of material misstatement, and thus produces this report according to Article 14-4 and Article 14-5 of the Securities and Exchange Act. Please review and approve it.

To:

2021 General Shareholders' Meeting of Luo Li-Fen Holding Co., Ltd.

Luo Lih-Fen Holding Co., Ltd.

Audit Committee

Convener: Hsiao-Ling Chou



March 10, 2021

IV. Financial Report for the Most Recent Year

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Luo Lih-Fen Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Luo Lih-Fen Holding Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, “Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China for our audits of the consolidated financial statements as of and for the year ended December 31, 2019. 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 Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2020 consolidated financial statements is stated as follows:

Existence and occurrence of sales revenue arising from distributors

Description

For accounting policy applied on revenue recognition and related details of revenue, refer to Notes 4(27) and 6(18).

The Group's revenue is derived from the sales of goods and the rendering of skin-care consulting services, of which 94% of total sales arise from the sales of goods. Given that revenue is the Group's main operating activity and has significant risk, the Group's goods are sold mainly by distributors, and a significant amount of resources is required in performing the audit through the testing of occurrence of sales transactions, we identified existence and occurrence of sales revenue from main distributors a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Tested internal control procedures on sales revenue, including orders processing, delivery, revenue recognition and write-off of advance collections, and assessed the effectiveness of control procedures.
2. Examined general information of main distributors, including the distributors' registration documents, name of representatives, list of major shareholders, registered address, amount of registered capital, main operating activities, interviewed certain main distributors, and assessed the reasonableness of the existence of counterparties.
3. Performed confirmation with main distributors on the ending balance of advance collections and total sales revenue in order to confirm the rights of advance collections and the existence and occurrence of sales revenue.

4. Selected a sample of sales transactions during current year, and inspected related sales orders, delivery notes, delivery orders, waybills and invoices in order to assess the reasonableness of sale revenue recognition.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 audit committee, 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

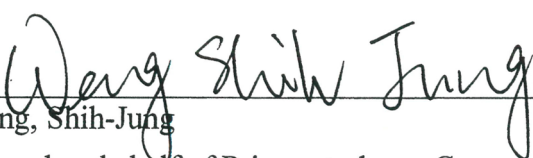
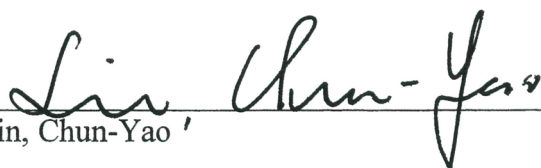
As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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


Weng, Shih-Jung
Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2020		December 31, 2019			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	590,012	28	\$	843,142	38
1110	Current financial assets at fair value through profit or loss	6(2)		490,599	24		391,079	18
1136	Current financial assets at amortised cost	6(3)		142,400	7		299,800	14
1150	Notes receivable, net	6(4)		1,565	-		-	-
1170	Accounts receivable, net	6(4)		11,440	1		10,696	1
1180	Accounts receivable - related parties	7		1,116	-		1,697	-
1199	Finance lease receivable due from related parties, net	6(9) and 7		1,113	-		959	-
1200	Other receivables			15,984	1		8,580	-
130X	Inventories	6(5)		104,193	5		77,728	4
1410	Prepayments			31,576	1		39,742	2
1470	Other current assets	8		15,880	1		7,603	-
11XX	Current Assets			1,405,878	68		1,681,026	77
Non-current assets								
1535	Non-current financial assets at amortised cost	6(3)		196,965	9		193,725	9
1550	Investments accounted for using equity method	6(6)		-	-		8,028	-
1600	Property, plant and equipment	6(7), 7 and 8		360,972	17		214,906	10
1755	Right-of-use assets	6(8)		35,592	2		26,348	1
1780	Intangible assets	6(10)		42,990	2		9,449	-
1840	Deferred income tax assets	6(25)		21,588	1		14,389	1
194K	Long-term finance lease receivable due from related parties, net	6(9) and 7		926	-		3,919	-
1990	Other non-current assets, others	8		14,139	1		43,689	2
15XX	Non-current assets			673,172	32		514,453	23
1XXX	Total assets		\$	2,079,050	100	\$	2,195,479	100

(Continued)

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(11)	\$ 102,454	5	\$ 73,189	3
2150	Notes payable		110	-	-	-
2170	Accounts payable		12,007	1	23,298	1
2180	Accounts payable - related parties	7	2,259	-	6,725	-
2200	Other payables	6(12)	170,114	8	186,903	9
2220	Other payables - related parties	7	1,062	-	-	-
2230	Current income tax liabilities		3,606	-	20,411	1
2280	Current lease liabilities	7	9,241	-	3,814	-
2399	Other current liabilities, others		31,391	2	21,922	1
21XX	Current Liabilities		332,244	16	336,262	15
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(13) and 8	92,200	5	-	-
2570	Deferred income tax liabilities	6(25)	3,867	-	4,604	-
2580	Non-current lease liabilities	7	6,851	-	6,063	1
2670	Other non-current liabilities, others		810	-	450	-
25XX	Non-current liabilities		103,728	5	11,117	1
2XXX	Total Liabilities		435,972	21	347,379	16
Equity						
Equity attributable to owners of parent						
	Share capital	6(15)				
3110	Share capital - common stock		473,880	23	473,880	21
	Capital surplus	6(16)				
3200	Capital surplus		830,575	40	829,495	38
	Retained earnings	6(17)				
3310	Legal reserve		92,899	5	43,125	2
3320	Special reserve		47,547	2	2,064	-
3350	Unappropriated retained earnings		224,257	11	547,083	25
	Other equity interest					
3400	Other equity interest		(31,849)	(2)	(47,547)	(2)
36XX	Non-controlling interests		5,769	-	-	-
3XXX	Total equity		1,643,078	79	1,848,100	84
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after balance sheet date	11				
3X2X	Total liabilities and equity		\$ 2,079,050	100	\$ 2,195,479	100

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(18) and 7	\$ 844,885	100	\$ 1,445,695	100
5000 Operating costs	6(5)(23)(24) and 7	(327,060)	(39)	(465,906)	(32)
5900 Net operating margin		<u>517,825</u>	<u>61</u>	<u>979,789</u>	<u>68</u>
Operating expenses	6(23)(24) and 7				
6100 Selling expenses		(211,295)	(25)	(232,657)	(16)
6200 General and administrative expenses		(177,859)	(21)	(152,623)	(11)
6300 Research and development expenses		(69,453)	(8)	(67,273)	(5)
6000 Total operating expenses		<u>(458,607)</u>	<u>(54)</u>	<u>(452,553)</u>	<u>(32)</u>
6900 Operating profit		<u>59,218</u>	<u>7</u>	<u>527,236</u>	<u>36</u>
Non-operating income and expenses					
7100 Interest income	6(19) and 7	22,058	2	36,314	3
7010 Other income	6(20) and 7	31,905	4	13,126	1
7020 Other gains and losses	6(21)	542	-	(7,527)	(1)
7050 Finance costs	6(22) and 7	(1,448)	-	(99)	-
7060 Share of (loss) profit of associates and joint ventures accounted for using equity method		(22)	-	290	-
7000 Total non-operating income and expenses		<u>53,035</u>	<u>6</u>	<u>42,104</u>	<u>3</u>
7900 Profit before income tax		<u>112,253</u>	<u>13</u>	<u>569,340</u>	<u>39</u>
7950 Income tax expense	6(25)	(8,337)	(1)	(71,600)	(5)
8200 Profit for the year		<u>\$ 103,916</u>	<u>12</u>	<u>\$ 497,740</u>	<u>34</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Other comprehensive income, before tax, exchange differences on translation		\$ 15,698	2	\$ 45,391	3
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		-	-	(92)	-
8500 Total comprehensive income for the year		<u>\$ 119,614</u>	<u>14</u>	<u>\$ 452,257</u>	<u>31</u>
Profit attributable to					
8610 Loss, attributable to owners of parent		\$ 104,147	12	\$ 497,740	34
8620 Profit, attributable to non-controlling interests		(231)	-	-	-
New Item		<u>(231)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive income attributable to					
8710 Comprehensive income, attributable to owners of parent		\$ 119,845	14	\$ 452,257	31
8720 Comprehensive income, attributable to non-controlling interests		(231)	-	-	-
New Item		<u>\$ 119,614</u>	<u>14</u>	<u>\$ 452,257</u>	<u>31</u>
Basic earnings per share (in dollars)	6(26)				
9750 Basic earnings per share		<u>\$ 2.20</u>		<u>\$ 10.50</u>	
Diluted earnings per share (in dollars)					
9850 Diluted earnings per share		<u>\$ 2.20</u>		<u>\$ 10.50</u>	

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent									
		Capital Reserves			Retained Earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Capital surplus, others	Legal reserve	Special reserve	Total unappropriated retained earnings					
<u>For the year ended December 31, 2019</u>											
Balance at January 1, 2019	\$ 430,800	\$ 829,495	\$ -	\$ -	\$ -	\$ 439,172	(\$ 2,064)	\$ 1,697,403	\$ -	\$ 1,697,403	
Profit for 2019	-	-	-	-	-	497,740	-	497,740	-	497,740	
Other comprehensive loss for 2019	-	-	-	-	-	-	(45,483)	(45,483)	-	(45,483)	
Total comprehensive income (loss)	-	-	-	-	-	497,740	(45,483)	452,257	-	452,257	
Appropriation of 2018 earnings: 6(17)											
Legal reserve	-	-	-	43,125	-	(43,125)	-	-	-	-	
Special reserve	-	-	-	-	2,064	(2,064)	-	-	-	-	
Cash dividends	-	-	-	-	-	(301,560)	-	(301,560)	-	(301,560)	
Stock dividends	43,080	-	-	-	-	(43,080)	-	-	-	-	
Balance at December 31, 2019	<u>\$ 473,880</u>	<u>\$ 829,495</u>	<u>\$ -</u>	<u>\$ 43,125</u>	<u>\$ 2,064</u>	<u>\$ 547,083</u>	<u>(\$ 47,547)</u>	<u>\$ 1,848,100</u>	<u>\$ -</u>	<u>\$ 1,848,100</u>	
<u>For the year ended December 31, 2020</u>											
Balance at January 1, 2020	\$ 473,880	\$ 829,495	\$ -	\$ 43,125	\$ 2,064	\$ 547,083	(\$ 47,547)	\$ 1,848,100	\$ -	\$ 1,848,100	
Profit for 2020	-	-	-	-	-	104,147	-	104,147	(231)	103,916	
Other comprehensive loss for 2020	-	-	-	-	-	-	15,698	15,698	-	15,698	
Total comprehensive income (loss)	-	-	-	-	-	104,147	15,698	119,845	(231)	119,614	
Appropriation of 2019 earnings: 6(17)											
Legal reserve	-	-	-	49,774	-	(49,774)	-	-	-	-	
Special reserve	-	-	-	-	45,483	(45,483)	-	-	-	-	
Cash dividends	-	-	-	-	-	(331,716)	-	(331,716)	-	(331,716)	
Changes in other capital surplus	-	-	1,080	-	-	-	-	1,080	-	1,080	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	6,000	6,000	
Balance at December 31, 2020	<u>\$ 473,880</u>	<u>\$ 829,495</u>	<u>\$ 1,080</u>	<u>\$ 92,899</u>	<u>\$ 47,547</u>	<u>\$ 224,257</u>	<u>(\$ 31,849)</u>	<u>\$ 1,637,309</u>	<u>\$ 5,769</u>	<u>\$ 1,643,078</u>	

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 112,253	\$ 569,340
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)	(14,386)	(8,081)
Depreciation expense	6(7)(23)	38,352	31,392
Depreciation expense on right-of-use assets	6(8)(23)	7,914	2,569
Amortization expense	6(10)(23)	2,439	1,366
Interest income	6(19)	(22,058)	(36,314)
Interest expense	6(22)	1,448	99
Share of profit of associates and joint ventures accounted for using equity method		22	(290)
Loss on disposal of property, plant and equipment	6(21)	(341)	11,127
Gain on lease modifications	6(21)	1,201	(25)
Gain on disposal of investments	6(6)(21)	(272)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss	(	76,796)	(397,217)
Accounts receivable, net		8,217	(9,166)
Accounts receivable - related parties		618	(1,697)
Other receivables	(	2,925)	(3,172)
Inventories	(	14,036)	(24,004)
Prepayments		8,625	(17,564)
Other current assets	(	8,277)	(10,837)
Gain on other non-current assets, others		-	(1,455)
Changes in operating liabilities			
Current contract liabilities		18,783	(85,034)
Accounts payable	(	13,117)	(21,200)
Accounts payable - related parties	(	4,466)	(6,725)
Other payables	(	20,947)	(68,430)
Other payables - related parties		1,062	-
Other current liabilities, others		9,469	2,216
Other non-current liabilities, others	(	450)	415
Cash inflow generated from operations		32,332	105,641
Interest received		18,466	29,090
Interest paid	(	750)	-
Income tax paid	(	32,996)	(117,234)
Net cash flows from operating activities		17,052	17,497
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in current financial assets at amortised cost		157,400	(296,900)
Increase in non-current financial assets at amortised cost	(	3,240)	(193,725)
Acquisition of investments accounted for using equity method		-	(7,830)
Acquisition of property, plant and equipment	6(28)	(138,944)	(73,041)
Proceeds from disposal of property, plant and equipment		-	292
Acquisition of intangible assets	6(28)	(7,320)	(8,718)
Net cash flow from acquisition of subsidiaries	(	30,744)	-
Gain on other non-current assets, others	(	7,315)	(38,940)
Net cash flows used in investing activities	(	30,163)	(618,862)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term borrowings		92,200	-
Return of principal of lease liabilities	(	10,212)	(2,244)
Cash dividends paid	6(17)	(331,716)	(301,560)
Change in other capital surplus		1,080	-
Change in non-controlling interests		6,000	-
Net cash flows used in financing activities	(	242,648)	(303,804)
Effect of exchange rate changes on cash and cash equivalents		2,629	(34,681)
Net decrease in cash and cash equivalents	(	253,130)	(939,850)
Cash and cash equivalents at beginning of year		843,142	1,782,992
Cash and cash equivalents at end of year	\$	590,012	\$ 843,142

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Luo Lih-Fen Holding Co., Ltd. (the “Company”) was incorporated in the Cayman Islands on September 21, 2016. The Company was established as part of an organizational restructuring as a result of applying for listing on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research and development, manufacturing and sales of skin care products. The Company was listed on the Taiwan Stock Exchange starting from November 19, 2018.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on March 10, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

Except for the following, the above standards and interpretations have no significant impact to the Group’s consolidated financial condition and consolidated financial performance based on the Group’s assessment.

A. Amendment to IFRS 16, 'Covid-19-related rent concessions'

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- (a) Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Any lease payment changes caused by the rent concessions will be accounted for as variable lease payments during the concession period.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's consolidated financial condition and consolidated financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract',	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's consolidated financial condition and consolidated financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

Financial assets (including derivative instruments) at fair value through profit or loss.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
The Company	Luo Lih-Fen Group Limited	Holding company	100%	100%	
The Company	Luo Lih-Fen Enterprise Limited	General investment	100%	100%	
The Company	Lever Guide Biotech Co., Ltd.	Manufacturing and sales of beauty and skin care products	100%	100%	Note 2
Luo Lih-Fen Group Limited	Juwenlee (Fujian) Cosmetics Co., Ltd.	Manufacturing and sales of beauty and skin care products	100%	100%	
Luo Lih-Fen Group Limited	Huiwenli (Fujian) Enterprise Management Co., Ltd.	General investment	100%	100%	Note 1
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Luo Lih-Fen Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Sunlily Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Glingluo Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Draise Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	LiChuang (FuJian) Bio-Technology Co., Ltd.	Sales of beauty and skin care products	100%	100%	Note 5
Juwenlee (Fujian) Cosmetics Co., Ltd.	Zhangzhou Kangqili Health Management Co., Ltd.	Sales of beauty and skin care products	100%	100%	Note 6
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Zhangzhou Healthy Skin Clinic Co., Ltd.	Consulting service of beauty and skin care	100%	100%	Note 3
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Consulting service of beauty and skin care	100%	100%	Note 4
Lever Guide Biotech Co., Ltd.	Richer Biotechnology Co., Ltd.	Sales of beauty and skin care products	67%	-	Note 7

Note 1: For the purpose of expanding the scope of operations in the Mainland China market, the Group's subsidiary, Luo Lih-Fen Group Limited, as resolved at the shareholders' meeting, proposed to invest \$182,600 (RMB 40 million) and establish Huiwenli (Fujian) Enterprise Management Co., Ltd. on March 10, 2018. As of March 10, 2021, the actual capital injection was \$182,144 (RMB 39.90 million).

Note 2: For the purpose of expanding the scope of operations in the Taiwan market, the Company invested \$210,000 and established Lever Guide Biotech Co., Ltd. in June 2019.

Note 3: For the purpose of expanding customised products market for high-end customers, the second-tier subsidiary, Huiwenli (Fujian) Enterprise Management Co.,Ltd., as resolved at the shareholders' meeting, invested \$13,566 (RMB 3 million) and established Zhangzhou Healthy Skin Clinic Co., Ltd. on May 9, 2019.

Note 4: For the purpose of developing health and beauty related businesses, the second-tier subsidiary, Huiwenli (Fujian) Enterprise Management Co.,Ltd., as resolved at the shareholders' meeting, invested \$22,590 (RMB 5 million) and established Zhangzhou Kangbaoli Biologic Technology Co., Ltd. on July 10, 2019.

Note 5: For the purpose of expanding the sales of skin care products, the second-tier subsidiary, Juwenlee (Fujian) Cosmetics Co., Ltd., as resolved at the shareholders' meeting, invested \$60,718 (RMB 14 million) and established LiChuang (FuJian) Bio-Technology Co., Ltd. on November 11, 2019.

Note 6: For the purpose of expanding the sales of health-preserving skin care products, the second-tier subsidiary, Juwenlee (Fujian) Cosmetics Co., Ltd., as resolved at the shareholders' meeting, invested \$21,680 (RMB 5 million) and established Zhangzhou Kangqili Health Management Co., Ltd. on December 6, 2019.

Note 7. For the purpose of implementing the operation strategy of health and beauty related businesses, the second-tier subsidiary, Lever Guide Biotech Co., Ltd. invested \$12 thousand to establish Richer Biotechnology Co., Ltd. and acquired 67% equity interest on October 14, 2020.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is USD; however, the consolidated financial statements are presented in NTD under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;

- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable that have a significant financing component and lease receivables, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) – lease receivables/ operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.
 - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.
 - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20~50 years
Machinery and equipment	3~10 years
Leasehold equipment	6 years
Transportation equipment	4~10 years
Office equipment	3~10 years

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Customer relationship are amortised on a straight-line basis over their estimated useful lives of 10 years.

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

- A. Notes and accounts payable are liabilities for purchases of raw materials, goods or services and those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions - defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells a range of skin care products. Sales are recognised when control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Skin care consulting service

The Group provides skin care consulting services. Revenue from providing services are recognised in the accounting period in which the services are rendered.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(29) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation

at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 369	\$ 1,348
Checking accounts and demand deposits	453,956	706,885
Time deposits	135,687	134,909
	<u>\$ 590,012</u>	<u>\$ 843,142</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Structured deposits	\$ 487,160	\$ 365,925
Corporate bonds	-	23,631
	<u>487,160</u>	<u>389,556</u>
Valuation adjustment	3,439	1,523
	<u>\$ 490,599</u>	<u>\$ 391,079</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Structured deposits	\$ 11,922	\$ 6,801
Corporate bonds	2,464	1,280
	<u>\$ 14,386</u>	<u>\$ 8,081</u>

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Time deposits maturing in excess of three months	\$ 142,400	\$ 299,800
Non-current items:		
Time deposits maturing in excess of one year	<u>\$ 196,965</u>	<u>\$ 193,725</u>

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2020	2019
Interest income	\$ 8,288	\$ 22,742

- B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's financial assets at amortised cost was the book value at the end of the year.
- C. The Group has no financial assets at amortised cost pledged to others as collateral.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 1,565	\$ -
Accounts receivable	\$ 11,440	\$ 10,696

- A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 5,162	\$ 1,565	\$ 10,696	\$ -
Up to 30 days	1,984	-	-	-
31 to 90 days	1,515	-	-	-
91 to 240 days	1,512	-	-	-
Over 240 days	1,267	-	-	-
	<u>\$ 11,440</u>	<u>\$ 1,565</u>	<u>\$ 10,696</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to \$1,530.
- C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts and notes receivable were both the book value at the end of the year.
- D. Information relating to credit risk of accounts and notes receivable is provided in Note 12(2).

(5) Inventories

December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 43,983	(\$ 328)	\$ 43,655
Work in progress	11,117	-	11,117
Finished goods	55,325	(5,904)	49,421
	<u>\$ 110,425</u>	<u>(\$ 6,232)</u>	<u>\$ 104,193</u>

December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 23,099	(\$ 19)	\$ 23,080
Work in progress	12,607	-	12,607
Finished goods	42,512	(471)	42,041
	<u>\$ 78,218</u>	<u>(\$ 490)</u>	<u>\$ 77,728</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	\$ 281,707	\$ 401,825
Loss on (gain on reversal of) decline in market value	5,627 (	6)
Loss on disposal of inventory	1,505	1,039
Loss on physical inventory	2	-
Cost of goods sold in relation to inventories	288,841	402,858
Cost in relation to skin care consulting service	38,219	63,048
	<u>\$ 327,060</u>	<u>\$ 465,906</u>

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because the inventories were subsequently disposed or sold.

(6) Investments accounted for using equity method

	December 31, 2020	December 31, 2019
Associates:		
Xiamen Senlinhai Industry & Trade Co., Ltd.	<u>\$ -</u>	<u>\$ 8,028</u>

A. For the purpose of integrating the upstream supply chain, the second-tier subsidiary, Juwenlee (Fujian) Cosmetics Co., Ltd., as resolved at the shareholders' meeting, invested \$7,830 (RMB 1.8 million) and acquired 30% equity interest in Xiamen Senlinhai Industry & Trade Co., Ltd. in August 2019.

- B. On April 16, 2020, the second-tier subsidiary, Juwenlee (Fujian) Cosmetics Co., Ltd., as resolved at the shareholders' meeting disposed 30% equity interest in Xiamen Senlinhai Industry & Trade Co., Ltd. for \$8,061 (RMB 1,920 thousand). Accordingly, gain on disposal of investment of \$272 (RMB 60 thousand) was recognised.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Leased equipment	Office equipment	Transportation equipment	Construction in progress	Total
<u>At January 1, 2020</u>								
Cost	\$ -	\$ 154,611	\$ 77,814	\$ 5,485	\$ 7,435	\$ 30,927	\$ 2,022	\$ 278,294
Accumulated depreciation	-	(36,894)	(21,032)	(180)	(2,720)	(2,562)	-	(63,388)
	<u>\$ -</u>	<u>\$ 117,717</u>	<u>\$ 56,782</u>	<u>\$ 5,305</u>	<u>\$ 4,715</u>	<u>\$ 28,365</u>	<u>\$ 2,022</u>	<u>\$ 214,906</u>
<u>2020</u>								
Opening net book amount as at January 1	\$ -	\$ 117,717	\$ 56,782	\$ 5,305	\$ 4,715	\$ 28,365	\$ 2,022	\$ 214,906
Additions	34,332	59,099	3,426	7,047	2,005	342	33,504	139,755
Acquired from business combinations	-	-	-	-	170	-	-	170
Transfers	14,713	21,272	4,296	1,482	1,190	-	(2,011)	40,942
Disposals	-	-	(166)	-	-	-	-	(166)
Depreciation charges	-	(22,563)	(9,433)	(1,494)	(1,801)	(3,061)	-	(38,352)
Net exchange differences	-	1,877	812	(1)	54	396	579	3,717
At December 31	<u>\$ 49,045</u>	<u>\$ 177,402</u>	<u>\$ 55,717</u>	<u>\$ 12,339</u>	<u>\$ 6,333</u>	<u>\$ 26,042</u>	<u>\$ 34,094</u>	<u>\$ 360,972</u>
<u>At December 31, 2020</u>								
Cost	\$ 49,045	\$ 222,862	\$ 86,793	\$ 13,500	\$ 10,989	\$ 31,513	\$ 34,094	\$ 448,796
Accumulated depreciation	-	(45,460)	(31,076)	(1,161)	(4,656)	(5,471)	-	(87,824)
	<u>\$ 49,045</u>	<u>\$ 177,402</u>	<u>\$ 55,717</u>	<u>\$ 12,339</u>	<u>\$ 6,333</u>	<u>\$ 26,042</u>	<u>\$ 34,094</u>	<u>\$ 360,972</u>

	Land	Buildings and structures	Machinery and equipment	Leased equipment	Office equipment	Transportation equipment	Construction in progress	Total
<u>At January 1, 2019</u>								
Cost	\$ -	\$ 154,177	\$ 64,661	\$ -	\$ 7,335	\$ 4,431	\$ 6,871	\$ 237,475
Accumulated depreciation	-	(22,352)	(14,491)	-	(1,379)	(1,606)	-	(39,828)
	<u>\$ -</u>	<u>\$ 131,825</u>	<u>\$ 50,170</u>	<u>\$ -</u>	<u>\$ 5,956</u>	<u>\$ 2,825</u>	<u>\$ 6,871</u>	<u>\$ 197,647</u>
<u>2019</u>								
Opening net book amount as at January 1	\$ -	\$ 131,825	\$ 50,170	\$ -	\$ 5,956	\$ 2,825	\$ 6,871	\$ 197,647
Additions	-	13,780	15,448	5,485	265	28,067	2,100	65,145
Transfers	-	7,983	1,711	-	124	-	(6,871)	2,947
Disposals	-	(10,953)	(261)	-	-	(205)	-	(11,419)
Depreciation charges	-	(20,352)	(8,134)	(180)	(1,446)	(1,280)	-	(31,392)
Net exchange differences	-	(4,565)	(2,152)	-	(184)	(1,043)	(78)	(8,022)
At December 31	<u>\$ -</u>	<u>\$ 117,718</u>	<u>\$ 56,782</u>	<u>\$ 5,305</u>	<u>\$ 4,715</u>	<u>\$ 28,364</u>	<u>\$ 2,022</u>	<u>\$ 214,906</u>
<u>At December 31, 2019</u>								
Cost	\$ -	\$ 154,611	\$ 77,814	\$ 5,485	\$ 7,435	\$ 30,927	\$ 2,022	\$ 278,294
Accumulated depreciation	-	(36,894)	(21,032)	(180)	(2,720)	(2,562)	-	(63,388)
	<u>\$ -</u>	<u>\$ 117,717</u>	<u>\$ 56,782</u>	<u>\$ 5,305</u>	<u>\$ 4,715</u>	<u>\$ 28,365</u>	<u>\$ 2,022</u>	<u>\$ 214,906</u>

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation: None.

B. The Group has no property, plant and equipment pledged to others as collateral.

(8) Leasing arrangements - lessee

- A. The Group leases various assets including buildings and land use right. Rental contracts are typically made for periods of 1 to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise leasing of buildings and parking spaces, which were excluded from the right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 15,073	\$ 5,525
Land use right	20,519	20,823
	<u>\$ 35,592</u>	<u>\$ 26,348</u>

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 7,275	\$ 1,902
Land use right	639	667
	<u>\$ 7,914</u>	<u>\$ 2,569</u>

The Group entered into a land use right contract to acquire the use of the land with a term of 40 years in Baijiao Village, Jiaomei Town, Longhai City; Longchi Development Area, Longhai City, Jiaomei Town and Baijiao and Jinshan Village, Jiaomei Town, Longhai City in February 2009 and March 2014. The registration for the land use right was completed.

- D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$16,709 and \$14,054, respectively.
- E. For the year ended December 31, 2019, the disposal of right-of-use assets was \$12,417 and gain on lease modifications was \$25 (shown as ‘Other gains and losses’).
- F. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 698	\$ 99
Expense on short-term lease contracts	575	340
Gain on sublease of right-of-use assets	2,871	639

G. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$10,787 and \$2,584, respectively.

H. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$113 by increasing other income in 2020.

(9) Leasing arrangements - lessor

A. The Group leases various assets including buildings and machinery and equipment. Rental contracts are typically made for periods of 1 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. The Group has subleased part of leased right-of-use assets to others which have been classified as the finance lease since the sublease term covers the entire remaining term of the master lease. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
Finance income from the net investment in the finance lease	\$ <u>2,871</u>	\$ <u>639</u>

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2020	December 31, 2020
2020	\$ -	\$ 4,571
2021	1,380	4,571
2022	960	2,286
	\$ <u>2,340</u>	\$ <u>11,428</u>

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2020		December 31, 2019	
	Current	Non-Current	Current	Non-Current
Undiscounted lease payments	\$ 1,380	\$ 960	\$ 4,571	\$ 6,857
Unearned finance income	(267)	(34)	(3,612)	(2,938)
Net investment in the lease	\$ <u>1,113</u>	\$ <u>926</u>	\$ <u>959</u>	\$ <u>3,919</u>

E. For the years ended December 31, 2020 and 2019, the Group recognised rent income in the amount of \$3,256 and \$477, respectively, based on the operating lease agreement, which does not include variable lease payments.

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020	December 31, 2019
2020	\$ -	\$ 2,594
2021	3,415	-
	<u>\$ 3,415</u>	<u>\$ 2,594</u>

(10) Intangible assets

	2020			
	Software	Customer relationship	Goodwill	Total
At January 1				
Cost	\$ 11,720	\$ -	\$ -	\$ 11,720
Accumulated amortisation	(2,271)	-	-	(2,271)
	<u>\$ 9,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,449</u>
Opening net book amount as at January 1	\$ 9,449	\$ -	\$ -	\$ 9,449
Additions — acquired separately	6,581	-	-	6,581
Additions — acquired through business combinations	-	7,322	21,362	28,684
Transfers	462	-	-	462
Amortisation charge	(2,439)	-	-	(2,439)
Net exchange differences	253	-	-	253
Closing net book amount as at December 31	<u>\$ 14,306</u>	<u>\$ 7,322</u>	<u>\$ 21,362</u>	<u>\$ 42,990</u>
At December 31				
Cost	\$ 19,107	\$ 7,322	\$ 21,362	\$ 47,791
Accumulated amortisation	(4,801)	-	-	(4,801)
	<u>\$ 14,306</u>	<u>\$ 7,322</u>	<u>\$ 21,362</u>	<u>\$ 42,990</u>

	2019			
	Software	Customer relationship	Goodwill	Total
At January 1				
Cost	\$ 2,595	\$ -	\$ -	\$ 2,595
Accumulated amortisation	(992)	-	-	(992)
	<u>\$ 1,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,603</u>
Opening net book amount as at January 1	\$ 1,603	\$ -	\$ -	\$ 1,603
Transfers	9,579	-	-	9,579
Amortisation charge	(1,366)	-	-	(1,366)
Net exchange differences	(367)	-	-	(367)
Closing net book amount as at December 31	<u>\$ 9,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,449</u>
At December 31				
Cost	\$ 11,720	\$ -	\$ -	\$ 11,720
Accumulated amortisation	(2,271)	-	-	(2,271)
	<u>\$ 9,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,449</u>

A. Information relating to additions acquired through business combinations is provided in Note 6(27).

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use post-tax profit approved by the management covering a five-year period in the future.

C. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2020	2019
General and administrative expenses	<u>\$ 2,439</u>	<u>\$ 1,366</u>

D. Amount of borrowing costs capitalised as part of intangible assets and the range of the interest rates for such capitalisation: None.

E. The Group has no intangible assets pledged to others as collateral.

(11) Contract liabilities

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	<u>\$ 102,454</u>	<u>\$ 73,189</u>	<u>\$ 161,061</u>

A. Contract liabilities arose mainly from sales received in advance, and will be recognised as revenue when the goods are delivered.

B. Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Years ended December 31,	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 65,678	\$ 159,426

(12) Other payables

	December 31, 2020	December 31, 2019
Accrued commission	\$ 72,309	\$ 77,986
Insurance payable	49,924	50,321
Wages and salaries payable	19,209	18,192
Tax payable	18,597	26,194
Directors' remuneration payable	2,400	7,200
Payable on constructions	1,544	733
Other payables	6,131	6,277
	<u>\$ 170,114</u>	<u>\$ 186,903</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	December 31, 2020
Secured borrowings	Borrowing period is from January 14, 2020 to January 14, 2035	Interest is repayable monthly; principal is repayable in 156 installments from January 14, 2022 by annuity method.	1.33% ~ 1.50%	Land and structures (Note 1)	\$ 28,200
Secured borrowings	Borrowing period is from March 6, 2020 to February 24, 2035	Interest is repayable monthly; principal is repayable in 156 installments from February 24, 2022 by annuity method.	1.33 ~ 1.49%	Land and structures (Note 1, 2)	2,258
Secured borrowings	Borrowing period is from March 12, 2020 to February 24, 2035	Interest is repayable monthly; principal is repayable in 156 installments from February 24, 2022 by annuity method.	1.33 ~ 1.49%	Land and structures (Note 1, 2)	36,742
Secured borrowings	Borrowing period is from March 27, 2020 to March 27, 2025	Interest is repayable monthly; principal is repayable in 36 installments from March 27, 2022	- (Note 3)	Land and structures (Note 1, 2)	15,000
Secured borrowings	Borrowing period is from May 27, 2020 to March 27, 2025	Interest is repayable monthly; principal is repayable in 36 installments from March 27, 2022	- (Note 3)	Land and structures (Note 1, 2)	10,000
					<u>\$ 92,200</u>

Note 1: Details of asset pledged as collateral for the long-term borrowings of the Group are provided in Note 8.

Note 2: The Company is the endorsement guarantor for the subsidiary, Lever Guide Biotech Co., Ltd.. Details of endorsements and guarantees are provided in Table 1.

Note 3: The interest rate of the borrowings is calculated based on the floating interest rate on a 2-year time deposit with the Directorate General of the Postal Remittances and Savings Bank on the preceding consecutive trading days of the borrowing less the annual interest rate of 1%. The floating interest rate on a 2-year time deposit as posted by the Chunghwa Post Co. Ltd. was 0.14% since March 25, 2020, therefore, the interest rate is 0% after the deduction.

The long-term borrowings contract requires the Group to meet specified levels for certain financial ratios as per its financial statements. The main contents of the commitments are as follows:

- A. The average deposit of the Group shall not be less than US\$2,000 from the month following the first drawdown of the credit facility.
- B. The semi-annual and annual financial performances of the Group shall be maintained to meet the following commitments:
 - (a) Current ratio (current assets/current liabilities) shall not be less than 200%;
 - (b) Debt ratio (liabilities/tangible assets) shall not exceed 150%;
 - (c) Interest coverage ratio (net profit before tax + interest expenses + depreciation expenses and amortisation expenses / interest expenses shall not be less than fifteen times.

As of December 31, 2020, the Group did not violate the above restrictions.

(14) Pensions

- A. The Company's Taiwanese subsidiary has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of the employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2020 and 2019 ranged between 12%~18% and 14%~18%, respectively. Other than the monthly contributions, the Group has no further obligations.
- C. The pension cost under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$2,865 and \$21,566, respectively.

(15) Share capital

- A. On June 18, 2019, the shareholders resolved to distribute stock dividends from the 2018 earnings amounting to \$43,080, equivalent to 4,308 thousand shares, and the record date was July 17, 2019. The registration for the distribution of stock dividends had been completed.
- B. As of December 31, 2020, the Company's paid-in capital was \$473,880 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

(16) Capital surplus

- A. Unless otherwise provided in the Companies Law of the Cayman Islands, listed companies' regulations, and the company's Articles of Incorporation, neither the statutory reserve nor the capital reserve shall be used except for offsetting the losses of the Company. The Company shall not use the capital reserve to offset its capital losses unless the statutory reserve and special reserve set aside for purposes of loss offset is insufficient to offset such losses.
- B. During the listing period, subject to the Companies Law of the Cayman Islands, where the Company incurs no loss, it may, by a special resolution, distribute its statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital reserve which are available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its shareholders.

(17) Retained earnings

- A. During the listing period, subject to the Companies Law of the Cayman Islands, listed companies' regulations, and the Company's Articles of Incorporation, and except as otherwise provided by the rights attaching to any shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the statutory reserve of the remaining profits in accordance with the listed companies' regulations (provided that the setting aside of the statutory reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company's total issued capital), and setting aside the special reserve (if any), the Company may distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an ordinary resolution passed at an annual general meeting of the Company duly convened and held in accordance with the Company's Articles to the shareholders as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Company's Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to shareholders.

B. As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and/or stock dividends/bonuses. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wish to distribute.

C. Appropriation of earnings

(a) The appropriations of 2019 and 2018 earnings had been resolved at the annual shareholders' meeting on June 3, 2020 and June 18, 2019, respectively. Details are summarized below:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 49,774		\$ 43,125	
Special reserve appropriated	45,483		2,064	
Cash dividends	331,716	\$ 7.00	301,560	\$ 7.00
Stock dividends	-	-	43,080	1.00
	<u>\$ 426,973</u>		<u>\$ 389,829</u>	

(b) Subsequent event: The appropriations of 2020 earnings had been proposed at the Board of Directors' meeting on March 10, 2021. Details are summarized below:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 10,415	
Reversal of special reserve	(15,698)	
Cash dividends	94,776	\$ 2.00
	<u>\$ 89,493</u>	

As of March 10, 2021, the aforementioned appropriation of 2020 earnings has not yet been resolved at the shareholders' meeting.

(18) Operating revenue

	Years ended December 31,	
	2020	2019
Revenue from contracts with customers:		
Sales revenue	\$ 796,347	\$ 1,371,691
Skin care consulting service	48,538	74,004
	<u>\$ 844,885</u>	<u>\$ 1,445,695</u>

The Group derives revenue from the transfer of goods and services at a point in time.

(19) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 10,896	\$ 12,933
Interest income from financial assets measured at amortised cost	8,288	22,742
Interest income from finance leases	2,871	639
Other interest income	3	-
	<u>\$ 22,058</u>	<u>\$ 36,314</u>

(20) Other income

	Years ended December 31,	
	2020	2019
Government grants	\$ 26,258	\$ 11,423
Rental income	3,256	477
Other income	2,391	1,226
	<u>\$ 31,905</u>	<u>\$ 13,126</u>

(21) Other gains and losses

	Years ended December 31,	
	2020	2019
Gains on financial assets at fair value through profit or loss	\$ 14,386	\$ 8,081
Gains (losses) on disposal of property, plant and equipment	341 (	11,127)
Gains on disposals of investments	272	-
Foreign exchange losses	(11,328) (	2,650)
(Losses) gains arising from lease modifications	(1,201)	25
Miscellaneous disbursements	(1,928) (	1,856)
	<u>\$ 542</u>	<u>(\$ 7,527)</u>

(22) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense:		
Bank loan	\$ 750	\$ -
Interest expense on lease liabilities	698	99
	<u>\$ 1,448</u>	<u>\$ 99</u>

(23) Expenses by nature

	Years ended December 31,	
	2020	2019
Employee benefit expense	\$ 316,502	\$ 347,949
Depreciation charges on property, plant and equipment	38,352	31,392
Event planning expense	38,213	58,577
Advertising costs	31,750	35,239
Depreciation charges on right-of-use assets	7,914	2,569
Amortisation charges on intangible assets	2,439	1,366

(24) Employee benefit expense

	Years ended December 31,	
	2020	2019
Salary expenses	\$ 279,187	\$ 284,792
Labour and health insurance fees	1,587	984
Pension costs	2,865	21,566
Other personnel expenses	32,863	40,607
	<u>\$ 316,502</u>	<u>\$ 347,949</u>

- A. Except as otherwise set forth by the Companies Law of the Cayman Islands, listed companies' regulations, and the Company's Articles of Incorporation, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the directors present at a meeting attended by at least two-thirds or more of the total number of the directors, the Company may distribute not less than 1% of the profits for such year to the employees as the employees' compensation in the form of shares and/or in cash and may distribute not more than 3% thereof to the directors as the directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and directors in the proportion set out above.
- B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$1,200 and \$5,000, respectively; while directors' remuneration was accrued at \$2,400 and \$7,200, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1.1% and 2.2% of distributable profit of current year for the year ended December 31, 2020. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$1,200 and \$2,400, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2019 as resolved by the Board of Directors amounted to \$5,000 and \$7,200, respectively, and were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 18,093	\$ 93,564
Prior year income tax over estimation	(1,820)	(13,949)
Total current tax	<u>16,273</u>	<u>79,615</u>
Deferred tax:		
Origination and reversal of temporary differences	(7,936)	(8,015)
Income tax expense	<u>\$ 8,337</u>	<u>\$ 71,600</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 21,088	\$ 86,370
Weighted deduction of research and development expenses	(10,222)	-
Expenses disallowed by tax regulation	(858)	(821)
Change in assessment of realisation of deferred tax assets	149	-
Prior year income tax over estimation	(1,820)	(13,949)
Income tax expense	<u>\$ 8,337</u>	<u>\$ 71,600</u>

Note 1: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

Note 2: Juwenlee (Fujian) Cosmetics Co., Ltd. was incorporated in Mainland China, and the applicable income tax rate is 25%. The company is entitled to 10% tax relief from 2019 to 2021 due to obtainment of High and New Tech Enterprises Certification, hence the applicable income tax rate was reduced to 15%.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2020		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Inventory valuation loss	\$ 123	\$ 1,215	\$ 1,338
Unrealised accrued expenses	10,878	(4)	10,874
Others	1,172	156	1,328
Tax losses	2,216	5,832	8,048
Subtotal	<u>\$ 14,389</u>	<u>\$ 7,199</u>	<u>\$ 21,588</u>
-Deferred tax liabilities:			
Book-tax difference on revenue recognition	(4,604)	737	(3,867)
Subtotal	<u>(\$ 4,604)</u>	<u>\$ 737</u>	<u>(\$ 3,867)</u>
Total	<u>\$ 9,785</u>	<u>\$ 7,936</u>	<u>\$ 17,721</u>

	2019		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Inventory valuation loss	\$ 129	(\$ 6)	\$ 123
Unrealised accrued expenses	8,646	2,232	10,878
Others	436	736	1,172
Tax losses	-	2,216	2,216
Subtotal	<u>\$ 9,211</u>	<u>\$ 5,178</u>	<u>\$ 14,389</u>
-Deferred tax liabilities:			
Book-tax difference on revenue recognition	(7,441)	2,837	(4,604)
Subtotal	<u>(\$ 7,441)</u>	<u>\$ 2,837</u>	<u>(\$ 4,604)</u>
Total	<u>\$ 1,770</u>	<u>\$ 8,015</u>	<u>\$ 9,785</u>

(26) Earnings per share

Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 104,147	47,388	\$ 2.20
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 104,147	47,388	
Assumed conversion of all dilutive potential ordinary shares employees' compensation	-	12	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 104,147	47,400	\$ 2.20
Year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 497,740	47,388	\$ 10.50
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 497,740	47,388	
Assumed conversion of all dilutive potential ordinary shares employees' compensation	-	28	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 497,740	47,416	\$ 10.50

(27) Business combinations

- A. On December 31, 2020, the subsidiary of the Group, Lever Guide Biotech Co., Ltd., acquired 100% of the share capital of Kang Jing Biologic Technology Co., Ltd. for \$37,800 in cash. Kang Jing Biologic Technology Co., Ltd. is engaged in sales of beauty and skin care products in Taiwan. The Group is expected to increase its market share as a result of the acquisition, it also expects to reduce costs through economies of scale.
- B. The following table summarises the consideration paid for Kang Jing Biologic Technology Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>December 31, 2020</u>
Purchase consideration	
Cash paid	\$ 37,800
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	\$ 7,056
Notes receivable	1,810
Accounts receivable	8,998
Other receivables	259
Inventories	4,368
Prepayments	741
Property, plant and equipment	170
Customer relationship	7,322
Other non-current assets	437
Contract liabilities	(8,910)
Notes payable	(110)
Accounts payable	(1,826)
Other payables	(3,067)
Other non-current liabilities	(810)
Total identifiable net assets	16,438
Goodwill	\$ 21,362

- C. The operating revenue included in the consolidated statement of comprehensive income since December 31, 2020 contributed by Kang Jing Biologic Technology Co., Ltd. was \$0. Kang Jing Biologic Technology Co., Ltd. also contributed profit before income tax of \$0 over the same period. Had Kang Jing Biologic Technology Co., Ltd. been consolidated from January 1, 2020, the consolidated statement of comprehensive income would show operating revenue of \$876,987 and profit before income tax of \$115,793.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2020	2019
Purchase of property, plant and equipment	\$ 139,755	\$ 65,145
Add: Opening balance of payable on constructions	733	8,629
Less: Ending balance of payable on constructions	(1,544)	(733)
Cash paid during the year	<u>\$ 138,944</u>	<u>\$ 73,041</u>
 Purchase of intangible assets	 \$ 6,581	 \$ 9,579
Add: Opening balance of payable on intangible assets	861	-
Less: Ending balance of payable on intangible assets	(122)	(861)
Cash paid during the year	<u>\$ 7,320</u>	<u>\$ 8,718</u>

B. Financing activities with no cash flow effects

	Years ended December 31,	
	2020	2019
Stock dividends paid	\$ -	\$ 43,080

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name of related parties	Relationship with the Company
Xiamen Senlinhai Industry & Trade Co., Ltd.	Associate (From August 13, 2019 to April 16, 2020)
Zhangzhou Care-pro Biologic Technology Co., Ltd.	Other related party
Zhangzhou Weidi Electronic Technology Co., Ltd.	Other related party
YING-ON CO., Ltd.	Other related party
Kang Jing Biologic Technology Co., Ltd.	Other related party (It was merged by Lever Guide Biotech Co., Ltd. on December 31, 2020)
Realbio Care Health Beauty Clinic	Strategic alliance partner
Luo Li-Fen	Legal representative of the Company's chairman
Jackie Rao	The Company's general manager

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2020	2019
Sales of goods:		
Other related parties	\$ 4,061	\$ 5,129
Strategic alliance partner	2,125	-
	<u>\$ 6,186</u>	<u>\$ 5,129</u>

B. Purchases:

	Years ended December 31,	
	2020	2019
Purchases of goods:		
Other related parties	\$ 12,313	\$ 9,754
Associate	1,426	12,992
	<u>\$ 13,739</u>	<u>\$ 22,746</u>

Goods sold to other related parties are based on normal commercial terms and conditions.

C. Receivables from related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
Strategic alliance partner	<u>\$ 1,116</u>	<u>\$ 1,697</u>

The receivables from related parties arise mainly from sale transactions. The receivables are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
Other related parties	\$ 2,259	\$ 2,641
Associate	-	4,084
	<u>\$ 2,259</u>	<u>\$ 6,725</u>
Other payables:		
Strategic alliance partner	\$ 1,055	\$ -
Luo Li-Fen	7	-
	<u>\$ 1,062</u>	<u>\$ -</u>

The payables to related parties arise mainly from purchase transactions. Other payables to related parties arise mainly from receipt and payment on behalf of related parties. The payables bear no interest.

E. Property transactions:

- (a) On December 31, 2020, the subsidiary of the Group, Lever Guide Biotech Co., Ltd., acquired 95% of the share capital of Kang Jing Biologic Technology Co., Ltd. for \$35,910 in cash from YING-ON CO., LTD. Information relating to business combinations is provided in Note 6(27).
- (b) Acquisition of property, plant and equipment

	Years ended December 31,	
	2020	2019
Jackie Rao	\$ -	\$ 24,302

F. Lease transactions – lessee:

- (a) The Group leases buildings from Ms. Luo Li-Fen. Rental contracts are typically made for periods of 1 to 3 years. Rents are paid monthly.

- (b) Acquisition of right-of-use assets:

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$5,790. For the year ended December 31, 2019, the Group acquired right-of-use assets amounting to \$5,291 from Ms. Luo Li-Fen.

- (c) Disposal of right-of-use assets:

The Group disposed right-of-use assets acquired from Ms. Luo Li-Fen amounting to \$3,999, the related gain arising from the lease modifications was \$21 for the year ended December 31, 2019.

- (d) Rent expense

	Years ended December 31,	
	2020	2019
Luo Li-Fen	\$ 228	\$ 103

- (e) Lease liabilities

- (i) Outstanding balance

	December 31, 2020	December 31, 2019
Luo Li-Fen	\$ 3,443	\$ 5,541

- (ii) Interest expense

	Years ended December 31,	
	2020	2019
Luo Li-Fen	\$ 62	\$ 80

- (iii) For the year ended December 31, 2020, the Group's total cash outflow for leases were \$2,388 and \$1,703, respectively.

G. Lease transactions – lessor

- (a) The Company leases various assets including buildings and machinery and equipment to related parties. Please refer to Note 6(9) for details.
- (b) Net lease payments receivables under finance lease is as follows:

	December 31, 2020		December 31, 2020	
	Current	Non-current	Current	Non-current
Lever Guide Biotech Co., Ltd.	\$ 1,113	\$ 926	\$ 599	\$ 2,449
Kang Jing Biologic Technology Co., Ltd.	-	-	360	1,470
	<u>\$ 1,113</u>	<u>\$ 926</u>	<u>\$ 959</u>	<u>\$ 3,919</u>

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and short-term employee benefits	\$ 34,586	\$ 42,783
Post-employment benefits	163	739
	<u>\$ 34,749</u>	<u>\$ 43,522</u>

8. PLEDGED ASSETS

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Land and structures	\$ 111,052	\$ -	Long-term borrowings
Guarantee deposits paid	2,432	309	Rental deposits and performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2020	December 31, 2019
Property, plant and equipment	<u>\$ 126,888</u>	<u>\$ 82,907</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(17) C for further information.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 490,599	\$ 391,079
Financial assets at amortised cost		
Cash and cash equivalents	590,012	843,142
Current financial assets at amortised cost	142,400	299,800
Notes receivable	1,565	-
Accounts receivable (including related parties)	12,556	12,393
Net lease payments receivable under finance lease - related parties	1,113	959
Other receivables	15,984	8,580
Non-current financial assets at amortised cost	196,965	193,725
Long-term net lease payments receivable under finance lease - related parties	926	3,919
Guarantee deposits paid (shown as 'other current assets' and 'other non-current assets')	2,432	309
	<u>\$ 1,454,552</u>	<u>\$ 1,753,906</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 110	\$ -
Accounts payable (including related parties)	14,266	30,023
Other payables (including related parties)	171,176	186,903
Guarantee deposits received (shown as ‘other current liabilities’ and ‘other non-current liabilities’)	32,138	20,912
Long-term borrowings	92,200	-
Lease liability	16,092	9,877
	<u>\$ 325,982</u>	<u>\$ 247,715</u>

B. Financial risk management policies

- (a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Company’s operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group’s businesses involve some non-functional currency operations (the Company’s functional currency: USD; certain subsidiaries’ functional currency: RMB or NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2020</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,001	28.48	\$ 57,002

	December 31, 2019		
	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 4,013	29.98	\$ 120,311

iii. The total exchange loss arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019 amounted to \$11,328 and \$2,650, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 570	\$ -

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,203	\$ -

Cash flow and fair value Interest rate risk

If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by \$922 and \$0, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 30 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer and customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group uses historical and timely information to individually assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the Group had no loss allowance.

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2020</u>			
Not past due	0%-0.03%	\$ 5,162	\$ -
Up to 30 days past due	0%-0.03%	1,984	-
31~90 days past due	0%-0.03%	1,515	-
91~240 days past due	0%-0.03%	1,512	-
Over 240 days past due	0%-0.03%	1,267	-
Total		<u>\$ 11,440</u>	<u>\$ -</u>

<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%-0.03%	\$ <u>12,393</u>	\$ <u>-</u>

viii. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

<u>December 31, 2020</u>				
	<u>12 months</u>	<u>Lifetime</u>		<u>Total</u>
		<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	
Financial assets at amortised cost	\$ <u>339,365</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>339,365</u>
<u>December 31, 2019</u>				
	<u>12 months</u>	<u>Lifetime</u>		<u>Total</u>
		<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	
Financial assets at amortised cost	\$ <u>493,525</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>493,525</u>

The financial assets at amortised cost held by the Group are time deposits with maturity over three months, and no material issues of credit rating levels were incurred.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Floating rate	\$ <u>89,800</u>	\$ <u>-</u>

- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial assets</u>	Less than	Between 1	Between 2
December 31, 2020	1 year	and 2 years	and 5 years
Notes payable	\$ 110	\$ -	\$ -
Accounts payable (including related parties)	14,266	-	-
Other payables (including related parties)	171,176	-	-
Lease liability	8,636	6,944	-
Long-term borrowings	949	949	103,691
<u>Non-derivative financial liabilities</u>	Less than	Between 1	Between 2
December 31, 2019	1 year	and 2 years	and 5 years
Accounts payable (including related parties)	\$ 30,023	\$ -	\$ -
Other payables	186,903	-	-
Lease liability	3,924	3,924	2,202

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group has no related investment.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in corporate bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in structure deposits is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Structured deposits	\$ -	\$ -	\$ 490,599	\$ 490,599
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Debt securities	\$ -	\$ 24,538	\$ -	\$ 24,538
Structured deposits	-	-	366,541	366,541

(b) The methods and assumptions the Group used to measure fair value are as follows:

The fair value of debt securities was measured by reference to the quoted market prices provided by the third party.

D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Structured deposits</u>	<u>Structured deposits</u>
At January 1	\$ 366,541	\$ -
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	11,945	6,801
Acquired during the year	1,287,169	1,715,012
Disposed during the year	(1,183,746)	(1,341,053)
Effect of exchange rate changes	8,690	(14,219)
At December 31	<u>\$ 490,599</u>	<u>\$ 366,541</u>

F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument: Structured contract	\$ 490,599	Depends on terms of individual contract	Depends on terms of individual contract	-	Depends on terms of individual contract
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument: Structured contract	\$ 366,541	Depends on terms of individual contract	Depends on terms of individual contract	-	Depends on terms of individual contract

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The chief operating decision-maker evaluates operating segments by their profit or loss before tax. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Information about segment profit or loss

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Years ended December 31,	
	2020	2019
Total segment revenue	\$ 844,885	\$ 1,445,695
Segment income	\$ 112,253	\$ 569,340

(4) Reconciliation for segment income (loss)

The performance of the Group's reportable segments was assessed based on profit/(loss) before tax, which is consistent with the income/(loss) before tax from continuing operations, therefore, no additional reconciliation was needed.

(5) Information on products and services

Revenue from external customers is mainly from sales of skin care products. Analysis of revenue is provided in Note 6(18).

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,139	\$ 175,815	\$ 5,197	\$ 54,008
Mainland China	842,746	277,878	1,440,498	240,384
	<u>\$ 844,885</u>	<u>\$ 453,693</u>	<u>\$ 1,445,695</u>	<u>\$ 294,392</u>

Non-current assets refer to property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, excluding financial instruments, investments accounted for using equity method, deferred tax assets and long-term finance lease receivables.

(7) Major customer information

For the years ended December 31, 2020 and 2019, the Group's sales to a single party did not account for more than 10% of the Group's operating revenue, therefore, no additional disclosure was needed.

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2020

Table 1 Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum	Outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Ratio of		Provision of endorsements/ guarantees by parent subsidiary company (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote	
			endorsed/guaranteed		outstanding				accumulated						Provision of
			Relationship		endorsement/				guarantee	Ceiling on					endorsements/
			with the endorser/ guarantor		amount of				asset value of	total amount of					guarantees by
0	The Company	Lever Guide Biotech Co., Ltd.	4	\$ 328,616	\$ 150,000	\$ 150,000	\$ 64,000	-	9.13%	\$ 657,231	Y	N	N	-	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: The Group's total guarantees to others should not exceed 40% of the Company's net values. The guarantee amount for a single party should not exceed 10% of the Company's net values.

For subsidiaries that the parent company owns directly more than 50% voting shares, the total guarantee amount should not exceed 20% of the Company's net values.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Juvenile (Fujian) Cosmetics Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	\$ 414,412	-	\$ 414,412	-
Juvenile (Fujian) Cosmetics Co., Ltd.	Xiamen Bank Structured deposits	-	Financial assets at fair value through profit or loss	-	22,090	-	22,090	-
LiChuang (Fujian) Bio-Technology Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	26,324	-	26,324	-
Zhangzhou Healthy Skin Clinic Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	6,580	-	6,580	-
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	21,193	-	21,193	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in the range of IFRS 9, 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Table 2

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at December 31, 2020	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value		Number of shares	Amount
Juwenlee (Fujian) Cosmetics Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	Financial assets at fair value through profit or loss	-	-	-	\$ 310,491	-	\$ 942,040	-	\$ 854,167	\$ 847,836	\$ 6,331	-	\$ 414,412

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital should be replaced by 10% of equity attributable to owners of the parent in the calculation.

Table 3

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries
Information on investees
Year ended December 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership	Book value			
LUO LIH-FEN Holding Co., Ltd.	Luo Lih-Fen Group Limited	Hong Kong	Holding company	\$ 45,568	\$ 47,968	1,600 thousand	100%	\$ 1,233,927	\$ 148,743	\$ 131,747	Subsidiary (original investment for the years ended December 31, 2020 and 2019 was US\$1.6 million)
"	Luo Lih-Fen Enterprise Limited	R.O.C	General investments	25,000	25,000	-	100%	9,556 (	307) (	307)	Subsidiary
"	Lever Guide Biotech Co., Ltd.	R.O.C	Manufacturing and sales of skin care products	210,000	210,000	21,000 thousand	100%	169,957 (	26,454) (	26,454)	Subsidiary
"	Richer Biotechnology Co., Ltd.	R.O.C	Manufacturing and sales of skin care products	12,000	-	1,200 thousand	67%	16,307 (	693) (	1,462)	Subsidiary

Note 1: Ending balance of original investment was translated based on the exchange rate prevailing at December 31, 2020.

Note 2: The carrying amount of investees at end of year was translated based on the exchange rate prevailing at December 31, 2020, and investees' profit or loss was translated based on the average exchange rate for the year ended December 31, 2020.

Table 4

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Juwenlee (Fujian) Cosmetics Co., Ltd.	Sales of beauty and skin care products	\$ 359,147	Note 1 (2)	\$ -	\$ -	\$ -	\$ -	\$ 163,342	100%	\$ 163,342	\$ 1,184,744	\$ -	Note 2(2)B
Xiamen Luo Lih-Fen Cosmetics Co., Ltd.	Sales of beauty and skin care products	28,451	"	-	-	-	-	(332)	100%	(332)	18,736	-	"
Xiamen Sunlily Cosmetics Co., Ltd.	Sales of beauty and skin care products	4,377	"	-	-	-	-	(860)	100%	(860)	13,629	-	"
Xiamen Glingluo Cosmetics Co., Ltd.	Sales of beauty and skin care products	4,377	"	-	-	-	-	1,076	100%	1,076	10,570	-	"
Xiamen Draise Cosmetics Co., Ltd.	Sales of beauty and skin care products	4,377	"	-	-	-	-	396	100%	396	4,217	-	"
Huiwenli (Fujian) Enterprise Management Co., Ltd.	General investment	175,080	"	-	-	-	-	2,447	100%	2,447	177,285	-	"
Zhangzhou Healthy Skin Clinic Co., Ltd.	Consulting service of beauty and skin care	13,131	"	-	-	-	-	(650)	100%	(650)	12,131	-	"
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Consulting service of beauty and skin care	21,885	"	-	-	-	-	467	100%	467	22,359	-	"
LiChuang (FuJian) Bio-Technology Co., Ltd.	Sales of beauty and skin care products	61,278	"	-	-	-	-	731	100%	731	58,602	-	"
Zhangzhou Kangqili Health Management Co., Ltd.	Sales of beauty and skin care products	21,885	"	-	-	-	-	(1,622)	100%	(1,622)	21,885	-	"
Xiamen Senlinhai Industry & Trade Co., Ltd.	Manufacturing of plastic packaging and container	26,262	"	-	-	-	-	(73)	30%	(22)	-	-	Notes 2(2)B and 4

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.(Investee in the third area: Luo Lih-Fen Group Limited)
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements were audited and attested by R.O.C. parent company's CPA.
 - C. Others.

Note 3: The Company was established in Cayman Islands, therefore, the ceiling specified in the Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area is not applicable.

Note 4: The second-tier subsidiary, Juwenlee (Fujian) Cosmetics Co., Ltd., completed the disposal of 30% equity interest in Xiamen Senlinhai Industry & Trade Co., Ltd. on April 16, 2020.

Table 5

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2020

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Black Praise International Limited	15,216,300	32.11%
Forward Idea Investments Limited	7,656,000	16.15%
Talent Reach (HK) Limited	5,406,122	11.40%
Luo Lih-Fen	2,472,400	5.21%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

V. The Company's Most Recent Individual Financial Report Inspected and Certified by a CPA

None.

VI. If the Company and its affiliates have encountered any financial turnover problems in the most recent fiscal year as of the publication date of this Annual Report, state their impact on the financial position of the Company

None.

Seven. Review, Analysis, and Risks of Financial Conditions and Performances

I. Financial position

(I) Main Reasons for the Significant Changes in Assets, Liabilities, and Equity in the Last Two Years as Well as Their Impacts

Unit: NT\$1,000

Items \ YEAR	2019	2020	Difference	
			Amount	Ratio %
Current Assets	1,681,026	1,405,878	(275,148)	(16.37)
Real Property, Plants, and Equipment	214,906	360,972	146,066	67.97
Intangible Assets	9,449	42,990	33,541	354.97
Other Assets	290,098	269,210	(20,888)	(7.20)
Total Assets	2,195,479	2,079,050	(116,429)	(5.30)
Current Liabilities	336,262	332,244	(4,018)	(1.19)
Non-current Liabilities	11,117	103,728	92,611	833.06
Total Liabilities	347,379	435,972	88,593	25.50
Share Capital	473,880	473,880	0	0.00
Capital Surplus	829,495	830,575	1,080	0.13
Retained Earnings	592,272	364,703	(227,569)	(38.42)
Other Equity Interests	(47,547)	(31,849)	15,698	(33.02)
Uncontrolled equity	0	5,769	5,769	-
Total Shareholders' Equity	1,848,100	1,643,078	(205,022)	(11.09)
<p>Analysis description if the change in the last two fiscal years exceeded over 20%, and the change amount reached NT\$10 million:</p> <ol style="list-style-type: none"> 1. Increase in property, plant and equipment is mainly due to acquisition of lands and buildings in Taiwan and plant expansion in Mainland China. 2. Increase in intangible assets is mainly due to the business reputation arising from merger and acquisition. 3. Increase in non-current liabilities is mainly due to borrowings for acquisition of lands and buildings in Taiwan. 4. Decrease in retained earnings is mainly due to distribution of cash dividends at NT\$7 per share in 2020. 5. Decrease in other equity interests is mainly due to the accumulated adjustment made to translate the Mainland China financial statements into NTD. 				

(II) Explain the future response plan for cases with major impacts

The preceding changes have no major impact on the Company's finances and operations.

II. Financial Performance

(I) Business Results Comparative Analysis

Unit: NT\$ thousand; %

Items \ YEAR	2019	2020	Amount Increase (Decrease)	Change Ratio %
Sales Revenue	1,445,695	844,885	(600,810)	(41.56)
Operating Costs	465,906	327,060	(138,846)	(29.80)
Operating Margin	979,789	517,825	(461,964)	(47.15)
Operating Expenses	452,553	458,607	6,054	1.34
Operating Profit and Loss	527,236	59,218	(468,018)	(88.77)
Non-operating Incomes and Expenses	42,104	53,035	10,931	25.96
Pre-tax Net Loss	569,340	112,253	(457,087)	(80.28)
Income Tax Expenses	71,600	8,337	(63,263)	(88.36)
Net Profit (Loss)	497,740	103,916	(393,824)	(79.12)
Total Consolidated Gains or Losses	452,257	119,614	(332,643)	(73.55)
<p>Analysis description if the change in the last two fiscal years exceeded over 20%, and the change amount reached NT\$10 million:</p> <ol style="list-style-type: none"> 1. Decrease in operating revenue is mainly due to COVID-19, and fewer end consumers are shopping in stores despite business resumption, resulting in significantly reduced operating revenue compared to last year. 2. Decrease in operating costs is mainly due to a decline in operating revenue, which lowers costs accordingly. 3. Decrease in gross profit, operating profit or loss, net profit of the term, income tax expense, and total consolidated gains or losses is mainly due to COVID-19, and fewer end consumers are shopping in stores despite business resumption, resulting in significantly reduced operating revenue compared to last year. 4. Increase in non-operating incomes and expenses is mainly due to increase in government subsidies obtained. 				

(II) Sales Volume Forecast and Supporting Basis

Market demand is expected to continuing growth in the future, given the increase in urban and rural spending power in Mainland China markets, increase in terminal market demands, and that modern people are paying more attention to beauty care, the Company has extensively cultivated the beauty and skincare market for many years. Its products and services are well received by customers. Therefore, the size of its customer base and product sales volume will continue to increase. Despite COVID-19 affecting the sales in Q1 of 2021, the Company still anticipates that the overall sales revenue in 2021 will return to the level in 2019. Please refer to Two. Overview of Operations for the relevant market supply and demand research and analysis as well as industry development and current status.

(III) Possible Impacts on the Company's Future Financial Business and its

Response Plan

The Company's financial structure is sound. To meet market demand and expand market shares, the Company increases its R&D investment and recruits more marketing personnel and, therefore, the related expenses will be increased accordingly. Notwithstanding, the Company still continues to deepen its operation management and cost control, which is sufficient to meet the needs of future business growth.

III. Cash flow

(I) Analysis Description for the Recent Annual Cash Flow Changes

Unit: NT\$1,000

Items \ YEAR	2019	2020	Increase (Decrease) Ratio (%)
Net cash inflow from operating activities	17,497	17,052	(2.54)
Net cash outflow from investing activities	(618,862)	(30,163)	95.13
Net cash outflow from financing activities	(303,804)	(242,648)	(20.13)
Effects of changes in exchange rates	(34,681)	2,629	107.58
Total (Net Cash Outflow)	(939,850)	(253,130)	73.07
Increase/Decrease Ratio Change Analysis Description: 1. Decrease in the cash inflow from investing activities is mainly due to the purchasing of principal guaranteed banking products. 2. Decrease in net cash inflow from financing activities is mainly due to dividend distribution.			

(II) Cash Shortfall Remedial Measures and Liquidity Analysis

The increase in the cash outflow in 2020 is primarily as a result of the purchase of related financial instruments by idle fund. The Company's cash and cash equivalent are still considered sufficient. Therefore, there is no shortage of capital liquidity for the time being.

(III) Cash Flow Analysis for the Next Year

Unit: NT\$1,000

Initial cash balance	Projected net cash flow from operating activities for the year	Projected net cash flow from investment activities for the year	Projected net cash flow from financing activities for the year	Cash inflow for the year	Cash balance (deficit)	Corrective measures against insufficient cash position	
						Investment Plan	Financing Plan
590,012	417,798	(146,611)	(94,776)	176,411	766,423	-	-
Cash Flow Analysis: (1) Net Cash Flow From Operating Activities Throughout the Year: Cash inflow from operating activities is estimated to be NT\$417,798 thousand generated from operating revenue. (2) Net Cash Flow From Investing Activities Throughout the Year: Cash outflow from investing activities is estimated to be NT\$146,611 thousand, of which NT\$135,000 thousand is spent on the reconstruction of factory premises. (3) Net Cash Flow From Financing Activities Throughout the Year: The Company will distribute cash dividends of NT\$94,776 thousand and the net cash outflow from financing activities is expected to be NT\$94,776 thousand. (4) Remedial measures if cash is estimated to be insufficient and the liquidity analysis: Not applicable, as there is no insufficient cash estimated in the following year.							

IV. Material capital expenditures in the last year and impact on business performance

The Company initiated the reconstruction of Juwenlee (Fujian) Cosmetics Plant#3 in 2020. This project is expected to generate a cash outflow of NT\$42,000 thousand. In 2021, this figure is expected to be NT\$135,000 thousand. The reconstruction project is composed of two parts: the automated production facility in Zone A and smart storage facility in Zone B. After the construction is completed, an annual output of RMB¥1.1 billion is expected to be generated, plus annual depreciation of RMB¥31,000 thousand.

V. The investment Strategy in the most recent year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

(I) Most Recent Annual Reinvestment Policy

The Company's reinvestment business transactions are managed and regulated in compliance with the Company's internal control system, the "Operating Regulations Governing Supervision of Subsidiaries" and "Operating Regulations Governing Transactions with Related Parties". The main goal is to obtain relevant financial information and management reports from investees on a regular basis, regularly or from time to time dispatch personnel to visit investees and understand their business conditions on-site. Any relevant investment plans in the future are handled in accordance with the aforesaid regulations.

(II) Main Reason for the Recent Annual Reinvestment Gains or Losses, and the Improvement Plan

Unit: NT\$ thousand; Date: December 31, 2020

Investees	Direct (Indirect) Shareholding Ratio	Investment Gain or Loss	Profit or Reason for Losses	Improvement Plan
Luo Lih-Fen Group Co., Ltd.	100%	131,747	In good standing	Not Applicable
Luo Lih-Fen Enterprise Limited	100%	(307)	The company is the contact window for Luo Lih-Fen KY listing and generates no operating income for the time being. Therefore, it suffers loss currently.	Not Applicable
Lever Guide Biotech Co., Ltd. (TW)	100%	(26,454)	The Company is newly founded and its business is still in the nascent phase. Therefore, it suffers loss currently.	The loss may be covered after it launches the business.
Richer Biotechnology Co., Ltd.	66.67%	(1,462)	The Company was founded just now. It is still developing its business at this stage. Therefore, it suffers loss currently.	The loss may be covered after it launches the business.
Juwenlee (Fujian) Cosmetics Co., Ltd.	100%	163,342	In good standing	Not Applicable
Xiamen Luolifen Cosmetics Co., Ltd.	100%	(332)	The Company has no other business except for the rental of some real properties.	Not Applicable
Xiamen Glingluo Cosmetics Co., Ltd.	100%	1,076	In good standing	Not Applicable
Xiamen Sunlily Cosmetics Co., Ltd.	100%	(860)	The Company saw a decrease in business operations. Therefore, it suffers loss currently.	The loss may be covered after the business adjustment is completed.
Xiamen Draise Cosmetics Co., Ltd.	100%	396	In good standing	Not Applicable

Investees	Direct (Indirect) Shareholding Ratio	Investment Gain or Loss	Profit or Reason for Losses	Improvement Plan
Lichuang (Fujian) Bio-Technology Co., Ltd.	100%	731	In good standing	Not Applicable
Zhangzhou Kangqili Health Management Co., Ltd.	100%	(1,622)	The Company saw a decrease in business operations. Therefore, it suffers loss currently.	The loss may be covered after the business adjustment is completed.
Xiamen Senlinhai Industry & Trade Co., Ltd.	30%	(22)	Business is suffering a loss.	Disposed of 30% of shares
Huiwenli (Fujian) Enterprise Management Co., Ltd.	100%	2,447	In good standing	Not Applicable
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	100%	467	In good standing	Not Applicable
Zhangzhou Healthy Skin Clinic Co., Ltd.	100%	(650)	The company's business place is still under decoration and no operating revenue is generated. Therefore, it suffers loss currently.	The loss may be covered after it launches the business.

(III) Investment plan for the coming year:

In order to speed up the development of retail markets, the Company adopts the whole network marketing. It will choose to acquire a part of the equity of suitable companies engaged in the information industry, and assess them in accordance with the Operating Procedure for Acquisition or Disposal of Assets.

VI. Analysis and assessment of risk factors

(I) In the most recent fiscal year, the risk items of any of the Company's overseas operation bases or subsidiaries that meet any one of the key subsidiary standards provided in Paragraph 2, Article 2-1 of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants must be added:

This Company is an exempted company, registered in the British Cayman Islands. The Company's subsidiaries that meet the aforesaid "key operating base or subsidiary" standard are the Luo Lih-Fen Group Co., Ltd. in Hong Kong and Juwenlee (Fujian) Cosmetics Co., Ltd. in Mainland China. Please refer to the state in Paragraph (II) below regarding the overall economy, changes in the political and economic environment, foreign exchange controls, taxation, and related Exchange Act and regulations as well as other risk items such as whether the court judgments of this nation are binding.

(II) A foreign issuance company must declare the overall economy of the primary operating nation; changes in the political and economic environment, foreign exchange control, taxes, and the relevant laws; whether the Company acknowledges the force of the final judgments made by our nation's courts; and describe the response measures adopted:

This Company is a holding company registered in the Cayman Islands, and its principal place of operation is in Mainland China. The relevant risk issues in the British Cayman Islands, Hong Kong, and Mainland China are described below:

1. Registration Location: Cayman Islands

(1) Overall Economy as Well as Political and Economic Environment Changes

The Cayman Islands is a British overseas consortium in the West Indies, and is located in the Caribbean Sea to the south of Miami, Florida. The Cayman Islands has been politically stable for a long time. The capital George Town is located on Grand Cayman and serves as an administrative, commercial, and financial center with financial services and tourism as its main sources of income. The Cayman Islands is one of the world's key financial centers.

There are five types of companies that can be registered in the Cayman Islands: ordinary company, ordinary non-resident company, exempted company, limited duration company, and foreign company. Among them, exempted companies are mainly used by companies and individuals in various countries for financial planning.

In recent years, the Cayman Islands government has actively strengthened the goodwill of its overseas financial operations. It signed the "Mutual Legal Assistance Treaty" with the United States through the British government in 1986 in order to jointly prevent international criminal organizations from using the Cayman Islands for illegal transactions such as drug trafficking or money laundering.

While preventing crimes, the Cayman Islands Government is also committed to ensuring the confidentiality of legitimate business practices. Therefore, the political and economic development of the Cayman Islands has been very stable for a long time, and its law and order are also good.

In summary, the Company is a holding company registered in the form of an exempted company in the Cayman Islands, and has no actual operational activity in the local area. Since the Cayman Islands has been politically stable for a long time, it is the fifth largest financial center worldwide. Its overall economic as well as political and economic environment changes have no significant impact on the overall operation of the Company.

(2) Foreign Exchange Control, Taxation Risks, and Relevant Laws and Regulations

At present, the Cayman Islands neither levies taxes on personal or company profits, income, gains, or property appreciations nor does it have an inheritance tax or succession duty. Except for stamp duty applicable for contracts signed in the Cayman Islands or for contracts drafted in the Cayman Islands, there are no taxes levied by the Cayman Islands government that may be considered significant for the Company. The transfer of shares in a Cayman Islands company is not subject to stamp duty in the Cayman Islands except where the company has interest in the land of the Cayman Islands.

There are no foreign exchange controls or currency controls in the Cayman Islands.

In terms of legal regulations, the Company Law of the Cayman Islands requires companies in the Cayman Islands to establish the Memorandum of Association to specify the company name, registered address, and capital composition; however, it does not mandate companies to establish an Articles of Association. In practice, companies in the Cayman Islands will refer to the First Schedule Table A of the Company Law in drafting the Articles of Association for the purpose of regulating the company's internal operations. Therefore, this Company shall abide by its Articles of Association, the Company Law of the Cayman Islands, and other relevant laws and regulations. Although the laws of the Cayman Islands and the Republic of China are different, this Company has amended its Articles of Association according to the relevant laws and regulations of the Republic of China, the requirements of the competent authorities, and within the bounds of the Cayman Islands laws. Matters not covered by the Articles of Association shall be handled according to the relevant laws of the Cayman Islands and the laws of the Republic of China applicable to the stock publicly offered by a foreign issuer in order to protect the shareholders' rights and interests of investors in the Republic of China. However, the degree of protection of shareholders' equity may still differ from that of companies established under the laws of the Republic of China.

(3) Are the Domestic Final Civil Judgments Binding?

A. Risk of Litigation

The Company is an exempted company registered in the Cayman Islands and has not applied for approval from the Ministry of Economic Affairs in accordance with the laws of the Republic of China. Although the Company's Articles of Association expressly stipulate that shareholders holding over 3% of the total shares issued by the Company for over one year may file a lawsuit in a court of competent jurisdiction (including the Taipei District Court of Taiwan) in order to seek appropriate remedies for improper Shareholders' Meeting procedures, resolutions passed improperly, business actions that can damage the Company, or director related actions that violate the law or the Articles of Association of this Company. The Company shall designate the litigious and non-litigious agents for litigation in Taiwan according to the laws of the Republic of China. However, if an investor files a lawsuit against the Company or the person in charge in a court of the Republic of China, the court may still determine the existence of jurisdiction and the delivery method according to the nature and circumstances of the case. The court may also require the investor to state the foreign laws associated with the case. So not all types of cases are guaranteed to obtain a physical judgment from a court in the Republic of China.

B. Court Judgment Recognition and Enforcement Risks

The Company has obtained legal advice from the Cayman Islands summarized as follows: Although there is no law in the Cayman Islands providing that the judgments made by the courts of the Republic of China are enforceable in the Cayman Islands, the Cayman Islands Court will recognize and enforce the judgment of a foreign court from a competent jurisdiction (including the Republic of China) based on the principle that the court of a foreign country with jurisdiction has issued an order of a debt payable by the debtor. However, such judgment must be final and cover non-tariff or other cash payments of such

obligations, fines, penalties; and the acquisition or execution of the judgment shall not contravene the public policy of the Cayman Islands. In certain circumstances, the Cayman Islands courts may extend the classification of remedies issued by foreign courts in the Cayman Islands beyond monetary judgment into remedies such as mandatory orders, declarations, and injunctions.

The Company's Articles of Association clearly stipulate that under the premise as permitted by the Cayman Islands Company Law, the content of the Company's Articles of Association do not prevent any shareholder from filing a lawsuit in a court of competent jurisdiction for appropriate remedies within 30 days after the resolution is made on the grounds that the convening procedure or resolution method of the Shareholders' Meeting is contrary to the statute or charter. The Company's Articles of Association expressly provide that the Taipei District Court of Taiwan may be the court of first instance for disputes arising from the foregoing matters. However, since the Company is an exempted company in the Cayman Islands, if a lawsuit is filed in the Cayman Islands court, said court will first determine whether it has jurisdiction to hear the relevant dispute. If said court determines that it has jurisdiction to hear the relevant dispute, it shall have sole discretion to determine the content of the relief.

The Cayman Islands Company Law does not have specific specifications for minority shareholders to file derivative actions against the directors in a Cayman Islands court. In addition, the Company's Articles of Association are not a contract between the shareholders and the directors, but an agreement between the shareholders and the Company. Therefore, even if the minority shareholders are allowed to file a derivative action against the directors according to the Articles of Association, such regulations are not binding on the directors under the laws of the Cayman Islands. However, under the Common Law of the Cayman Islands, all shareholders(including minority shareholders) have the right to file derivative actions(including litigation against directors) regardless of their shareholding ratios or shareholding periods. Once a shareholder sues, the court of the Cayman Islands shall have full discretion to decide whether the shareholder can continue the lawsuit. In other words, even if the Company's Articles of Association permit minority shareholders(or shareholders with the required shareholding ratio or shareholding period) to file a lawsuit against the directors on behalf of the Company, the court of the Cayman Islands shall ultimately determine whether the lawsuit may continue. According to the relevant judgment of the Cayman Islands Grand Court, when the Cayman Islands courts consider whether to approve the continuation of derivative proceedings, the applicable criterion is whether the Cayman Islands courts believe and accept that the plaintiff's request on behalf of the Company is apparently material and whether the claimed wrongdoing perpetrated by those who have control over the Company, and such controllers can compel the Company not to file a lawsuit against them. The Cayman Islands courts shall issue a ruling on a case-by-case basis (although the court may refer to the provisions of a Company's Articles of Association, this is not a decisive factor).

(4) Must Taiwan Extradite the Accused for Trial?

The securities supervision authority of the Cayman Islands where the Company is registered has signed the "International Organization of Securities Commissions Multilateral Memorandum of Understanding." The Financial Supervisory Commission of the Executive Yuan of the Republic of China may, in accordance with the law, request information from the securities regulatory authorities of the Cayman Islands to provide relevant information or documents. They include, but are not limited to, all current records sufficient to retrace all transactions related to securities and derivative financial products (including all funds and assets transferred to the bank as well as trading account entry and exit records), etc. However, the memorandum does not have any provisions relating to extradition. Therefore, Taiwan has no right pursuant to the memorandum for requesting the Cayman Islands to extradite the defendant back to Taiwan. Secondly, there is no agreement in terms of mutual legal assistance in criminal justice between Taiwan and the Cayman Islands. Based on the above, Taiwan may face the risk of not being able to request the Cayman Islands to extradite the defendant back to Taiwan for trial.

(5) Applicability Risk for the Laws Derived Based on the Differences Between the Cayman Islands Laws and the Republic of China Laws

This Company is a company established under the laws of the Cayman Islands. It is listed on the Taiwan Stock Exchange and has amended its Articles of Association in accordance with the requirements of the relevant laws of the Republic of China in order to protect shareholders' rights and interests. Matters not covered by the Articles of Association shall be handled by the Company according to the relevant laws of the Cayman Islands and the applicable laws of the Republic of China. The laws of the Cayman Islands and the Republic of China have many differences in terms of company operation regulations. Investors cannot apply the legal protection rights for a ROC company investment into a Cayman Islands company investment. Investors must acknowledge and consult with experts when necessary to find out if shareholders' rights protections are unavailable when investing in a Cayman Islands company. Moreover, the differences between the laws of the Cayman Islands and the Republic of China may cause applicability conflicts or ambiguous interpretations, and such applicability conflicts or ambiguous interpretations must be resolved by a court judgment. Therefore, investors are reminded that if they want to request the Cayman Islands court to enforce the judgment issued by a Republic of China court or to file a lawsuit or enforce their rights in the Cayman Islands courts, the Cayman Islands courts may not necessarily recognize the laws and trading practices of the Republic of China (including, but not limited to, the share transfer methods and the shareholder), which may generate risks against the right to exercise for foreign companies.

(6) Investors Shall Carefully Assess Whether Their Financial Capabilities and Economic Conditions are Suitable Before Trading in Foreign Securities of Listed, Over the Counter, or Emerging Stock Companies; and Pay Special Attention to the Following Issues:

The Company's corporate affairs are subject to the Company's Articles of Association as well as the Company Law and Common Law of the Cayman Islands. The rights of shareholders to make claims against directors, the rights of minority shareholders to sue, and the loyalty obligations of directors under the laws of the Cayman Islands are mostly subject to the Common

Law of the Cayman Islands. Portions of the Cayman Islands' Common Law are derived in part from the relatively limited Cayman Islands court precedents and the English common law, which have referential value but are not binding to Cayman Islands courts. The shareholder rights and the directors' loyalty obligations as regulated by the Cayman Islands' laws may be less clear than the statutes or court judgment precedents of other countries that are more familiar to the investors.

The Company is a company organized under the laws of the Cayman Islands. Therefore, shareholders may not request to execute any judgments issued by a nation outside of the Cayman Islands against this Company, some or all of its directors, or senior managers. Shareholders may also be unable to serve the directors or senior managers of the Company in their countries of origin, or may not be able to execute a judgment issued by the shareholder's local court according to the civil liabilities pursuant to the securities related laws and regulations against a director or senior manager of the Company. For the Company's directors or senior managers who are not the residents of the country where the judgment was made, there is no guarantee that shareholders will be able to enforce their civil and commercial judgments against the counterpart.

2. Main Operating Country: Hong Kong

(1) Overall Economy as Well as Political and Economic Environment Changes

Hong Kong is located on the north bank of the South China Sea, the Pearl River Estuary, east of the Pearl River Estuary, north of Guangdong Shenzhen, south of the Wanshan Islands, and west of Macau and Guangdong Zhuhai. It consists of the Hong Kong Island, Kowloon, and the New Territories. In 1842, Hong Kong Island was permanently ceded due to the signing of the "Nanjing Treaty" between China's Qing Dynasty and the United Kingdom. Subsequently, the "Convention of Peking" and "The Convention Between Great Britain and China Respecting an Extension of Hong Kong Territory" were signed to cede Kowloon and rent the New Territories, respectively, and later became the overseas area ruled by the British. In July 1997, the People's Republic of China withdrew the sovereignty after reaching an agreement with the United Kingdom and established the Hong Kong Special Administrative Region. It became one of the special administrative regions under the People's Republic of China, and the "Hong Kong Basic Law" was formulated to outline the basic management policy by the Chinese government for Hong Kong in the next 50 years after 1997. The basic management policy for Hong Kong includes maintaining Hong Kong's existing capitalist system and lifestyle, and reserving a high degree of autonomy except for diplomacy and defense.

Hong Kong primarily pursues a free market capitalist economic system. Under the development of its geographical advantages as well as political and economic history, it has gradually become one of the important hubs for finance, service industry, and shipping in the Asia Pacific region. After its return to the People's Republic of China, Hong Kong faced the 2000 Internet bubble and the SARS crisis that weakened its economy. Since 2004, Hong Kong's economy has begun to recover. In addition, the government has adopted financial, logistics, tourism, as well as industrial and commercial support services as "Hong Kong's four major economic pillar industries" that helped Hong Kong's economy to develop and flourish. Although the financial tsunami in 2008 and the weak global economy have slowed down Hong Kong's economic development, Hong Kong's long-term economic and trade development, its position as an international economic and trade center, as well as the "13th Five-Year Plan" and the "Belt and

Road Initiative" policies promoted by the Chinese government have promoted and developed Hong Kong's financial services and facilitated the overall economic development of Hong Kong.

(2) Foreign Exchange Control, Taxation Risks, and Relevant Laws and Regulations

In terms of foreign exchange, there is currently no foreign exchange control unit in Hong Kong, so there is currently no foreign exchange control.

In terms of land tax and other levies as well as statutes, Hong Kong's taxation system is mainly "regional" or "tax source" based. Therefore, enterprises engaged in trade, professional services, and business activities in Hong Kong are subject to taxation. Under Hong Kong's Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), the taxes levied in Hong Kong primarily comprise three types: profits tax, salaries tax, and property tax. The taxation period is from April 1 to March 31 of the following year. The profits tax, salaries tax, and property tax are described as follows:

- A. Profits tax: Anyone, including companies, partnerships, trustees, or groups and natural persons, who engages in an industry, profession, or business in Hong Kong whereby said industry, profession, or business has generated taxable profits from Hong Kong (except for profits from the sale of capital assets) must pay taxes.
- B. Salaries Tax: Salaries tax is payable on all income, employment, and Retirement generated in Hong Kong or obtained from Hong Kong.
- C. Property Tax: The tax paid in Hong Kong for holding property and leasing profits. There is no need to pay property tax for holding property only; but one must still pay rates, land taxes, or government rents.

Other taxes include:

- D. Stamp Duty: The tax levied by the Hong Kong Government on all transfers involving real estate, real estate leases, and stock transfers.
- E. Commodity Tax: Hong Kong generally does not impose a commodity tax, except for liquor, tobacco, hydrocarbon oils, and automobiles.

The profit tax rate is 16.5% (15% for non-corporation personnel). Therefore, the tax burden on enterprises operating in Hong Kong is relatively light, and companies earning income from non-Hong Kong sources (i.e., offshore income) or income from capital gains are exempt from taxation in principle. Therefore, Hong Kong's taxation system as well as laws and regulations have no adverse effect on the development for enterprises.

(3) Are the Domestic Final Civil Judgments Binding?

There is no judicial reciprocity or other agreement of a similar nature between Hong Kong and the Republic of China. However, the Hong Kong courts may follow common law. The party may sue and request execution according to a judgment made by a court in the Republic of China, and the Hong Kong court may consider whether the judgment meets certain conditions including, but not limited to:

- A. The judgment is related to the payment of a specific transaction volume and does A involve taxes or fines (including punitive liquidated damages); and
- B. It must be the final judgment; and the judgment may not be associated with the following circumstances:

- (A) Obtained fraudulently;
- (B) The judgment procedure violates the principle of fairness and justice;
- (C) The recognition and enforcement of the judgment violate Hong Kong's public policies;
- (D) According to Hong Kong Law, the courts of the Republic of China have no jurisdiction; or
- (E) The result of the judgment is contrary to the results of the Hong Kong judgment that the same party has obtained in the same dispute.

3. Main Operating Country: Mainland China

(1) Overall Economy as Well as Political and Economic Environment Changes

The People's Republic of China is located in East Asia and its capital is Beijing. China has a very long development history. As for its modern history development, economic development has become the focus of national development since Mainland China's reform and opening-up policy in 1978 that prompted Mainland China to become one of the fastest growing economies in Asia. Under its economic development plan, the Chinese government has formulated a development plan once every five years. Since the "12th Five-Year Plan" in 2011, Mainland China's national construction and development policies have become more comprehensive. In addition to the rapid expansion of domestic labor, capital, and resources as well as technology and system improvements aimed at improving the efficiency of various domestic production activities; Mainland China has also actively promoted general education, urbanization, infrastructure construction, and the upgrade of the resident consumption structure. Mainland China has also actively invested in international activities, participated in international organizations, and thereby promoted its international influence.

In recent years, China's economic development has slowed relative to previous years. However, the government's development policy has entered the "13th Five-Year Plan" period. Under the continuation of infrastructure construction and policy development, economic development will continue to grow. According to the statistics from the National Bureau of Statistics of China, the country's GDP from 2015 to 2020 was RMB¥68,905.2 billion, RMB¥74,412.7 billion, RMB¥82,712.2 billion, RMB¥90,030.9 billion, RMB¥99,086.5 billion, with GDP growth rates of 6.9%, 6.7%, 6.9%, 6.6% and 6.1%, respectively. The statistics indicate a gradual slowdown in economic growth. However, the market in Mainland China has gradually warmed up. Therefore, with the continued implementation of the "13th Five-Year Plan" by the Chinese government and the international economy, Mainland China's economy is expected to continue to grow.

(2) Foreign Exchange Control, Taxation Risks, and Relevant Laws and Regulations

After the reform and opening up of the Chinese government in 1978, the foreign exchange management system was gradually adjusted from a highly centralized project management to market management. However, the Chinese government made major reforms to its foreign exchange management system in 1994 and established the China Foreign Exchange Trading Center in order to provide foreign exchange trading and clearing services for financial institutions; established an inter-bank foreign exchange market; and canceled foreign exchange retention, surrender, and quota management in the foreign exchange system. As the Chinese government

has conducted foreign exchange reforms and implemented them for many years, the Renminbi has gradually become one of the major currencies worldwide as the global economic situation has evolved. Therefore, the exchange rates between the Renminbi and foreign currencies also affect China's political and economic development. So, Mainland China started to adopt a floating exchange rate policy since July 21, 2005 to officially detach the Renminbi exchange rate from the U.S. dollar; and adopted the Basket of Exchange Rates policy that allows the Renminbi exchange rate to fluctuate slightly. However, the Chinese government has strongly blocked the appreciation of the Renminbi in order to keep its exports competitive. Therefore, the exchange rate of the Renminbi tends to be undervalued. The international powers led by Europe and the United States will continue to exert pressure on the Chinese government to force the Renminbi to appreciate against the U.S. dollar.

(3) Corporate Income Tax and Value Added Tax

A. Corporate Income Tax Law

China's current law regulations for corporate income tax primarily comprise the "Enterprise Income Tax Law of the People's Republic of China" (hereafter "New Enterprise Income Tax Law") promulgated on March 16, 2007 and amended on February 24, 2017, as well as the "Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China" on December 6, 2007 (hereafter "Implementation Regulations"). The transition period measure the package implemented for foreign-invested enterprises established prior to the promulgation of the new Exchange Law in 2007, which meant that companies that have enjoyed a lower income tax rate can receive a grace period of up to five years. The new Exchange Law promulgated in 2007 took effect on January 1, 2008. According to the New Enterprise Income Tax Law and its implementation rules, a 25% corporate income tax would uniformly apply to foreign- and domestic-funded enterprises in China, and a number of tax reductions and exemptions for foreign companies were canceled. In addition, pursuant to the New Enterprise Income Tax Law and starting January 1, 2008, if a non-resident enterprise does not have an institution or place of business in Mainland China or if the institution or place of business has been established but the income obtained is not actually related to the institution or place of business established, the income shall be regarded as one of the various passive incomes originated in Mainland China (e.g., dividends), and the prepaid income tax shall be paid at a 10% tax rate (with a 5% tax rate under the Hong Kong Special Administrative Region tax treaty).

B. Value-Added Tax

The value-added tax (VAT) of Mainland China was primarily introduced in 1979. However, because the system was not yet complete, the Chinese government conducted reforms and promulgated the "Provisional Regulations of the People's Republic of China on Value-Added Tax" in December 1993, revised the relevant regulations in November 2008 and November 2017, and enforced the regulations on November 19, 2017. The regulations mainly provide that units and individuals who sell goods, labor services, tangible movable property leasing services, or import goods in Mainland China are VAT taxpayers; and the main VAT rate is 0%-13%. The zero-tax rate also applies if the export goods meet certain conditions. The implementation of the regulations has been gradually promoted after

Shanghai began to pilot program to switch from business tax to VAT in January 1, 2012. On August 1, 2013, the pilot reform was promoted throughout the nation. The pilot industries include transportation, postal services, and telecommunications. For modern services such as R&D and technical services, information technology services, cultural and creative services, logistics support services, forensic consulting services, and tangible movable property leasing services; except for the 16% VAT rate for tangible movable property leasing services; the VAT rate for transportation and postal services is 11%, the VAT rate for modern services providers is 6% (except for limited movable property leasing services), and the VAT rate for taxable services regulated by the Ministry of Finance and the State Taxation Administration is 0%. Since May 1, 2016, the pilot reform of switching from business tax to VAT has been launched nationwide. All business taxpayers including construction, real property, finance, and life services have been included in the scope of the pilot reform and have been switched from paying business tax to VAT. The business and services of the important subsidiaries in Mainland China may involve pilot reform related businesses and services. Therefore, the scope of the VAT taxation and the aforesaid tax rates may apply.

(4) Law of the People's Republic of China on Employment Contracts

The Chinese government passed the "Law of the People's Republic of China on Employment Contracts" (hereafter "the Law") on June 29, 2007, enforced it on January 1, 2008, and revised it on December 28, 2012. The Law provided that once an enterprise has commenced employment (including internship), the employer and the employee must sign a written labor contract. If the written labor contract has not been signed for one year from the date of hiring, the employer and employee parties are deemed to have reached a labor contract with no fixed termination period and no fixed term. Therefore, if the employer has not signed a written labor contract with the employee between one month and less than one year after the date of employment, the employer shall pay two-month's salary for each month that the employee has worked. In addition, when the employment relationship ends, the employer must pay economic compensation if special conditions stipulated in the labor contract have been met. However, if the employer provides the same or better renewal conditions compared to that of the previous contract but the employee refuses to accept the new contract, the employer shall be exempted from paying economic compensation. The compensation shall be based on the employee's tenure, but shall not include specific periods determined by the local government prior to 2008. Generally speaking, employees are entitled to one month's salary as compensation for each year that they have worked. A work period over six months and less than one year shall be deemed as one year. Employees who worked for less than six months are entitled to a half month's salary as compensation. In addition, if the employer and the employee have not signed a written employment contract, but there is an arbitration or court judgment that the employment relationship actually exists for over one month, the employer shall pay the employee double the monthly salary and the employee compensation according to the preceding calculation method with no exemption period. Regarding non-scheduled employment contract, it is unclear whether an employer is obligated to pay employee compensation.

(5) Particularities of Land and Real Property

Relevant regulations regarding land and real property in Mainland China are primarily based on the "Law of the People's Republic of China on Land Administration" and the "Law of the People's Republic of China on Urban Real Estate Administration." Mainland China mainly implements the socialist public ownership of land. The ownership of the land is mainly exercised by the State Council on behalf of the state, and there is no private land in the territory. Additionally, the lands in Mainland China are also subject to different useful life due to different characteristics of use. For example, the land use for residential land is 70 years; and the land use for industrial land, education, science and technology, culture, health, and sports is 50 years. Pursuant to Article 22 of the "Urban Real Estate Administration," upon expiration of the land use right, the land user must apply for renewal one year in advance. Unless the land must be recovered according to the public interest, the land user must sign a new contract upon approval by the government, pay the land use right transfer fee, and complete the registration. In addition, the state may impose eminent domain or expropriate the land according to public interest pursuant to the law, and provide compensation to the land user.

In terms of housing lease, the Chinese government has promulgated the "Administrative Measures for the Leasing of Commodity Housing" on December 1, 2010 and provided that parties to a housing lease must sign a written lease contract. The "Contract Law of the People's Republic of China" and the relevant provisions provided by the Supreme People's Court via "Interpretation on Several Issues Concerning the Specific Application of Law in the Trial of Disputes Over Town House Leasing Contract" provide that the law and administrative regulations require a lease contract to undergo the lease filing formalities. However, failure of the parties to complete the registration procedures shall not affect the validity of the lease contract, the ownership of the subject matter, and other property rights that cannot be transferred.

The Company's subsidiary in Mainland China -- JUWENLEE -- has been unable to obtain a real property license throughout the original land and building obtaining process due to the real property registration history problems. Therefore, when the Economic Development Bureau of Zhangzhou Taiwanese Investment Zone issued a notice on the registration of real estate for industrial enterprises in September 2017 to allow enterprises that meet the conditions to reapply for real property licenses according to the law, the Company completed the re-registration process for the plant and obtained the real property certificate for the aforesaid plant. Overall, there is no significant adverse impact on the Company's operations.

(6) Social Insurance and Housing Provident Fund

A. Social Insurance Payment Situation

In order to guarantee and enhance people's livelihood and welfare, the Chinese government promulgated the "Social Insurance Law of the People's Republic of China" in October 28, 2010 and implemented it on July 1, 2011. The main contents of the law include basic pension insurance, basic medical insurance, industrial injury insurance, unemployment insurance, maternity insurance, and social insurance premium collection. However, the different approaches or interpretations of the social insurance system for employees by the local governments in Mainland China have led to inconsistencies in terms of pension, medical care, work-related injuries, unemployment, and maternity insurance benefits implemented by

the local governments when compared to the regulations promulgated by the State Council of China. The Company's subsidiary in Mainland China is currently paying the social life insurance premium according to the minimum base point provided by the law. The Company has estimated the difference from the amount payable under the current law and included it in the financial statements. The major shareholders also promised that if the difference is to be recovered by the competent authority, they will bear responsibility. Therefore, the relevant social insurance regulations will not have a significant or adverse impact on the Company.

B. Housing Provident Payment Status

The Chinese housing system began in the 1980s, and was inspired by the Singapore Central Provident Fund system in 1991. Therefore, the housing provident fund system was first established in Shanghai and then extended to cities and towns above the country level in 1994. To strengthen the management of housing provident fund, the Chinese government promulgated the Regulations on the Management of Housing Provident Fund on April 3, 1994, which was revised on March 24, 2002. However, due to actual situation differences for various areas across Mainland China, areas have established specific provisions for housing provident fund collection under the premise of conforming to the "Regulations on the Management of Housing Provident Fund" or issuing housing provident fund payment base point and ratio related policies each year. In addition, the housing provident fund is limited to the purchase of houses and home repairs in the area where they are deposited, and cannot be used for external housing purchases. In addition, the employees must also pay the same ratio from their salary as that paid by the Company into the housing provident fund account.. The Company's subsidiary in Mainland China is currently paying the housing provident fund according to the minimum base point provided by the law. The Company has estimated the difference from the amount payable under the current law and included it in the financial statements. The major shareholders also promised that if the difference is to be recovered by the competent authority, they will bear responsibility. Therefore, the relevant housing provident fund regulations will not have a significant or adverse impact on the company.

(7) Environmental Protection

With the development of Mainland China, environmental protection has also become one of the key specifications of concern for the Chinese government. At present, the major environmental protection regulations of Mainland China include the "Environmental Protection Law of the People's Republic of China," "Water Pollution Prevention and Control Law of the People's Republic of China," "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution," and "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste." Pollution generating units are subject to the relevant regulations. Among them, if the enterprise produces waste gas, waste water, waste residue, dust, odorous gas, radioactive substances, noise, vibration, electromagnetic wave radiation, etc., it is necessary to obtain a waste discharge permit and pay the waste discharge fee. In the case of behaviors that violate the provisions provided by the relevant environmental protection laws, the relevant environmental protection supervision authorities may issue a warning, order a stop of production or utilization, order reinstallment and use, or issue punitive fines according to the different circumstances. In addition, GLINGLUO the construction project

is put into production or use, its environmental pollution prevention and control facilities must pass the acceptance inspection by the environmental protection administrative department. Construction projects that fail to meet the requirements of the state's environmental protection control regulations for construction projects shall Company may be put into production or be utilized.

The Company's subsidiary in Mainland China -- JUWENLEE -- completed the environmental inspection acceptance in 2011 and obtained the pollution discharge permit (the latest license is valid from March 15, 2017 to March 14, 2022). In response to the future development needs, the Company's status was reported to the Zhangzhou Taiwanese Investment Zone Economic Development Administration on May 30, 2016; and the Company completed the investment for the application to expand the annual output of cosmetics to 500 tons on December 1, 2017. As of the publication date of the assessment report, the environmental inspection acceptance report for the project expansion area has been completed and approved by the experts on-site, the total amount of pollution discharge applied has been approved, and the Company has obtained the approval for the registration and the renewal of the discharge permit from the environmental protection department. In addition, the Zhangzhou Taiwanese Investment Zone Environment and Safety Production Supervision Administration issued a certification on March 9, 2018 certifying that the Company has complied with the national and local regulations on environmental protection and safety production without any major environmental pollution accidents or production safety accidents. In addition, the major shareholders of the Company have also issued a letter of commitment pledging to bear any relevant fees incurred because of any law violations based on the circumstances described above. In summary, the relevant environmental protection regulations will not pose a significant and adverse impact on the Company.

(8) Chinese Government's Policy Development Trends and Regulatory Changes

The Company's subsidiaries in Mainland China are subject to the supervision and jurisdiction of the Chinese government including, but not limited to, the business department, market regulation management department, foreign exchange management department, environmental protection department, safety supervision department, and drug regulatory department. The aforesaid government regulatory authorities have the right to promulgate and/or enforce laws and regulations concerning the production and operations of the subsidiaries in Mainland China pursuant to the laws and regulations. The production and operation of the Company's subsidiaries in Mainland China require the approval and permission from the government regulatory authorities. If the subsidiaries in Mainland China cannot obtain or continue to hold the relevant approvals and permits from the various government regulatory authorities, said subsidiaries may incur penalties such as fines, terminations, or restrictions on operations. Any such occurrence will affect the production and operation of the Company. The Company will continue to closely observe and understand the policy development trends and regulatory changes of the Chinese government, and strive to follow them. On June 29, 2020, the State Council of the People's Republic of China promulgated the "Regulation on the Supervision and Administration of Cosmetics" (effective as of January 1, 2021 in accordance with State Order No. 727), tightening the requirements for product raw materials and legal responsibility management. The Company has strictly abide by the regulations, learned the laws in advance, asked its employees to

familiarize themselves with the provisional requirements of the law, and strengthened internal management to ensure that our business operations are in compliance with law. The introduction of this law did not impose a significant impact on the company.

(9) Dividend Distribution

As the Company is a holding company, its ability to pay dividends depends on the surplus and distribution of its subsidiaries as well as the distribution method and amount passed by the Board of Directors. Therefore, the future dividend distribution will be allocated based on the Group's overall operating performance, financial position, cash requirements, and the applicable laws and regulations. For example, according to Chinese laws, subsidiaries in Mainland China can only distribute and pay dividends from their net profits, and the net income amount is based on China's generally accepted accounting principles based on the retained earnings calculated by the relevant financial regulations in China as the benchmark. This is different from international financial reporting standards.

(10) Are the Domestic Final Civil Judgments Binding?

According to the "Provisions of the Supreme People's Court on Recognition and Enforcement of the Civil Judgments of Courts of the Taiwan Region" promulgated on June 29, 2015 and implemented on July 1, 2015, parties of a civil judgment issued by a district court in Taiwan can issue an application for a People's Court in Mainland China to recognize the civil judgment issued by a relevant court in Taiwan for issues such as: civil judgments, rulings, reconciliations, mediations, and payment orders. The People's Court shall, after examination, confirm whether the civil judgment issued by the Taiwan District Court is true and enter it into force. The People's Court may recognize any issues not in contravention of the one China principle, and the relevant matters are as follows:

- A. The civil judgment applied for recognition was made in the absence of the respondent, was not legally transmitted, or was made without capacity for action and without proper representation.
- B. The case is exclusively under the jurisdiction of the People's Court.
- C. The parties to the case have a valid arbitration agreement and have not waived the jurisdiction of the arbitration.
- D. The case is ruled on by the People's Court or an arbitration award has been made by an arbitration tribunal in Mainland China.
- E. The Hong Kong Special Administrative Region, the Macao Special Administrative Region, or a foreign court has made a judgment for the same dispute; and the decision has been approved or recognized by the People's Court.
- F. The Taiwan region, Hong Kong Special Administrative Region, the Macao Special Administrative Region, or a foreign arbitration tribunal has made a judgment for the same dispute; and the decision has been approved or recognized by the People's Court.

Therefore, after being approved by the People's Court, the civil judgment of the Taiwan District Court and the effective judgment of the People's Court shall have the same effect. However, considering that the People's Court of Mainland China is conditionally accepting the judgment of the Taiwan Civil Court, and there are uncertainties regarding the delivery of the litigation files issued by a Taiwan court to Mainland China as well as the recognition application

and enforcement time and force, the effectiveness of civil judgments made by Taiwan courts may still be at risk of being unrecognized and unenforceable in Mainland China.

(III) Effects That Interest, Exchange, Fluctuation, and Inflation Rates Have on the Profits and Losses of the Company as Well as the Future Response Measures

1. Effects that Interest Rate Changes Have on the Profits and Losses of the Company as Well as the Future Response Measures

Unit: NT\$ thousand; %

Items \ YEAR	2019		2020	
	Amount	% of net sales ratio	Amount	% of net sales ratio
Interest revenue	36,314	2.51	22,058	2.61
Interest Expenditures	99	0.01	1,448	0.17

The Company has no external capital borrowings over the last two years, so the market interest rate changes have not had a significant impact on the financial business of the Company.

The Company's capital planning is conservative and stable, and regards security as the primary concern for its working capital allocation. Idle funds are mainly in principal guaranteed financial products, fixed deposits and demand deposits, and the proportion of interest income is not high. However, the Company still maintains good relations with financial institutions, and can bargain for favorable financing conditions if there is a financing need in the future. In addition, the financial unit of the Company also pays close attention to the economic development situation on a regular basis and will take corresponding measures when necessary.

2. Effects That Exchange Rate Changes Have on the Profits and Losses of the Company as Well as the Future Response Measures

Unit: NT\$ thousand; %

Items \ YEAR	2019	2020
Exchange gain (loss)	(2,650)	(11,328)
% of operating revenue	0.18	1.34

The percentage of the Company's exchange gain (loss) for the most recent two years in the annual net operating revenue is considered low. The Company's collection currency and payment for purchases are mainly based on the Renminbi. Various expenses and payments can be offset to achieve natural hedging effects, reduce currency exchange needs, and can minimize the effects of exchange rate fluctuations.

3. Effects That Inflation Has on Company Profits as Well as the Future Response Measures

Under the rapid changes in the global economic environment, the Company has not experienced any significant impact on gain or loss due to the aforesaid inflation or deflation crisis as of the publication date of this Annual Report. In the future, the Company will continue to maintain close and good relations with suppliers and downstream customers, pay attention to market price fluctuations at all times, adjust procurement strategies and sales quotations in a timely manner, and reduce the impact of inflation changes on the Company's gains or losses.

(IV) Main Policies for Engaging in High-risk Engagements, Highly Leveraged Investments, Endorsement Guarantees, and Derivative Financial Transaction Policies; Main Reasons for Profits and Losses; and Future Response Measures

1. Main Policies for Engaging in High-risk Engagements and Highly Leveraged Investments, and the Main Reasons for Profits and Losses as Well as Future Response Measures

The Group has focused on its business operations based on the principle of soundness and pragmatic business philosophy, and never engaged in high-risk or high leveraged investments and transactions.

2. Main Financial Loan Policies, and the Main Reasons for Profits and Losses as Well as Future Response Measures

The Group has focused on its business operations based on the principle of soundness and pragmatic business philosophy, and does not have policies on financial loans to others. If the Group is to engage in relevant transactions in the future, it shall proceed cautiously in accordance with the "Operating Procedures for Loaning Funds to Others" established by the Company, and conduct the announcement declaration operations according to the relevant law and regulations.

3. Endorsement Policy, Main Reasons for Gains or Losses, and Future Response Measures

In the most recent year and until the date of publication of the annual report, except for the endorsement/guarantee made by the subsidiary, Lever Guide Biotech Co., Ltd. (TW), totaling NT\$150,000 thousand to satisfy bank financing needs, none of the Group members has made endorsements/guarantees or engaged in derivatives trading. Such transaction shall proceed cautiously in accordance with the "Operating Procedures for Endorsement and Guarantee" established by the Company, and conduct the announcement declaration operations according to the relevant laws and regulations.

4. Main Financial Derivatives Trading, and the Main Reasons for Profits and Losses as Well as Future Response Measures

The Company doesn't engage in any financial derivatives trading. Notwithstanding, if the Company does, the Company's Operating Procedure for Acquisition or Disposal of Assets will apply.

(V) Future R&D Plans and Anticipated Investments in R&D Expenses

1. Future R&D Plans

(1) Development New Series of Products

For products that have reached the market for a certain number of years, the technology center will redevelop a new series of products to satisfy the market demand; which shall contain new dosage formulas, ingredients, and enhanced product efficiency. In terms of consumer demands and market mainstream trends, the Company will develop skin care products that meet the new demands and new functions in order to increase product breadth and market share.

(2) Exchange with Peers

Actively participate in communication, broaden horizons, understand the latest trends in the industry, learn relevant information, master the latest technologies, explore new ideas, and improve product development and product pricing control capabilities.

(3) Cooperation with Academic Units

Work with related research institutions to develop or transfer the patents, with respect to stem cells, genes and existing patented technology, and apply the same to related products.

(4) Department Review and Summary

Review and summarize product design on a regular basis as well as improve design concepts, technical materials, etc.

2. Expected Investments in R&D Expenses

Unit: NT\$ thousand; %

Items	YEAR	2019	2020
R&D Costs		67,273	69,453
% of operating revenue		4.65%	8.22%

The Company's R&D investment is determined according to the new product development progress and process. With the acquisition of new product development plans and testing equipment, R&D expenses will be increased each year in order to support future R&D projects and increase the Company's market competitiveness. The R&D investment in 2021 is estimated to be no less than 3% of the operating revenue for the year.

(VI) Effects the Key Domestic and International Policy and Law Changes Have on the Financial Operations of the Company as Well as the Response Measures

The Company is registered in the British Cayman Islands. The Cayman Islands' main economic activity is financial services, its economy is open without foreign exchange controls, and it has stable political and economic conditions. The main place of operation is Mainland China. The various business operations of the Company are conducted in accordance with the important policies and laws of the country where the operations take place, and the Company will keep abreast of the important policy development trends and changes in the law. If there are any changes, the Company shall consult with lawyers, accountants, and other relevant units, or evaluate and plan the response measures, respond to changes in the market environment, and take the appropriate countermeasures. In the most recent year and as of the publication date of this Annual Report, there are no significant changes in the policies and laws of the aforesaid regions that pose a significant impact on the Company's financial business.

(VII) Effects That Technological Changes and Industry Changes Have on the Financial Operations of the Company as Well as the Response Measures

The Company is constantly paying attention to the relevant technology updates and enhancements in the industry and capturing the latest market information in order to assess its impact on the Company's operations. In terms of international financial technology development, enterprises are facing increasingly more risks. The Company has established a complete network and computer security protection system to control or maintain the functions of the Company's manufacturing operations as well as accounting and other important business operations. The Company also implemented the confidential software to prevent internal business information from being disclosed to the public. In the most recent year and as of the printing date of this Annual Report, the technological changes and industrial changes have no significant impact on the Company's financial business.

(VIII) Effects That Corporate Image Have on Corporate Crisis Management as Well as the Response Measures

The Company adheres to the concept of honesty, trustworthiness, and sustainable management. Since its establishment, it has focused on the business of the industry, developed a good corporate image, complied with the relevant laws and regulations, and will continue to maintain a good corporate image. In the most recent year and as of the publication date of the Annual Report, there is no corporate image change resulting in corporate crisis management.

(IX) Expected Benefits and Possible Risks of Merger and Acquisition as Well as the Response Measures

The Company's motion for its subsidiary Lever Guide Biotech Co., Ltd.'s merger and consolidation with Kang Jing Biologic Technology Co., Ltd. was resolved and approved at the Company's board meeting on November 9, 2020 and completed on December 31, 2020. After the merge, Lever Guide Biotech Co., Ltd. is the surviving company, and Kang Jing Biologic Technology Co., Ltd. is dissolved.

The purpose of this plan is to consolidate the existing brand distributors in Taiwan to integrate channel resources, provide a more comprehensive range of products and services, and expand the Company's sales network in Taiwan. The completion of this plan can not only directly increase the group's operating revenues and profits, and also improve its profitability through the integration of business resources, which will increase asset and financial management benefits and lower operating expenses. The Company will continue to implement business development plans in Taiwan and adjust its business strategies according to the market demand in Taiwan to improve our business performance.

(X) Expected Benefits and Possible Risks of Factory Expansions as Well as the Response Measures

The Company's subsidiary, JUWENLEE (FUJIAN) COSMETICS CO., LTD., was supposed to change its investment project as the "annual cosmetics production capacity to 500 tons" on December 1, 2017. After that, its annual production capacity attained 700 tons. Given the growing operating revenue and increasing production capacity and output, the existing output could not afford for the future development. It plans to demolish and expand the original factory premises. The reconstruction site will occupy an area of about 4300 square meters and the total construction area account for an area of about 17,000 square meters. The project will be carried out in two stages. The first stage is intended for the expansion of the factory premises, while the second stage is for expansion of the smart warehousing center. After that, the production capacity of cosmetics is expected to increase by 2,100 tons per year. Namely, the annual production capacity will increase from 700 tons to 2,800 tons per year.

In response to the expansion project and need for production capacity, the Company will complete the construction in steps, and adjust the production capacity and expand progress subject to the demand in the market, in order to enhance the production capacity utilization rate.

(XI) Risks of Concentrated Procurement or Sales as Well as the Response Measures

1. Risks of Concentrated Procurement and the Response Measures

The Company's purchase targets are dispersed according to the source and nature of the raw materials. In the past two years, the proportion of purchases from each supplier has not reached 30%.

Overall purchases are not concentrated from a single supplier, so there is no concentrated procurement related risk.

2. Risks of Concentrated Sales and the Response Measures

The Company's main operating model is to establish regional distributors, have the distributors provide the products to terminal beauty salons, and have the terminal beauty salons sell to individual consumers. The sales amount of each distributor accounted for less than 10% of the total sales, so there is no risk of concentrated sales.

(XII) Effects and Risks That Large-number Transfers or Replacements of Directors, Supervisors, or Major Shareholders Holding Over 10% of the Company's Shares Have to the Company as Well as the Response Measures

Ms. Li-Chen Lin, a director of the Company, reported in December 2020 that she has transferred a total of 237,000 shares held through nominees LeadSun Investment & Asset Management Limited by the after-hours trading method. This transfer was completed within the reporting period. The potential effect of this transaction on the Company and the Company's response:

1. Decrease in director's shareholding ratio: After the transaction was completed, the shareholding ratio of all directors of the Company still conforms to applicable laws and regulations.
2. Effect on stockholders' equity or securities prices: After the transaction was completed, the Company continued to keep track of its securities prices. Investors also made inquiries through the Investor Relations section. Because numerous factors in a capital market influence securities prices, our assessment showed that the above transaction generated a limited effect on the company's stockholder equity or securities prices.

(XIII) Effects and Risks That Operating Rights Changes Have to the Company as Well as the Response Measures

As of the publication date of the Annual Report, the Company has no change in management rights that affects its operations.

(XIV) Litigation or Non-litigation Events

1. Finalized judgments or pending litigations, non-litigations, or administrative disputes for the Company in the last two years until the publication date of this Annual Report whereby the results may have major impacts on the shareholders' rights or share prices; and the facts, amount of the subject matter, litigation starting date, main parties involved in the litigation, and current handling condition that must be disclosed: None.
2. Finalized judgments or pending litigations, non-litigations, or administrative disputes associated to the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares in the last two years until the publication date of this Annual Report whereby the results may have major impacts on the shareholders' rights or share prices: None.
3. Company directors, supervisors, or major shareholders holding over 10% of the Company's shares involved in matters described by Article 157 of the Securities and Exchange Act in the last two years until the publication date of this Annual Report as well as the current handling status by the Company: None.

(XV) Other Important Risks and Response Measures

1. Industry Risk - Intensive Market Competition

Professional lines of cosmetics and skin care products have better profits due to higher technical thresholds, but also attract enterprises or less legitimate manufacturers to join the competition. In addition, statistics provided by ZhiYan Intelligence Research Group (2016) indicated that there are over 50,000 professional brands, over 10,000 manufacturers, and approximately 1.7 million professional beauty salons across Mainland China. On average, each medium- to large-scale manufacturer's products can be sold in 300 beauty salons. This causes small-scale manufacturers to compete by providing discounts and gifts, which showcases the fierce competition of the market.

Response Measures

The Company is constantly paying attention to the relevant technology updates and enhancements in the industry and capturing the latest market information in order to assess its impact on the Company's operations. In the most recent year and as of the publication date of this Annual Report, the technological changes and industrial changes have no significant impact on the Company's financial business.

2. Operating Risk - Counterfeiting is Severe in the Mainland China Market

As a professional high-end cosmetic and skin care brand, brand image is critical to the Company. However, as the Company continues to operate and expand, the Company's products are at risk of being counterfeited and maliciously attacked on the market, which may affect the Company's brand image and interests as well as have certain negative impacts on the Company.

Response Measures

If the Company's brand image and other rights are infringed on or the reputation is maliciously degraded, the Company shall elect to protect such interests via legal channels. These efforts may cost the Company a certain amount financially, materially, and in manpower as well as adversely affect the normal operation of the Company. The Company has established a professional anti-counterfeit products team to investigate the criminal responsibility of counterfeiters. This in turn helps to reduce the risk of product counterfeiting and damage to the brand image.

3. Industry/Operational Risk - Beauty Care Instructors and Beauticians in Terminal Beauty Salons Have a High Turnover Rate

Beautician instructors are the key for the Company to retain its customers. In addition to constantly learning new knowledge, technology, product efficiency skilled care techniques, and equipment use, they must also have the necessary sales skills to visit the various regional terminal beauty salon owners and beauticians in order to promote the Company's products. Therefore, they even represent the Company's image and spirit in a sense. The beauticians of the terminal beauty salons are the first-line personnel facing the consumers to recommend products and care services. However, because both positions are considered long work hour and labor-intensive jobs, the employee turnover rate is relatively high.

Response Measures

In addition to the cooperative sponsorship of Luo Lih-Fen Image Health Management Institute with Eastern Liaoning University and signing an industry/academia cooperation agreement with Heilongjiang University of Chinese Medicine Jiamusi College, the Company has also established "skin care institutes" under its organizational structure, and created a comprehensive education and training

system. Each year, core competence courses in professional knowledge, management skills, and nursing techniques are provided through "Youth Camps," "Knowledge Tour Camps," "I am Diva," and "Handsome Ace Camps" to beautician instructors, terminal beauty salon owners, and beauticians. The Company will also continue to provide a comprehensive staff welfare and promotion system as well as good working environment to the staff in order to retain excellent talents and reduce the turnover rate.

4. Climate change risk:

In recent years, summer seasons have reached record-high temperature. Characterized by rising sea level, ice field melting, and frequent catastrophic climate disasters and extreme weather phenomena, climate change poses a significant impact on the sensitive ecosystems in the environment, triggering mass extinctions and food crisis. The period 2010 to 2019 records the hottest decade in history, with carbon dioxide (CO₂) level reaching its highest point in 650,000 years. To control global warming, CO₂ emission must be reduced. In 2015, the United Nation passed the Paris Agreement. The IPCC reported in 2018 that emissions of CO₂ must fall by 45% by 2030, reaching 'net zero' around 2050, is the only way to prevent the severe disasters arising from climate change.

Response Measures

The Company adopts the environmental protection-related management policies and practices various environmental protection and remediation actions, in line with the local governments' policies applicable within the jurisdictions where the subsidiaries are located. The Company is primarily engaged in R&D, production and sale of skin care products. Under the impact of extreme weathers and environmental changes, the Company's managers assess the impact of climate changes on market trends on a yearly basis. Such assessments include investigations on the skin and health problems posed by changes in air temperature and particulate matter indexes. The managers seek environmentally friendly ingredients and materials for new product formulas and packaging materials. Considering the nature of the Company's business, they also set relevant goals for and implement environmental policies during day-to-day operations and product manufacturing processes. The Company actively raises the awareness to conserve energy and reduce carbon reduction, thereby infusing the concept of sustainable operations and environmental awareness into the company's culture and daily activities.

5. Risks Relating to Statements Made in This Annual Report

(1) Facts and Statistics Information

Certain external information and external statistics of this Annual Report are from different statistical publications and may be inaccurate, incomplete, or not up to date. The Company makes no representations as to the truth or accuracy of such statements and investors should not place undue reliance on such external information for investment judgment.

(2) Prospective Statements, Risks, and Uncertainties Contained in the Annual Report

This Annual Report contains certain prospective statements and information about the Company and its affiliates. These statements and information are based on the beliefs, assumptions, and current information of the management level of the Company. These statements are subject to certain risks, uncertainties, and assumptions that may or may not occur in the manner expected by the Company. Therefore, investors must exercise due consideration in knowing that reliance on any prospective statements may involve known and unknown risks and uncertainties.

In summary, although the Company contains the risks described above, whether they will occur depends on many uncertain factors in the future and the Company's response measures.

VII. Other Material Issues: None.

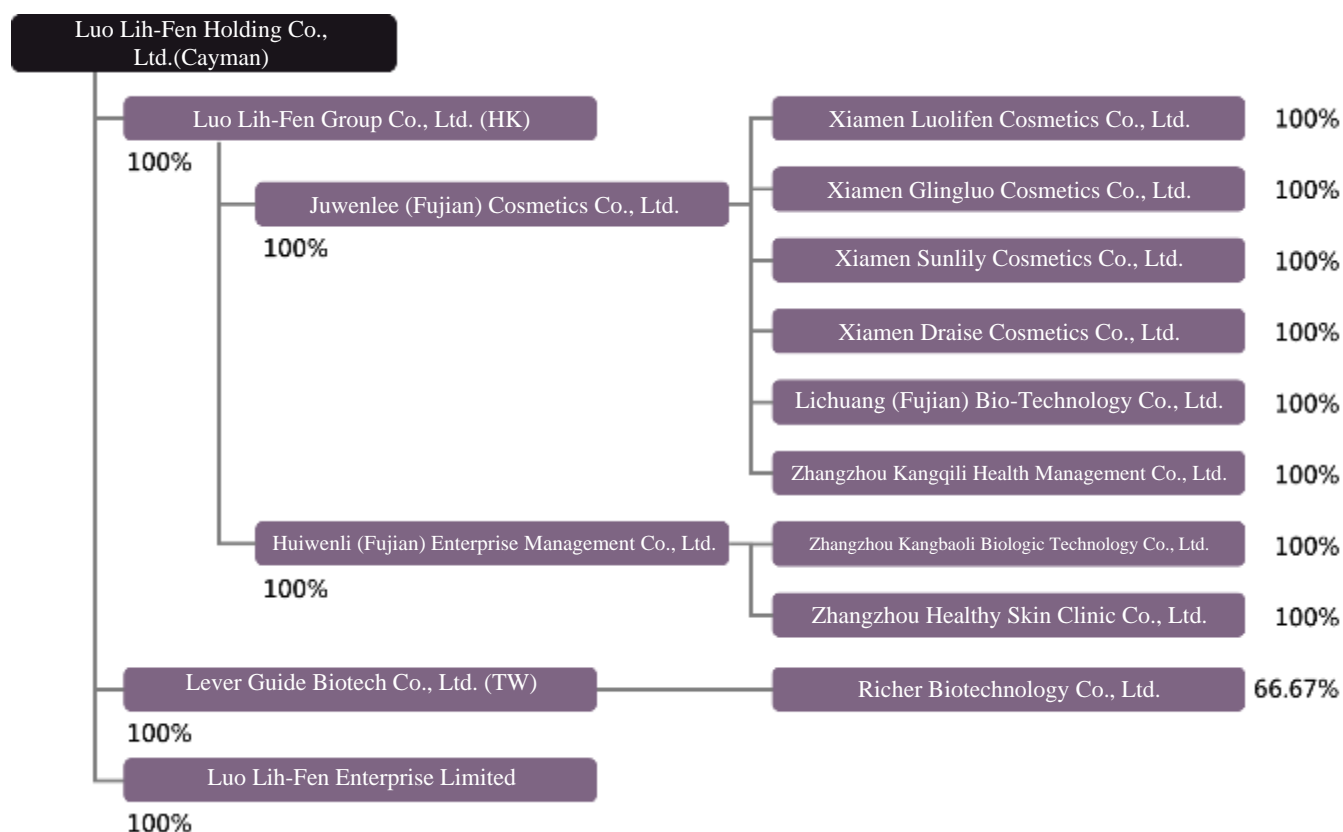
Eight. Special Items

I. Information on Affiliates

(I) Affiliate Merger Report

1. Affiliate Status

Organizational chart of affiliates (As of March 31, 2021)



2. Relations Between its Affiliates, Mutual Shareholding Ratios, Shares, and Actual Investment Amounts

Date of Data: December 31, 2020

Name of the Affiliate	Relationship to the Company	The Company Holds			Affiliate Holds The Company's Shares		
		Holding ratio (%)	Shares Held (Thousand shares)	Investment Amount	Holding ratio (%)	Shares Held (Thousand shares)	Investment Amount
Luo Lih-Fen Group Co., Ltd.	Subsidiary of the Company	100	1,600	US\$1.6 million	—	—	—
Luo Lih-Fen Enterprise Limited	Subsidiary of the Company	100	Note 1	NT\$25 million	—	—	—
Lever Guide Biotech Co., Ltd. (TW)	Subsidiary of the Company	100	21,000	NT\$210 million	—	—	—
Richer Biotechnology Co., Ltd.	Sub-subsidiary of the Company	66.67	1,200	NT\$12 million	—	—	—
Juwenlee (Fujian) Cosmetics Co., Ltd.	Sub-subsidiary of the Company	100	Note 1	US\$11.50 million	—	—	—
Xiamen Luolifen Cosmetics Co., Ltd.	Subsidiary of JUWENLEE	100	Note 1	RMB¥6.5 million	—	—	—
Xiamen Glingluo Cosmetics Co., Ltd.	Subsidiary of JUWENLEE	100	Note 1	RMB¥1 million	—	—	—
Xiamen Sunlily Cosmetics Co., Ltd.	Subsidiary of JUWENLEE	100	Note 1	RMB¥1 million	—	—	—
Xiamen Draise Cosmetics Co., Ltd.	Subsidiary of JUWENLEE	100	Note 1	RMB¥1 million	—	—	—
Lichuang (Fujian) Bio-Technology Co., Ltd.	Subsidiary of JUWENLEE	100	Note 1	RMB¥14 million	—	—	—
Zhangzhou Kangqili Health Management Co., Ltd.	Subsidiary of JUWENLEE	100	Note 1	RMB¥5 million	—	—	—
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Sub-subsidiary of the Company	100	Note 1	RMB¥39.90 million	—	—	—
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Subsidiary of Huiwenli	100	Note 1	RMB¥5 million	—	—	—
Zhangzhou Healthy Skin Clinic Co., Ltd.	Subsidiary of Huiwenli	100	Note 1	RMB¥3 million	—	—	—
Xiamen Senlinhai Industry & Trade Co., Ltd.	Investee of JUWENLEE	Note 2	Note 1	Note 2	—	—	—

Note 1: A limited company without share division.

Note 2: In April 2020, the Company sold all 30% of its stake in Xiamen Senlinhai Industry & Trade Co., Ltd., terminating its investment in that company, and subsequently recognized RMB¥60,000 in gain on disposal.

3. Information about the Same Shareholder Presumed to Have Control and Affiliation:

None.

4. Overall Relationship Between the Industries Covered by the Business Operations of the Enterprise and the Division of Labor for the Correlated Businesses Operated by the Various Enterprises Must be Explained: None.

5. Names of Directors, Supervisors, and Managers of the Various Affiliates

Date of Data: December 31, 2020

Affiliates	Title	Name and Representative	Shares Held	
			Number of Shares (Thousand shares)	Holding Ratio
Luo Lih-Fen Group Co., Ltd.	Director	Huan-Wen Jao	1,600	100%
Luo Lih-Fen Enterprise Limited	Director	Li-Fen Luo	Note 1	100%
Lever Guide Biotech Co., Ltd. (TW)	Chairman	Li-Fen Luo	21,000	100%
Richer Biotechnology Co., Ltd.	Chairman	Shih-Chinn Ho	1,200	66.67%
Juwenlee (Fujian) Cosmetics Co., Ltd.	Managing director Supervisor President	Huan-Wen Jao Chao-Hua Chang Jian-Ping Lin	Note 1	100%
Xiamen Luolifen Cosmetics Co., Ltd.	Managing director Supervisor President	Hung Chen Jian-Ping Lin Hung Chen	Note 1	100%
Xiamen Glingluo Cosmetics Co., Ltd.	Managing director Supervisor President	Chao-Hsiang Chi Hung Chen Chao-Hsiang Chi	Note 1	100%
Xiamen Sunlily Cosmetics Co., Ltd.	Managing director Supervisor President	Li Wang Chao-Hsiang Chi Li Wang	Note 1	100%
Xiamen Draise Cosmetics Co., Ltd.	Managing director Supervisor President	Hung Chen Jian-Ping Lin Hung Chen	Note 1	100%
Lichuang (Fujian) Bio-Technology Co., Ltd.	Managing director Supervisor President	Jian-Ping Lin Li Wang Hung Chen	Note 1	100%
Zhangzhou Kangqili Health Management Co., Ltd.	Managing director Supervisor President	Chao-Hsiang Chi Hong Chang Chao-Hsiang Chi	Note 1	100%
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Managing director Supervisor President	Huan-Wen Jao Jian-Ping Lin Chen-Hua Wang	Note 1	100%
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Managing director Supervisor President	Hung Chen Hsiao-Li Chu Hung Chen	Note 1	100%
Zhangzhou Healthy Skin Clinic Co., Ltd.	Managing director Supervisor President	Chao-Hsiang Chi Chao-Hua Chang Chao-Hsiang Chi	Note 1	100%
Xiamen Senlinhai Industry & Trade Co., Ltd. (Note 2)	--	--	Note 1 Note 2	--

Note 1: A limited company without share division.

Note 2: In April 2020, the Company sold all 30% of its stake in Xiamen Senlinhai Industry & Trade Co., Ltd., terminating its investment in that company, and subsequently recognized RMB¥60,000 in gain on disposal.

6. Operating Status of Affiliates

Date of Data: December 31, 2020 Unit: NT\$1,000

Affiliates	Accounting Handling Method	Paid-up Capital	Total Assets	Net Equity	Operating Incomes	Current Period Gain or Loss (After Tax)	Investment Gain or Loss	Distribution of Dividends
Luo Lih-Fen Group Co., Ltd.	Equity Method	USD 1,600 thousand	1,347,519	1,346,968	0	148,743	131,747	-
Luo Lih-Fen Enterprise Limited	Equity Method	NT\$2.5 million	10,815	9,556	0	(307)	(307)	-
Lever Guide Biotech Co., Ltd. (TW)	Equity Method	NT\$210 million	288,208	170,957	2,125	(26,454)	(26,454)	-
Richer Biotechnology Co., Ltd.	Equity Method	NT\$12 million	27,799	17,307	14	(693)	(1,462)	-
Juwenlee (Fujian) Cosmetics Co., Ltd.	Equity Method	USD 11,500 thousand	1,472,321	1,184,744	825,513	163,342	163,342	-
Xiamen Luolifen Cosmetics Co., Ltd.	Equity Method	RMB¥6,500 thousand	18,850	18,736	0	(332)	(332)	-
Xiamen Glingluo cosmetics Co., Ltd.	Equity Method	RMB¥1,000 thousand	11,334	10,570	5,442	1,076	1,076	-
Xiamen Sunlily Cosmetics Co., Ltd.	Equity Method	RMB¥1,000 thousand	14,233	13,629	2,151	(860)	(860)	-
Xiamen Draise Cosmetics Co., Ltd.	Equity Method	RMB¥1,000 thousand	4,947	4,217	2,763	396	396	-
Lichuang (Fujian) Bio-Technology Co., Ltd.	Equity Method	RMB¥14,000 thousand	76,894	58,602	73,503	731	731	-
Zhangzhou Kangqili Health Management Co., Ltd.	Equity Method	RMB¥5,000 thousand	26,906	21,885	14,046	(1,622)	(1,622)	-
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Equity Method	RMB¥39,900 thousand	177,426	177,285	0	2,447	2,447	-
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Equity Method	RMB¥5,000 thousand	22,380	22,359	0	467	467	-
Zhangzhou Healthy Skin Clinic Co., Ltd.	Equity Method	RMB¥3,000 thousand	12,380	12,131	0	(650)	(650)	-

Note 1: The assets and liabilities are converted based on the foreign exchange rate (NTD1: RMB4.305) at the end of last year.
The incomes are based on the yearly average foreign exchange rate (NTD1: RMB4.282) °

(II) Consolidated Financial Statements for Affiliates:

Same as the Consolidated Financial Statements. Please refer to the Financial Report for the Most Recent Year.

(III) Affiliate Report:

N/A.

II. Any private placement of securities in the recent years up to the date of publication of the annual report

None.

III. Holding or disposition of the Company's stock by subsidiaries in the most recent year and up to the date of publication date of the annual report

None.

IV. Other Matters That Require Supplemental Descriptions

Explanation of Significant Differences Compared to the Domestic Shareholders' Rights Protection Provisions:

The Company revised its Articles of Association according to the important shareholder protection related matters provided by the "Foreign Issuer's Checklist for the Protection of Shareholders' Rights in the Country of Registration" promulgated by the Taiwan Stock Exchange Corporation on September 19, 2017. However, some important matters concerning the protection of shareholders' rights and interests are not applicable under the laws of the Cayman Islands, so they have not been amended in the Company's Articles of Association. Please refer to the following table for details:

Difference Items	Cayman Islands Law Description	Articles of Association Description
"Special Resolution": Passed as a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares: In the event the total number of shares represented by the shareholders present at a shareholders' meeting is less than the percentage of said total shareholdings, the resolution may be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company.	According to the Cayman Islands Companies Law, the "Special Resolution" refers to a resolution passed as a resolution adopted by at least two-thirds of votes cast by shareholders present who represent a majority of the outstanding shares of the company at the meeting.	According to the Public Announcement No. Taiwan-Stock-Listing-0991701319 of TWSE dated April 13, 2010, under Article 39 and Article 2(1) of the Company's Articles of Incorporation, a special resolution refers to a resolution passed by a majority of at least two-thirds of votes cast by the shareholders present who represent a majority of the outstanding shares of the company, vote in person or, in the case of any Members being Juristic Persons, by their respective duly authorized representatives or, where proxies are allowed, by proxy, present at the shareholders' meeting, which also satisfies the requirements about attendance and votes under the Cayman Islands laws and Taiwan's Company Act.
<ol style="list-style-type: none"> The Company shall not reduce its capital without a resolution from the Shareholders' Meeting, and shall not sell its shares. The reduction of capital shall be reduced according to the proportion of shares held by the shareholders. If the Company reduces capital, it must return the shares using assets other than cash. The return assets and the amount of the refund shall be subject to the Shareholders' Meeting resolution and subject to the consent of the assets payable shareholders. The value of the property of the preceding paragraph and the amount of the offset shall be submitted by the Board of Directors to a Republic of China CPA for certification before being submitted to the Shareholders' Meeting. 	Articles 14 to 18 of the Cayman Islands Companies Law have provided strict procedural and entity specifications for the Company's capital reduction, and the relevant specifications are mandatory and may not be changed by the Articles of Association.	The Cayman Islands Company Law has strict procedures and substantive specifications for the Company's capital reduction that cannot be changed by the Articles of Association. It is considerably different compared to the company capital reduction specification requirements provided by the Checklist for the Protection of Shareholders' Rights. To avoid problems and after the legal advice of Ogier is adopted, Article 14 of the Company's Articles of Association has been amended in order to handle the Company's capital reduction according to the procedures and provisions provided by the Cayman Islands Laws and the TWSE (TPEX) listing requirements. The Checklist for the Protection of Shareholders' Rights are stipulated in Article 24(1) of the Company's Articles of Association to buy back the shares based on the shareholding ratio and then cancel the same.
<ol style="list-style-type: none"> If the Shareholders' Meeting is convened outside the Republic of China, the case must be submitted to the Taiwan Stock Exchange for approval within two days after the Board of Directors resolution or the shareholders have obtained the permission from the competent authority. When the Company convenes a Shareholders' Meeting outside the Republic of China, it should entrust a professional shareholders service agent in the territory of the Republic of China to accept the shareholder voting related matters. 	Cayman Islands laws has no relevant provisions.	As provided by the first part of Article 31 of the Company's Article of Associations: "During the listing period, the Shareholders' Meeting of the Company shall be held in the territory of the Republic of China." There is no exception. Therefore, there is no need to separately regulate the permission or application procedure to hold a Shareholders' Meeting outside the Republic of China. Additionally, the Shareholders' Meeting of the Company during the listing period will be held in the territory of the Republic of China. However, the Company will still entrust a professional shareholders service agent in the Republic of China to handle matters such as shareholder voting.
Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the	The Cayman Islands laws provide no relevant provisions.	Since the Company is a company established under the Companies Law of the Cayman Islands, and the Cayman Islands have no local authority to review whether it is up to the shareholders to convene the Shareholders' Meeting, the intent provided in the Public Announcement No. Taiwan-Stock-Listing-0991701319 of TWSE dated April 13, 2010, Article 32 of the Company's Articles of Associations provides that: "one or more shareholder(s) may, by depositing the

Difference Items	Cayman Islands Law Description	Articles of Association Description
board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the Paragraph, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.		requisition notice specifying the proposals to be resolved and the reasons thereof, request the Board to convene an extraordinary general meeting, provided that such shareholder or shareholders continuously hold at least three percent (3%) of the issued Shares of the Company as at the date of deposit of the requisition notice for a period of at least one year immediately prior to that date. If the Board does not give notice to shareholders to convene such meeting within fifteen (15) days after the date of the requisition notice, the proposing shareholder(s) may convene a shareholders' meeting." There is no need to report to the competent authority for permission.
A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person.	According to the legal opinion of Ogier, a shareholder who exercises his/her voting right in writing or in an electronic form shall not be deemed to be present in person, but shall be deemed to have appointed the Chairman of the Shareholders' Meeting as the proxy.	The latter part of Article 57 of the Company's Articles of Association provides that: A shareholder who exercises his voting power at a shareholders' meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the shareholders' meeting as his proxy to vote his Shares at the meeting only in the manner directed by his written instrument or electronic document. The chairman of the meeting as proxy shall not have the power to exercise the voting rights of such shareholder with respect to any matters not referred to or indicated in the written or electronic document, impromptu proposal and/or any amendment to resolution(s) proposed at the said meeting. For the purpose of clarification, such shareholders voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the shareholders' meeting. Therefore, this Article does not differ materially from the provisions of the ROC laws except that in terms of interpretation, the Chairman of the Shareholders' Meeting serving as the proxy for shareholders who exercise the right in correspondence or electronically must conform to the Cayman Islands laws regarding that the shareholders' resolution voting rights must be exercised by the participating shareholder or the proxy on-site.
After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Shareholders Meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two days prior to the Shareholders Meeting date. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.	Cayman Islands laws has no relevant provisions.	According to Ogier's legal opinion and knowledge, there is currently no relevant court decision in the Cayman Islands. However, the British jurisprudence (a persuasive jurisprudence for the courts in the Cayman Islands) believed that even if the commission of the proxy is not canceled in accordance with the Company's Articles of Association, it does not prevent the shareholders from exercising the voting rights or exclude the calculation of the voting rights of the entrusted proxy. Therefore, Articles 58 and 61 of the Articles of Association of the Company provide that: "In case a shareholder who has cast his votes by a written instrument or by way of electronic transmission intends to attend the relevant meeting in person, he shall, at least two (2) day prior to the date of the meeting, revoke such votes by serving a notice in the same manner as he cast such votes. In the absence of a timely revocation of such votes, such votes shall remain valid. Nonetheless, such shareholder who attends and votes at a shareholders' meeting in person would be deemed to have revoked his prior voting instructions by a written instrument or by way of electronic transmission, notwithstanding that such shareholder has not submitted a revocation notice in accordance with this Article." , and "In case a shareholder who has served a proxy intends to attend the relevant shareholders' meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of the general meeting, revoke such proxy by serving a separate written notice to the Company or Shareholders Service Agent. Otherwise, the votes cast by the proxy at the meeting shall prevail. However, if the shareholder has failed to provide notification of revocation in accordance with the provisions of this Article and still attended the Shareholders' Meeting to exercise the voting right, the shareholder's personal appearance to exercise the voting rights shall be deemed as the shareholder revoking the previous proxy in accordance with the provisions of this Article." If the shareholder has exercised the voting right in writing or electronically, or issued a power of attorney to entrust a proxy to attend the Shareholders' Meeting and exercised the voting rights but
In case a shareholder who has served a proxy intends to attend the relevant shareholders' meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of the meeting, revoke such proxy by serving a separate written notice to the Company. Otherwise, the votes cast by the proxy at the meeting shall prevail.	Cayman Islands laws has no relevant provisions.	

Difference Items	Cayman Islands Law Description	Articles of Association Description
		failed to revoke said voting right exercised previously or via the proxy two days prior to the Shareholders' Meeting pursuant to Article 58 or the first part of Article 61 of the Company's Articles of Association and still attended the Shareholders' Meeting to exercise the voting right personally, the shareholder's personal appearance to exercise the voting right shall be deemed as the shareholder revoking the voting right exercised previously by correspondence or electronic means or the power of attorney for the proxy according to the aforesaid rules in order to comply with the provisions provided by the Cayman Islands laws.
<ol style="list-style-type: none"> 1. If the Company has set up supervisors, such supervisors must be elected by the Shareholders' Meeting. At least one of the supervisors must have a residence in the country. 2. Supervisors shall not serve a term of over three years, but may be reelected. 3. When all the supervisors are dismissed, the Board of Directors shall convene an extraordinary Shareholders' Meeting within 60 days to elect the supervisors. 4. Supervisors shall supervise the implementation of the Company's business, inspect the Company's business and financial status at all times, audit the account book documents, and request the Board of Directors or managers to issue reports. 5. The supervisors shall review the various documents formulated by the Board of Directors to be submitted to the Shareholders' Meeting, and report their review opinion to the Shareholders' Meeting. 6. During audits, supervisors shall appoint a CPA or attorney on behalf of the Company to conduct the audit. 7. Supervisors shall attend the Board of Directors meetings to present their opinions. In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act. 8. Each supervisor shall have the right to exercise supervision independently. 9. A supervisor shall not serve as a Company director, manager, or other employee. 	The Cayman Islands laws provide no relevant provisions.	The Company has adopted the Audit Committees system, so no supervisor is appointed. Therefore, the specification in the left column does not apply to the Company.

Difference Items	Cayman Islands Law Description	Articles of Association Description
<p>1. Shareholders holding over 1% of the total shares issued by the Company for more than six months may request the supervisor in writing to file a lawsuit against a director on behalf of the Company, and the lawsuit shall submit to the jurisdiction of Taipei District Court of Taiwan in the first instance.</p> <p>2. If the supervisor does not file a lawsuit within 30 days after the shareholder makes the request, the shareholder may file a lawsuit on behalf of the Company, and the lawsuit shall submit to the jurisdiction of Taipei District Court of Taiwan in the first instance.</p>	<p>The Cayman Islands laws provide no relevant provisions.</p>	<p>No supervisor is appointed because the Company has adopted the Audit Committee system. Therefore, according to the provisions provided by Paragraph 3, Article 14-4 of the Securities and Exchange Act and the Letter Economy-Business No. 10000533380 of the Ministry of Economic Affairs on March 1, 2011, the independent directors shall replace the functions of the supervisors in the left column. In terms of the provisions provided by Article 86 of the Articles of Association of the Company, minority shareholders may issue a request in writing to request any independent director of the Audit Committee to file a lawsuit against any director who has damaged the Company or violated the Cayman Islands Laws, the TWSE (TPEX) listing requirements or the Articles of Incorporation.</p>
<p>A company choosing to issue shares without par value shall not convert its shares into shares with par value.</p>	<p>According to Article 8(1) of the Cayman Islands Companies Law, the exempted company is not allowed to issue shares with par value and shares without par value at the same time. According to the legal opinion of Ogier, based on said requirements and in consideration of the shares issuing procedures in practice, a Cayman Islands-based exempted company shall not convert its shares with par value into shares without par value, and vice versa.</p>	<p>Considering that the shares issued by the Company are all those with par value, it is impossible for the Company to issue or convert them into those without par value. Therefore, the requirements in the left column shall not apply to the Company. For avoidance of doubt, based on the purpose identified in the left column, the Company prescribes in Article 7(4) of its Articles of Incorporation that "the Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to Shares without par value".</p>

Nine. If Any of the Situations Listed in the Subparagraph 2 of Paragraph 3, Article 36 of the Securities and Exchange Act That May Materially Affect Shareholders' Equity or the Price of the Company's Securities Have Occurred During the Most Recent Fiscal Year Until the Publication Date of This Annual Report; Describe Each Situation.

None.

Luo Lih-Fen Holding Co., Ltd.



Chairman Li-Fen Luo

A handwritten signature in black ink, consisting of stylized Chinese characters, representing the Chairman Li-Fen Luo.

