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LUO LIH-FEN HOLDING CO., LTD.

2021 Annual Report

Company Website

<http://www.luolihfen.com>

Market Observation Post System

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

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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 Chung Hsing University Attorney in Charge of PCL TransAsia Law Offices
Independent Director	Hsiao-Ling Chou	R.O.C.	Master of Finance, National Taiwan 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 President of HC & Partners

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One. Letter to Shareholders

As a result of the continuous outbreak of the COVID-19 epidemic in Mainland China in 2021, the recovery of the Company's revenue and profitability was affected by the disease prevention measures and the Company's performance has not returned to levels in previous years. With the hard work of the management team, we shall expand from a single distributor channel to four major distribution channels in 2022 and we expect to achieve significant growth in revenue and profitability in 2022. The 2021 operating results and an overview of our 2022 business plan are presented below:

I. 2021 Operating Results

(I) Implementation of the business plan

In 2021, the Company's consolidated operating revenue reached NT\$916,866 thousand, growing by 9% over the NT\$844,885 thousand for the consolidated operating revenue in 2020. The 2021 net profit after tax reached NT\$69,286 thousand, declining by 33% over the net profit after tax in 2020, NT\$103,916 thousand.

In terms of sales region, the operating revenue earned in Mainland China totaled NT\$882,682 thousand, which accounted for 96.3% 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 2021, the Company reported a debt ratio of 20%, current ratio of 429%, net profitability of 7%, and NT\$225,645 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 "Regulation on the Supervision and Administration of Cosmetics" (hereinafter referred to as the "Regulation") was officially promulgated in 2021 and the supervision and management on cosmetics have become more rigorous. The corresponding legislation for the "Regulation" includes the "Measures for the Administration of the Registration and Recordation of Cosmetics" and the "Rules for the Administration of the Registration and Recordation of Cosmetics" which were implemented on May 1, 2021. The implementation of the two legislations has increased the transparency of cosmetic formulas and ingredients. The changes have changed the original core positions of formula technology in the research and development of cosmetics. Companies desperately need new core technologies such as ingredient technologies and formula technologies. On the other hand, the continuous impact of the epidemic has caused significant fluctuations in the prices of raw materials and destabilized the supply of raw materials, which has prompted companies to increase the independent development of raw materials.

The Company has introduced the preparative chromatography technology for the development of raw materials. This technology can purify and isolate the monomeric components of plants and remove ingredients in plants that are useless or create side effects. In 2021, we successfully purified and isolated the saponin in *Trillium tschonoskii* plants with this technology.

The Company has achieved major breakthroughs in the development of extraction technologies used for *Narcissus tazetta* var. *chinensis* in 2021. We worked with Hungkuang University and jointly took on the external collaboration project of Fujian Department of Science & Technology titled "development and industrial application of key technologies for the extraction and separation of high viscosity polysaccharides from *Narcissus Tazetta* Bulb". After starting production, the project is expected to yield an annual production of polysaccharides from *Narcissus Tazetta* Bulb of more than 40 tons. It will reduce the procurement volume of the material from external sources, enhance the Company's core competitiveness, and reduce the cost of materials. We also established the science and research development platform for "intelligent nano carrier design and applications" with Huaqiao University. It mainly focuses on the "Development of MOF Intelligent Carrier for Targeted Transmission of Cosmetic Active Substances" to resolve stability and absorption issues of the active substances.

We plan to expand investments in material development and production in 2022 and set up a plant extraction platform and plant fermentation platform. The Company's future R&D plans are as follows: The Company shall focus on raw material technology to ensure self-sufficiency of key raw materials, and continue to maintain research on formula technologies, solution production technologies, and efficacy testing technologies to ensure continuous innovation and maintain product competitiveness.

(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 2022 Business Plan

(I) Operating policy

In 2022, the Company has adopted "WE - Integration • Explore the New Increment" as the target for annual growth. We shall unify, integrate, upgrade, and empower channels to power a new round of growth for the brand. We shall work with partners to create an ecosystem for health, diversity, and sustained growth.

The uncertainties in the post-pandemic era have continuously created new changes, new economic environments, new consumption demand, new culture, and new technologies to form new market environments. The focus of market development has shifted to technological innovation, more refined operations, and more aggressive cross-sector integration.

(II) Projected sales volume and basis

The constant outbreaks of the pandemic have demonstrated the excessively burdensome sales chain of the traditional single-distributor channel. Sales in offline brick-and-mortar stores are susceptible to the restrictions imposed for disease prevention and we will expand from a single distributor channel to four major distribution channels in 2022. Specifically:

Mainland China:

1. Traditional distributor channel: Restoration of business as the impact of the pandemic subsides:

As the vaccination rate of the population increases, the impact of the pandemic will gradually subside and traditional channels will eventually recover. In 2022, our traditional channels will focus on increasing the number of stores, customer visits, and the share of in-store customers.

2. Large customer channels: Direct supply of the high-end brand "MallSkin" to large chain beauty salons:

Luo Lih-Fen launched the high-end facial product brand "MallSkin" in 2021. In the past, the Luo Lih-Fen brand sold products to beauty salons through distributors. However, the rise of large-scale chain beauty salons in Mainland China has decreased the price negotiation and promotion capacity of distributors relative to manufacturers. In addition, large beauty salons often lack high-end products. Therefore, we sell the "MallSkin" products directly to large chain beauty salons.

3. A new online retail brand: The online channel will be open to stores that are not part of the distributor system and will be available directly to consumers

The new online retail brand "EasyBio" is positioned as an affordable skincare product brand. In the past, it was mainly offered in private sectors and only available for beauty salons of distributors. We operated an online mall with a WeChat Mini Program. After two years of data analysis, we focused sales on small beauty salons. In the future, EasyBio will also be made available to small beauty salons and individual mobile beauty applications beyond the Luo Lih-Fen system. The head office store will also use e-commerce platforms for sales and use live broadcast to directly promote sales. EasyBio will use three online channels at the same time to increase user purchases.

4. Directly-operated healthcare and biocare beauty salons and franchise distribution channels: Preparation in Xiamen, Fujian for future expansion across China

The Company will activate directly-operated healthcare and biocare beauty salons under the brand

"Realbio Care". As China adopts more rigorous regulations for the cosmetics industry, products and equipment with proclaimed therapeutic effects must be operated by professional personnel (doctors and nurses) and must have the corresponding authorization licenses. The healthcare and biocare beauty salon system offers a perfect solution for compliance issues and we have started the preparation in Xiamen, Fujian. The flagship healthcare and biocare beauty salon currently under construction will have an area of 2,700 square meters and is expected to start operations in 2022 Q3. We also planned the establishment of several small-scale healthcare and biocare beauty salons with an area of 300 to 500 square meters for future expansion of directly-operated stores and franchise stores in multiple cities across China.

Taiwan:

The regional operation strategy for Taiwan in 2022 will also be implemented based on the Group's policies. MallSkin was launched in 2021 Q4 and "EasyBio" was also launched on the e-commerce platform SHOPLINE. Our Neihu Plant complies with GMP and ISO requirements and obtained the certification in 2021 to ensure that products can be made in Taiwan. In terms of combining healthcare and biocare beauty salons, the "Realbio Care" is currently in operations and the second healthcare beauty clinic was also opened in March 2022. They will increase the revenue in Taiwan.

III. Future Development Strategy

- (I) Upstream: The material suppliers currently hold the advantages as Luo Lih-Fen is focuses only on production. We must therefore control the main materials. In addition to manufacturing and production, we must begin production of the materials and develop the production of pharmaceutical biology and gene splicing technology for genetic engineering. We shall use microbial strain fermentation technology to produce different types of small-molecule peptides.
- (II) Midstream: We shall optimize the formulas of our fine chemical products, reduce the purchase of raw materials, enhance stability, and continue to cooperate with academic or medical institutions.
- (III) Downstream: We shall expand from the original traditional distributor channel to four major distribution channels. With technological advancements in the cosmetics industry and the Internet, we shall expand into omni-channel sales and continue to recruit high-end talents. We will also optimize management and training processes to duplicate talents and skills.

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

According to the National Bureau of Statistics of China, the GDP of Mainland China in 2021 totaled RMB 114,367 billion and the growth rate was 8.1%. The total retail sales of consumer goods in 2021 amounted to RMB 44,082.3 billion, an increase of 12.5% compared to the previous year. The two-year average growth rate was 3.9%. Retail sales of consumer goods excluding automobiles amounted to RMB 39,703.7 billion, which was an increase of 12.9%. After deducting price factors, the total retail sales of consumer goods in 2021 increased by 10.7% compared to the previous year.

In terms of the location of operating units, the retail sales of consumer goods in urban areas in 2021 amounted to RMB 38,155.8 billion, an increase of 12.5% compared to the previous year. The retail sales of consumer goods in rural areas amounted to RMB 5,926.5 billion, which was an increase of 12.1%.

In terms of the consumption categories, the retail sales of goods in 2021 totaled RMB 39,392.8 billion, which was an increase of 11.8% compared to the previous year. Revenue from catering services amounted to RMB 4,689.5 billion, which was an increase of 18.6%.

In terms of retail categories, the retail sales revenue of supermarkets, convenience stores, department stores, professional stores, and specialty stores in the retail sector above the quota in 2021 increased by 6.0%, 16.9%, 11.7%, 12.8% and 12.0%, respectively, compared to the previous year.

In 2021, the national online retail revenue totaled RMB 13,088.4 billion which was an increase of 14.1% compared to the previous year. Online retail sales of physical goods amounted to RMB10,804.2 billion, an increase of 12.0% which accounted for 24.5% of total retail sales of social consumer goods. Among the online retail sales of physical goods, food, clothing, and consumer goods increased by 17.8%, 8.3%, and 12.5%, respectively.

Retail sales of cosmetics amounted to RMB 402.6 billion, which was an increase of 14.0% compared to 2020. 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 2021, the total retail sales of cosmetics in China ranged from RMB 222.2 billion to 402.6 billion, growing annually at an average of 16.2%.

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, Forward Intelligence Co., Ltd., predicted that the cosmetics retail market scale will reach RMB 533.7 billion in 2027. 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.

The constant outbreaks of the pandemic in 2021 have demonstrated the excessively burdensome sales chain of the traditional single-distributor channel. Sales and training in offline brick-and-mortar stores are susceptible to the restrictions imposed for disease prevention and we cannot readily implement them in stores. As a result, the effectiveness and efficiency of marketing policies and plans did not reach expectations. After reviewing the Company's current advantages, disadvantages, competition, and opportunities, we completed the preparation for the current stage and expanded from a single distributor channel in 2021 to four major distribution channels in 2022. We will also expand into omni-channel sales based on the technological advancements in the cosmetics industry and the Internet.

(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", "Rules on the Implementation of Cosmetics Registration and Recordkeeping for Inspection", "Standards for Cosmetic Efficacy Claim Evaluation", "Technical Guidelines for Cosmetics Safety Evaluation", "Measures for the Supervision and Administration of Production and Distribution of Cosmetics", "Cosmetic Production Quality Management Regulations", and "Administrative Provisions on Cosmetic Labeling" 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

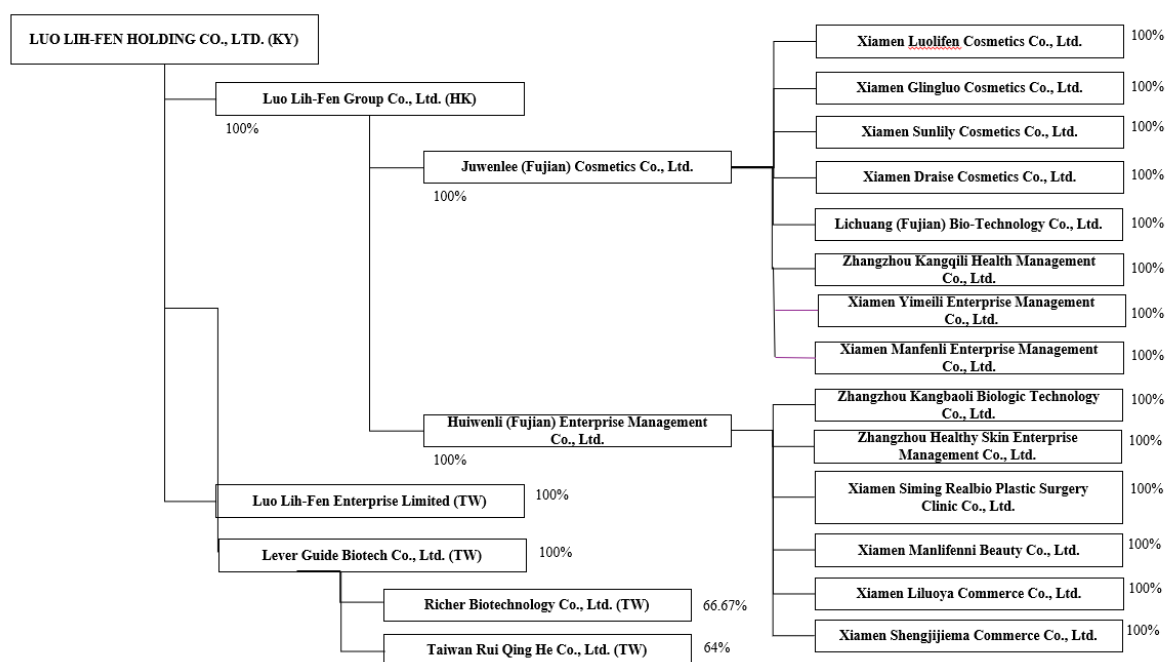
September 21, 2016

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 founded the first healthcare beauty clinic "Realbio Care" in Taiwan 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.
	Established the science and research development platform for "intelligent nano carrier design and applications" with Huaqiao University. It mainly focuses on the "Development of MOF Intelligent Carrier for Targeted Transmission of Cosmetic Active

	Substances" to resolve stability and absorption issues of the active substances.
	Awarded an IFSCC Poster Award at an "International Federation of Societies of Cosmetic Chemists Conference", and won Top 10 Self-researched and Developed Material Award at the "Huangpu . the Valley of the South International Cosmetics Technology Innovation Conference" and the IFSCC Chinese Excellent Journal Article Award.
	Named a focal recommended brand in CCTV "Chinese Brand" category.
	Our Neihu Plant complies with GMP and ISO requirements and obtained the certification in 2021 to ensure that products can be made in Taiwan.
2022	Launched the second healthcare beauty clinic "Realbio Care Qingzhong" in Taiwan in March in order to keep expanding the market in Taiwan.

III. Group Structure



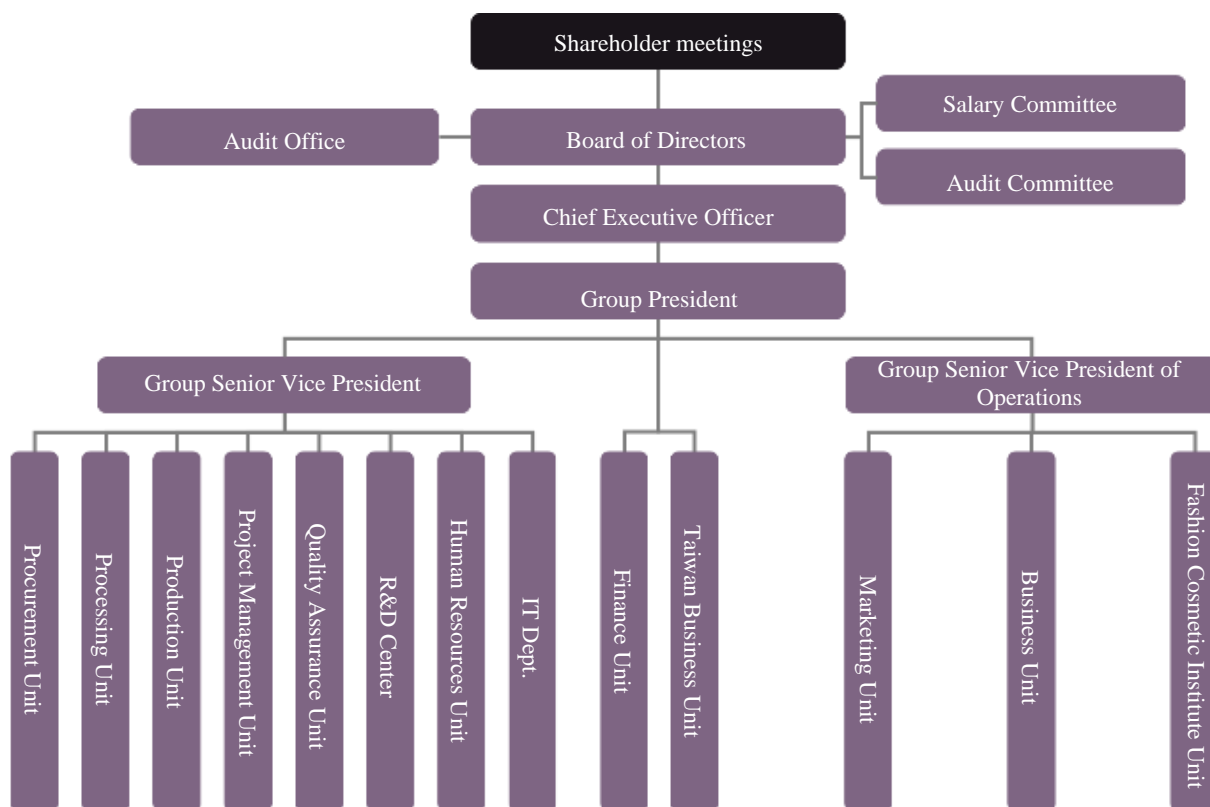
IV. Risk Items

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 15, 2022; Unit: Thousand Shares, %

Job Title	Name	Gender Age	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	—	—	—	—	—	—	—	—	—	Note 6
	Representative: Luo Li-Fen	Female Age 51-60	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. Chairman of Taiwan Rui Qing He Co., Ltd.	—	—	—	
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 Age 61-70	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) Director and President of Xiamen Manfenli Enterprise Management Co., Ltd. Director and President of Xiamen Yimeili Enterprise Management Co., Ltd.	—	—	—	
Director	Shih-Chinn Ho	Male Age 51-60	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/Audit Committee Member/Remuneration Committee Member of Center Laboratories, Inc. Independent Director/Audit Committee Member/Remuneration Committee Member of Collins Co., Ltd. Independent Director/Audit Committee Member of Super Dragon	—	—	—	

Job Title	Name	Gender Age	Nation ality	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			Re mar ks
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Rela- tionship	
																Technology Co., Ltd. Director of Allied Biotech Corporation Director of Ever Supreme Bio Technology Director of Wisdom Investment Co., Ltd. Chairman of Richer Biotechnology Co., Ltd.				
Director	Li-Chen Lin	Female Age 61-70	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 Chung Hsing 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 Supervisor 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 Chairman 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. Chairman of Homenema Technology Incorporation Independent Director/Audit Committee Member/Remuneration Committee Member of TECO Corporation Chairman of Lihsin Investment Co., Ltd. Chairman of Board of Leadsun Green Energy Co., Ltd. Chairman of Board of Lishen Wufu Co., Ltd. Director of Grateful Fortune Limited Chairman of Lichu Power Ltd. Supervisor of Cerulean Asset Management Co.,Ltd. Chairman of LeadsunFox Greenergy Investment Co., Ltd., a sole shareholder of Li Ben Asset Management Ltd.	—	—	—	
Independ ent Director	Hsiao-Ling Chou	Female Age 51-60	R.O.C.	2017 11.30	2020 06.03	3 years	—	—	—	—	—	—	—	—	Master of Finance, National Taiwan 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 Taiwan Futures Exchange (TAIFEX) Director of Yuanta Foundation Director of SYF Information (Shanghai) Director of SYF Information Chief Corporate Banking Officer of Yuanta FHC Director of Yuanta Venture Capital	—	—	—	

Job Title	Name	Gender Age	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	Kuo-Cheng Wang	Male Age 61-70	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/Audit Committee Member/Remuneration Committee Member of Hon Hai Precision Industry Co., Ltd. Independent Director/Audit Committee Member/Remuneration Committee Member of Apex Medical Corp. Independent Director/ Audit Committee Member 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 Age 51-60	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 Department of Global Business, Chinese Culture 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. Independent Director/Audit Committee Member/Remuneration Committee Member of TAIWANGGLASS	—	—	—	
Independent Director	Yin-Chieh Hsu	Male Age 41-50	R.O.C.	2017 11.30	2020 06.03	3 years	—	—	—	—	—	—	—	—	Bachelor of Law, National Taipei University Master of Accounting, College of Management, National Taiwan University EMBA Mediator of Taiwan Taipei District Court Mediator of Taiwan Changhua District Court 5th and 6th term of legal consultant of Chinese Federation Of Labour Consultant of the Chinese Federation of Labor Legal consultant of Taiwan Chamber of Commerce and Industry	President 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 Director of EasyCard Corporation	—	—	—	

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 15, 2022

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 information disclosure of professional qualification of the directors and supervisors and independence of the independent directors (The Company has not appointed a supervisor.):

Name	Qualification	Professional qualification and experience	Independence status	Number of other public companies working part-time as an independent director for ;
Black Praise International Limited Representative: Li-Fen Luo		Ms. Li-Fen Luo, as the founder of the Company, holds a Bachelor's degree from the Chinese Medical Research Institute and serves as a General Practitioner of Chinese Medicine in HK, owns the professional knowledge and skills required by the industry with her experience in this industry for more than three decades. Meanwhile, she has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.	N/A.	—
Talent Reach (HK) Limited Representative: Huan-Wen Jao		Director Huan-Wen Jao, as the President of the Company, holds a Bachelor's degree from Chung-Cheng Institute of Technology, and owns the professional knowledge and skills required by the industry with his experience in this industry for more than three decades. Meanwhile, he has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.	N/A.	—
Shih-Chinn Ho		Director Shih-Chinn Ho holds a Master's degree in Business Management from National Taiwan University and a Master's degree in Financial Management from Golden Gate University, and owns expertise required by commerce, finance, or related business for more than five years. Meanwhile, he has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.	N/A.	3
Li-Chen Lin		Director Li-Chen Lin holds a Bachelor's degree in Law from National Chung Hsing University and a	N/A.	1

Name \ Qualification	Professional qualification and experience	Independence status	Number of other public companies working part-time as an independent director for ;
	Master's degree in Business Administration from Tulane University, and is a certified attorney audited by the Ministry of Justice. She has expertise required by commerce, finance, or related business for more than five years. Meanwhile, she has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.		
Hsiao-Ling Chou	Independent director Hsiao-Ling Chou holds a Master's degree in Finance from National Taiwan University. She has expertise required by commerce, finance, or related business for more than five years. Meanwhile, She has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.	Independent director Hsiao-Ling Chou has work experience required for commerce, finance, accounting, or related business. During the two years before being elected or during the term of office, she hasn't been or isn't an employee, director, or supervisor of the Company or any of its affiliates, neither she, her spouse or minor children has held or holds the Company's shares, and she isn't a spouse or a relative within the second degree of kinship to another director. Thus, she conforms to the independence requirements promulgated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	—
Kuo-Cheng Wang	Independent Director Kuo-Cheng Wang holds a Master's degree in Business Administration from National Taiwan University. He has expertise required for commerce, finance, accounting, or related business for more than five years. Meanwhile, He has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.	Independent Director Kuo-Cheng Wang has work experience required for commerce, finance, accounting, or related business. During the two years before being elected or during the term of office, he hasn't been or isn't an employee, director, or supervisor of the Company or any of its affiliates, neither he, his spouse or minor children has held or holds the Company's shares, and he isn't a spouse or a relative within the second degree of kinship to another director. Thus, he conforms to the independence requirements promulgated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	3
Yu-Che Wang	Independent Director Yu-Che Wang holds a Bachelor's degree in Financial Management from University of Maryland, a Master's degree in Business Administration from University of Massachusetts Dartmouth, and a Ph.D. in Business Education from University of Missouri-Columbia. He currently serves as an Associate Professor at Department of Global Business, Chinese Culture University. He has expertise required for commerce, finance, accounting, or related business for more than five years, and can provide the Company with professional opinions required for operations.	Independent Director Yu-Che Wang has work experience required for commerce, finance, accounting, or related business. During the two years before being elected or during the term of office, he hasn't been or isn't an employee, director, or supervisor of the Company or any of its affiliates, neither he, his spouse or minor children has held or holds the Company's shares, and he isn't a spouse or a relative within the second degree of kinship to another director. Thus, he conforms to the independence requirements promulgated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1

Name \ Qualification	Professional qualification and experience	Independence status	Number of other public companies working part-time as an independent director for ;
Yin-Chieh Hsu	Independent Director Yin-Chieh Hsu holds a Bachelor's degree in Law from National Taipei University, and a Master's degree in Accounting from College of Management, National Taiwan University EMBA, and is a certified attorney audited by the Ministry of Justice. He has expertise required for commerce, legal affairs, or related business for more than five years. Meanwhile, he has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.	Independent director Yin-Chieh Hsu has work experience required for commerce, legal affairs, or related business. During the two years before being elected or during the term of office, he hasn't been or isn't an employee, director, or supervisor of the Company or any of its affiliates, neither he, his spouse or minor children has held or holds the Company's shares, and he isn't a spouse or a relative within the second degree of kinship to another director. Thus, he conforms to the independence requirements promulgated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2

Note 1: Director Shih-Chinn Ho concurrently serves as an Independent Director at Center Laboratories, Inc., Collins Co., Ltd., and Super Dragon Technology Co., Ltd. .

Note 2: Director Li-Chen Lin concurrently serves as an Independent Director at TECO Corporation .

Note 3: Independent Director Kuo-Cheng Wang concurrently serves as an Independent Director at Hon Hai Precision Industry Co., Ltd., Apex Medical Corp., and HannStar Board Corp. .

Note 4: Independent Director Yu-Che Wang concurrently serves as an Independent Director at TAIWANGLASS .

Note 5: Independent Director Yin-Chieh Hsu concurrently serves as an Independent Director at Allied Biotech Corporation and ONANO Corp. .

5. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

The Company defines the diversity policy on the Board members in Article 20 of its Corporate Governance Best Practice Principles. Diversity shall be considered in the composition of board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, suitable diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which includes, without limitation, the following two major aspects: 1. Basic requirements and values: Gender, age, nationality, and culture; 2. Professional knowledge and expertise: A professional background, professional skills, and industry experience.

The Company 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. The composition of the Company's Board complies with the diversity policy on the Board members that has been established, so the achievement is good.

(2) Independence of the Board of Directors

The Company has 8 Directors, 4 of whom are Independent Directors, accounting for half of all Directors. Independent Directors Hsiao-Ling Chou, Kuo-Cheng Wang, Yu-Che Wang, and Yin-Chieh Hsu respectively have work experience required for commerce, legal affairs, finance, accounting, or related business. During the two years before being elected or during the term of office, they haven't been or are not employees, directors, or supervisors of the Company or any

of its affiliates, neither their spouses or minor children have held or hold the Company's shares, and they are not spouses or relatives within the second degree of kinship to another director. Thus, they conform to the independence requirements promulgated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

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

Date: April 15, 2022; 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 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. Chairman of Taiwan Rui Qing He 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 Carepro 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) Director and President of Xiamen Manfenli Enterprise Management Co., Ltd. Director and President of Xiamen Yimeili Enterprise Management Co., Ltd.	—	—	—	
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	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. Supervisor of Xiamen Yimeili Enterprise Management Co., Ltd. Supervisor of Xiamen Manfenli Enterprise	—	—	—	

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	
											Director of Fujian Province Information 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. Vice President of Zhangzhou City Medicine Association	Management Co., Ltd. Executive Director and President of Xiamen Liluoya Commerce Co., Ltd. Supervisor of Xiamen Shengjijiema Commerce 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. Executive Director and President of Xiamen Siming Ruilijia Plastic Surgery Clinic Co., Ltd. Supervisor of Xiamen Manlifenni Beauty 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 Enterprise Management 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. Supervisor of Xiamen Liluoya Commerce Co., Ltd. Executive Director and President of Xiamen	—	—	—	

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	
												Shengjijiema Commerce 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. Supervisor of Xiamen Siming Ruilijia Plastic Surgery Clinic Co., Ltd. Executive Director and President of Xiamen Manlifenni Beauty Co., Ltd.	—	—	—	
CEO Special Assistant	Yi-Chun Lin (Note 5)	Female	R.O.C.	2017 12.01	—	—	—	—	—	—	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.	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	—	—	—	

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	
											Assistant Manager of Deloitte Taiwan					
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 Advanced CPA Job Title 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 Juvenile (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	—	—	—	—	
Audit Officer	Yi Shu Li (Note 6)	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.	—	—	—	—	
Audit Officer	Wei Shuo Li (Note 7)	Male	R.O.C.	2021 11.09	—	—	—	—	—	—	Institute of China and Asia-Pacific Studies, National Sun Yat-sen University Underwriting consulting at KGI Securities Deloitte & Touche Ernst & Young	—	—	—	—	
Audit Officer	Yong Zhen Li	Female	R.O.C.	2022 03.25	—	—	—	—	—	—	Department of Accountancy, National Cheng Kung University Audit Supervisor of Health & Life Co., Ltd. Underwriting consulting at KGI Securities Ernst & Young	—	—	—	—	

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.

Note 6: Resigned on 2021.06.

Note 7: Resigned on 2022.02.

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, 2021; Unit: NT\$1,000

Date: December 31, 2021, 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	-	-	-	-	1,500	1,500	120	120	1,620 2.30%	1,620 2.30%	7,359	10,674	-	230	-	-	-	-	8,979 12.78%	12,524 17.83%	-
	Talent Reach (HK) Limited Representative: Huan-Wen Jao																					
	Shih-Chinn Ho																					
	Li-Chen Lin																					
Independent Director	Hsiao-Ling Chou	2,520	2,520	-	-	-	-	120	120	2,640 3.76%	2,640 3.76%	-	-	-	-	-	-	-	-	2,640 3.76%	2,640 3.76%	-
	Kuo-Cheng Wang																					
	Yu-Che Wang																					
	Yin-Chieh Hsu																					
Total		2,520	2,520	-	-	1,500	1,500	240	240	4,260 6.06%	4,260 6.06%	7,359	10,674	-	230	-	-	-	-	11,619 16.54%	15,164 21.59%	-

- 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 acting as consultants for the parent company/all companies in the Financial Statements/non-employees of reinvestment business) provided by the Company's directors 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, 2021; Unit: NT\$1,000

Date: December 31, 2021, 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	2,190	15,384	-	1,370	5,189	12,720	-	-	-	-	7,379 10.51%	29,474 41.96 %	-
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													
Vice President	Chung-Hsiung Huang													

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	-	Yi-Chun Lin
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	Chung-Hsiung Huang
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Huan-Wen Jao	Jian-Ping Lin/Hung Chen/Chao-Hsiang Chi/Li Wang/Xiu-Qiong Zhang/Chih-Fu 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	10 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	2020		2021	
	The Company	Consolidated Statement	The Company	Consolidated Statement
Total Remuneration of Directors	12,189	15,332	11,619	15,164
Total Remuneration to Directors to Net Income after Tax (%)	11.70%	14.72%	16.54%	21.59%
Total Remuneration to Presidents and Vice Presidents	7,294	27,612	7,379	29,474
Total Remuneration to Presidents and Vice President to Net Income after Tax (%)	7.00%	26.51%	10.51%	41.96%

- (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:

- Ensure that the remuneration paid by the Company satisfies laws and affords to attract excellent talents.
- 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 (2021), the Board of Directors has convened 6 meetings. From 2022 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	8	0	100%	
Independent Director	Hsiao-Ling Chou	7	1	87.5%	
Independent Director	Kuo-Cheng Wang	8	0	100%	
Independent Director	Yu-Che Wang	8	0	100%	
Independent Director	Yin-Chieh Hsu	8	0	100%	

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 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.

2. 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 approve the appointed Vice President.
 - (13) Motion to convene the Company's 2021 general shareholders' meeting.
- Said motions were approved by all attending directors unanimously.
- 3. Motions reported/ratified/passed at the 7th Meeting meeting of the Board of Directors of 3rd term on May 10, 2021:**
- (1) Motion to pass the facility application to be filed by Juwenlee (Fujian) Cosmetics Co., Ltd. with the bank.
 - (2) Motion to pass the acquisition of real estate through the new subsidiary established by Juwenlee (Fujian) Cosmetics Co., Ltd. in Ximen City.
- Said motions were approved by all attending directors unanimously.
- 4. Motions reported/ratified/passed at the 8th Meeting meeting of the Board of Directors of 3rd term on August 4, 2021:**
- (1) Postponement in the convention of the 2021 Annual Shareholders' Meeting.
 - (2) Amendment to motion to pass the facility application to be filed by Juwenlee (Fujian) Cosmetics Co., Ltd. with the bank.
 - (3) Motion to terminate the non- competition restriction imposed on the Company's directors. (Proposed to be discussed at the 2022 Annual Shareholders' Meeting)
- Said motions were approved by all attending directors unanimously.
- 5. Motions reported/ratified/passed at the 9th Meeting meeting of the Board of Directors of 3rd term on August 27, 2021:**
- (1) The Q2 2021 consolidated financial statements of the Company.
 - (2) Motion to set the Company's ex-dividend dates and distribution of stock dividends.
- Said motions were approved by all attending directors unanimously.
- 6. Motions reported/ratified/passed at the 10th Meeting meeting of the Board of Directors of 3rd term on November 9, 2021:**
- (1) The Q3 2021 consolidated financial statements of the Company.
 - (2) Motion to report the establishment of a new subsidiary by Huiwenli (Fujian) Enterprise Management Co., Ltd.
 - (3) Motion for the Company's 2022 audit plan.
 - (4) Motion to alter the Company's internal audit officer.
- Said motions were approved by all attending directors unanimously.
- 7. Motions reported/ratified/passed at the 11th Meeting meeting of the Board of Directors of 3rd term on January 13, 2022:**
- (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 report the operating status of the risk management policy.
 - (5) Motion to report the 2021 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 2021.
 - (8) Motion for the Company's 2022 annual operating plan and budget.
 - (9) Motion for the assessment on the independent auditor's competency and independence.
 - (10) Motion for the appointment and remuneration of the Company's financial report CPA.
- Said motions were approved by all attending directors unanimously.
- 8. Motions reported/ratified/passed at the 12th Meeting meeting of the Board of Directors of 3rd term on March 15, 2022:**
- (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) 2021 Business Report.
 - (4) 2021 Business Report and Financial Statements.
 - (5) 2021 Distribution of Earnings.
 - (6) 2021 Employee and Director Remuneration Distribution.

- (7) Motion to amend the Company's "Articles of Incorporation".
 - (8) Motion to amend the Company's "Operating Procedure for Acquisition or Disposal of Assets (Including Derivatives)".
 - (9) Motion to terminate the non-competition restrictions imposed on the directors (including independent directors) of the Company.
 - (10) 2021 "Statement on Internal Control System".
 - (11) 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.
 - (12) Motion to convene the Company's 2022 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
January 18, 2021	Directors Li-Fen Luo and Director 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) Motion for the year-end bonus to managers Ms. Li-Fen Luo is the CEO of the Company and Mr. Huan-Wen Jao is the President of the Company, who are stakeholders in the motion. (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	Director Shih-Chinn Ho and Independent Director 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.
August 4, 2021	Director Li-Chen Lin	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.
January 13, 2022	Directors Li-Fen Luo and Director Huan-Wen Jao	Motion for the year-end bonus to the Company's managers in 2021.	Ms. Li-Fen Luo is the CEO of the Company and Mr. Huan-Wen Jao is the President of the Company, who are stakeholders in the motion for managers' year-end bonuses.	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. The discussion and voting were held by the acting chairperson, independent director Hsiao-Ling Chou.
March 15, 2022	Director Li-Chen Lin	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, 2021 to December 31, 2021.

(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

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, laws, and channel management have been 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 2021, 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 2021, the Company has convened a total of 6 board meetings. The total attendance for directors should have been 48 counts; actual attendance was 47 counts in total, for a total attendance rate of 98%. 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 27, 2021, the Company has arranged Taiwan Corporate Governance Association to provide its directors with the continuing education courses on tax laws, and enterprise employee remuneration strategy 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 (2021) 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 8 (A) meetings, of which 6 were held in 2021 and 2 in 2022. 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	7	1	87.5%	
Independent Director	Kuo-Cheng Wang	8	0	100%	
Independent Director	Yu-Che Wang	8	0	100%	
Independent Director	Yin-Chieh Hsu	8	0	100%	

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 Audit Committee meeting, objections, reservations, or significant suggestions by the Independent Directors, as well as the resolutions by 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 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.

2. 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.

3. The 6th meeting of the Audit Committee of 2nd term on May 10, 2021 passed the following:

- (1) Motion to report the Q1 2021 consolidated financial statements of the Company.
- (2) Motion to pass the facility application to be filed by Juwenlee (Fujian) Cosmetics Co., Ltd. with the bank.
- (3) Motion to pass the acquisition of real estate through the new subsidiary established by Juwenlee (Fujian) Cosmetics Co., Ltd. in Ximen City.

Said motions were approved by all attending Committee member unanimously.

4. The 7th meeting of the Audit Committee of 2nd term on August 4, 2021 passed the following:

- (1) Amendment to motion to pass the facility application to be filed by Juwenlee (Fujian) Cosmetics Co., Ltd. with the bank.
- (2) Motion to terminate the non-competition restriction imposed on the Company's directors. (Proposed to be discussed at the 2022 Annual Shareholders' Meeting).

Said motions were approved by all attending Committee member unanimously.

5. **The 8th meeting of the Audit Committee of 2nd term on August 27, 2021 passed the following:**
- (1) The Q2 2021 consolidated financial statements of the Company.
Said motions were approved by all attending Committee member unanimously.
6. **The 9th meeting of the Audit Committee of 2nd term on November 9, 2021 passed the following:**
- (1) The Q3 2021 consolidated financial statements of the Company.
 - (2) Motion to report the establishment of a new subsidiary by Huiwenli (Fujian) Enterprise Management Co., Ltd.
 - (3) Motion for the Company's 2022 audit plan.
 - (4) Motion to alter the Company's internal audit officer.
Said motions were approved by all attending Committee member unanimously.
7. **The 10th meeting of the Audit Committee of 2nd term on January 13, 2022 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 communication with stakeholders.
 - (3) Motion to present the Business Integrity Report.
 - (4) Motion to report the operating status of the risk management policy.
 - (5) Motion to report the 2021 Board Performance Evaluation.
 - (6) Motion for the Company's 2022 annual operating plan and budget.
 - (7) Motion for the assessment on the independent auditor's competency and independence.
 - (8) Motion for the appointment and remuneration of the Company's financial report CPA.
Said motions were approved by all attending Committee member unanimously.
8. **The 11th meeting of the Audit Committee of 2nd term on March 15, 2022 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) 2021 Business Report and Financial Statements.
 - (4) 2021 Distribution of Earnings.
 - (5) Motion to amend the Company's "Operating Procedure for Acquisition or Disposal of Assets (Including Derivatives)".
 - (6) Motion to terminate the non-competition restriction imposed on the Company's directors.
 - (7) 2021 "Statement on Internal Control System".
 - (8) 2021 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
None	None	None	None	None

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 2021

Meeting Date/Term	Scope of Communication	Communication Results and Response
2021/01/18 4th meeting of the Audit Committee of 2nd term	1. Reports on the internal audit progress.	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.
2021/03/10 5th meeting of the Audit Committee of 2nd term	1. Reports on the internal audit progress. 2. 2020 "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.
2021/05/10 6th meeting of the Audit Committee of 2nd term	1. Reports on the internal audit progress.	No objection.
2021/08/27 8th meeting of the Audit Committee of 2nd term	1. Reports on the internal audit progress.	No objection.
2021/11/09 9th meeting of the Audit Committee of 2nd term	1. Reports on the internal audit progress. 2. 2022 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 2022 as planned.

Communication between independent directors and CPAs in 2020

Meeting Date/Term	Scope of Communication	Communication Results
2021/03/10 5th meeting of the Audit Committee of 2nd term	1. Explain the material adjustment on the audit on financial statements and income of 2020 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	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.
2021/05/10 6th meeting of the Audit Committee of 2nd term	1. Explain the material adjustments to the review report on Q1 2021 financial statements. 2. Discuss and communicate about the questions raised by independent directors toward the financial statements.	The financial report was approved by the Audit Committee, and submitted to the Board of Directors for approval, and announced and reported as scheduled.
2021/08/27 8th meeting of the Audit Committee of 2nd term	1. Explain the material adjustments to the audit report on Q2 2021 financial statements. 2. Discuss and communicate about the questions raised by independent directors toward the financial statements.	The financial report was approved by the Audit Committee, and submitted to the Board of Directors for approval, and announced and reported as scheduled.
2021/11/09 9th meeting of the Audit Committee of 2nd term	1. Explain the material adjustments to the review report on Q3 2021 financial statements. 2. Discuss and communicate about the questions raised by independent directors toward the financial statements.	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. In addition, at least a theme-based communication session related to "Insider Trading Prevention" and "Ethical Management" was held annually. 3 communication sessions with 36 attendants were completed in 2021, and the accumulated training hours were 24 hours.	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 13, 2022 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 13, 2022.	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 2021, 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 13, 2022 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? (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)? (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?	✓ ✓	✓	(I) The Company established a corporate website to fully disclose financial business and corporate governance information. (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. (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. No major difference. 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 on August 10, 2020. The scope of risk management, organizational structure, and operating status of the 2021 risk management policy were presented to the Board of Directors on January 13, 2022 and disclosed 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 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	Professional qualification and experience	Conform to independence status	Number of positions as an Independent Director in other public companies
	Name			
Independent Director	Hsiao-Ling Chou	Independent Director Hsiao-Ling Chou holds a Master's degree in Finance from National Taiwan University. She has expertise required for commerce, finance, accounting, or related business for more than five years. Meanwhile, She has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.	Independent director Hsiao-Ling Chou has work experience required for commerce, finance, accounting, or related business. During the two years before being elected or during the term of office, she hasn't been or isn't an employee, director, or supervisor of the Company or any of its affiliates, neither she, her spouse or minor children has held or holds the Company's shares, and she isn't a spouse or a relative within the second degree of kinship to another director. Thus, she conforms to the independence requirements promulgated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	
Independent Director	Yu-Che Wang	Independent Director Yu-Che Wang holds a Bachelor's degree in Financial Management from University of Maryland, a Master's degree in Business Administration from University of Massachusetts Dartmouth, and a Ph.D. in Business Education from University of Missouri-Columbia. He currently serves as an Associate Professor at Department of Global Business, Chinese Culture University. He has expertise required for commerce, finance, accounting, or related business for more than five years, and can provide the Company with professional opinions required for operations.	Independent Director Yu-Che Wang has work experience required for commerce, finance, accounting, or related business. During the two years before being elected or during the term of office, he hasn't been or isn't an employee, director, or supervisor of the Company or any of its affiliates, neither he, his spouse or minor children has held or holds the Company's shares, and he isn't a spouse or a relative within the second degree of kinship to another director. Thus, he conforms to the independence requirements promulgated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Independent Director	Yin-Chieh Hsu	Independent Director Yin-Chieh Hsu holds a Bachelor's degree in Law from National Taipei University and a Master's degree in Accounting from College of Management, National Taiwan University EMBA, and is a certified attorney audited by the Ministry of Justice. He has expertise required for commerce, legal affairs, or related business for more than five years. Meanwhile, he has the practical experience in corporate business management for many years, and can provide the Company with professional opinions required for operations.	Independent director Yin-Chieh Hsu has work experience required for commerce, legal affairs, or related business. During the two years before being elected or during the term of office, he hasn't been or isn't an employee, director, or supervisor of the Company or any of its affiliates, neither he, his spouse or minor children has held or holds the Company's shares, and he isn't a spouse or a relative within the second degree of kinship to another director. Thus, he conforms to the independence requirements promulgated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2

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

Note 2: Remuneration Committee member Yu-Che Wang concurrently serves as a Remuneration Committee member at TAIWANGGLASS.

Note 3: Remuneration Committee Member Yin-Chieh Hsu concurrently serves as the remuneration committee member of Allied Biotech Corp. and ONANO Corp.

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 (2021) to the publication date of this Annual Report, the Company's Remuneration Committee has held a total of 4 meetings (A), of which 2 were held in 2021 and 2 in 2022, 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	4	0	100%	
Committee member	Yu-Che Wang	4	0	100%	
Committee member	Yin-Chieh Hsu	4	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
2021/01/18 3rd meeting of the Remuneration Committee of	(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	(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

2nd term		members unanimously.	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 approve 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.
2022/01/13 5th 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 2021.	(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.
2022/03/15 6th meeting of the Remuneration Committee of 2nd term	(1) 2021 Employee and Director Remuneration Distribution.	(1) The motion was approved all attending Committee members unanimously.	(1) The motion was presented to the Board of Directors and passed as proposed.

(V) Implementation Status of Promoting Sustainable Development: 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.

Reason for differences between the implementation status of promoting sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Reason for the Sustainable Development Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
I. Has the Company established a governance structure to promote sustainable development, and established a unit dedicated to (concurrently engaged in) promoting sustainable development under supervision by the high-rank management authorized by the Board of Directors, and has the Board of Directors supervised the implementation?	✓		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.
II. 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 has established the risk management policy, which has been adopted by the Board of Directors on August 10, 2020. 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 policy in 2021 has been disclosed on the Corporate Governance section of the Company's website, and has been reported to the Board of Directors on January 13, 2022 .	No major difference.
III. Environmental issues				No major difference.

Evaluation Item	Implementation Status			Reason for the Sustainable Development Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
(I) Has the Company established an appropriate environmental management system according to the specific nature of the industry?	✓		(I) The Company has obtained ISO 14001 Environmental Management System certification (the certification is valid till February 23, 2025). 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.	
(II) Has the Company endeavored to maximize the use of resources and utilize renewable materials that have the least environmental impact?	✓		(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.	
(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?	✓		(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.	
(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	✓		(IV) The Company has obtained ISO 14001 Environmental Management System certification (the certification is valid till February 23, 2025). The Company adopts the environmental protection-related management policies and discloses such on the Corporate Governance section of the Company's website, and practices various	

Evaluation Item	Implementation Status			Reason for the Sustainable Development Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
management of other waste goods?			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, and the exhaust emissions from the manufacturing process of skin care products are few. Considering the nature of the industry the Company is in, the Company implements environmental protection policies in its routine operations and production processes. For example, the Company controls its water consumption (25,926 tons consumed in 2020 and 16,980 tons in 2021); controls its wastage (exclusive of paper, 5,234 kgs in 2020 and 4,492.3 kgs in 2021), 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 irregularly commissions a third party to test whether the Company's wastewater and noise levels meet applicable environmental protection regulations and standards. In Jun 2021, Xiamen Jianhuan Inspection Technology Co., Ltd. performed a test and the test result was the wastewater conformed to all legal emission concentration 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.	
IV. Social issues (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	No major difference.

Evaluation Item	Implementation Status			Reason for the Sustainable Development Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
(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?	✓		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) 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 (Validity from January 21, 2020 to January 20, 2023).	
(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.	
(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 or customer protection policy and complaining procedures?	✓		(V) The Company's important subsidiary, JUWENLEE, has obtained cosmetics production quality, environment, and occupational health system certifications such as ISO 22716, ISO 9001, ISO 14001, ISO 14005, and GMPC (USA). The Company also renews the related certifications periodically. For example, on 2/24/2022 the Company renewed the ISO 14001 certification until 2/23/2025. The newest ISO 22716 certification is valid from 7/16/2019 until 7/15/2022, the newest	

Evaluation Item	Implementation Status			Reason for the Sustainable Development Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
(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.	✓		<p>ISO 9001 certification is valid from 7/6/2020 to 7/5/2023, and the newest ISO 45001 certification is valid from 1/21/2020 until 1/20/2023. The Company has established R&D, procurement, production, services, and other relevant internal control circuit protocols, followed the specifications accordingly, and obtained certifications of information security management system and intellectual property management system in 2021, all of which 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.</p> <p>(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 ISO 9000, ISO 14001, ISO 45001, 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.</p>	
V. Whether the Company prepares the report disclosing the Company's non-financial information, such as sustainability report, based on the guidelines or directions		✓	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.

Evaluation Item	Implementation Status			Reason for the Sustainable Development Practice Differences Compared to TWSE/TPEX Listed Companies
	Yes	No	Brief Description	
for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a collaborating certification unit?				
VI. If the Company has established the sustainable development principles based on "Sustainable Development 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 on the implementation of promoting sustainable development: 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 files, 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	

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>Handling of Whistle-Blowing Against Misconduct and Immoral or 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>	
II. Implementation of ethical management				
(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?	✓		(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.	No major difference.
(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)?	✓		(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 2021 Business Integrity Report has been submitted to the Board of Directors on	

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?	✓		January 13, 2022 and disclosed on the Corporate Governance section of the Company's website. (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 .	
(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. In addition, at least a theme-based communication session related to "Insider Trading Prevention" and "Ethical Management" was held annually. 3 communication sessions with 36 attendants were completed in 2021, and the accumulated training hours were 24 hours.	

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. 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? (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? (III) Whether the Company has adopted any measures to prevent the whistleblowers from being abused after the whistleblowing?	✓ ✓ ✓		(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. (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) The Company has disclosed its whistleblower protection policy on its corporate website and in its "Ethical Corporate Management Best Practice Principles".	No major difference.
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.

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	
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. (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", and made amendments in accordance with relevant laws and regulations of the competent authority. (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. Every 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 15, 2022

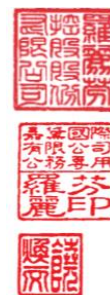
This Statement of Internal Control System is issued based on the self-assessment results of the Company for the period January 1 to December 31, 2021.

- 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, 2021 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 15, 2022, 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: None.

(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
August 23, 2021	General Shareholders' Meeting	<ol style="list-style-type: none"> 1. Motion to acknowledge the 2020 business report and financial statements. 2. Motion to acknowledge the 2020 distribution of earnings. 3. Motion to amend the Company's "Parliamentary Rules for Shareholders' Meeting". 4. Motion to approve the removal of the non-competition restrictions imposed on the directors (including independent directors) of the Company. 	<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 Parliamentary Rules, which were approved at the shareholders' meetings, have been completed. (4) The motion was approved at the shareholders' meetings and implemented as proposed. <p>Explanation: The motions to amendments approved at the shareholders' meeting have been executed successfully. The Company's 2020 distribution of allocable earnings was NT\$229,542 thousand. The common stock cash dividends per share was NT\$2. The distributed earnings totaled NT\$94,776 thousand accordingly. The ex-dividend date was September 26, 2021. The cash dividends have been paid.</p>

2. Important Resolutions by Board of Directors

Date	Session	Important Resolution Items
January 18, 2021	5th meeting of the Board of Directors of the 3rd term	<ol style="list-style-type: none"> (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	<ol style="list-style-type: none"> (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.

Date	Session	Important Resolution Items
		(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.
May 10, 2021	7th 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) Approved the Q1 2021 consolidated financial statements of the Company. (3) Motion to pass the facility application to be filed by Juwenlee (Fujian) Cosmetics Co., Ltd. with the bank. (4) Motion to pass the acquisition of real estate through the new subsidiary established by Juwenlee (Fujian) Cosmetics Co., Ltd. in Xiamen City.
August 4, 2021	8th 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) Amendment to motion to pass the facility application to be filed by Juwenlee (Fujian) Cosmetics Co., Ltd. with the bank. (3) Motion to terminate the non-competition restriction imposed on the Company's directors. (Proposed to be discussed at the 2022 Annual Shareholders' Meeting).
August 27, 2021	9th 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) Approve the Q2 2021 consolidated financial statements of the Company. (3) Motion to approve the Company's ex-dividend dates and distribution of stock dividends.
November 9, 2021	10th 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 establishment of a new subsidiary by Huiwenli (Fujian) Enterprise Management Co., Ltd. (3) Approved the Q3 2021 consolidated financial statements of the Company. (4) Motion to pass the Company's 2022 audit plan. (5) Motion to pass the transfer of the Company's internal audit officer.
January 13, 2022	11th 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 report the operating status of the risk management policy. (5) Motion to report the 2021 Board Performance Evaluation. (6) Motion to approve the Company's 2022 annual operating plan and budget. (7) Motion to approve the assessment on the competence and independence of the attesting CPA. (8) Motion to approve the appointment and remuneration of the Company's financial report CPA.
March 15, 2022	12th 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 2021 business report. (4) Motion to pass 2021 Business Report and Financial Statements. (5) Motion to pass 2021 Distribution of Earnings. (6) Motion to approve the 2021 Employee and Director Remuneration Distribution. (7) Motion to amend the Company's "Articles of Incorporation".

Date	Session	Important Resolution Items
		(8) Motion to amend the Company's "Operating Procedure for Acquisition or Disposal of Assets (Including Derivatives)". (9) Motion to terminate the non-competition restrictions imposed on the directors (including independent directors) of the Company. (10) Motion to pass the 2021 "Statement on Internal Control System". (11) 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. (12) Motion to convene the Company's 2022 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:

Title	Name	Date of Appointment	Date of Dismissal	Cause of Resignation or Dismissal
Audit Officer	Yi Shu Li	2020.01.01	2021.06.11	Personal career planning
Audit Officer	Wei Shuo Li	2021.11.09	2022.02.07	Personal reasons

V. Attesting CPA Public Expense Information

Unit: NT\$1,000

CPA Firm Name	CPA Name	CPA Audit Period	Audit Expense	Non-Audit Expense	Total	Remarks
PwC Taiwan	Shih-Jung Weng	2021/1/1~2021/12/31	3,850	150	4,000	
	Chun-Yao Lin	2021/1/1~2021/12/31				

(I) 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.

(II) 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:

(I) Related to former CPA

Replacement Date	2022.01.01		
Replacement reasons and explanations	In accordance with internal organizational adjustments of PwC, the attesting CPAs for financial reports were changed from CPA Shih-Jung Weng and Chun-Yao Lin to CPA Shih-Jung Weng and Ming-Fu Liao from 2022.		
Explanations on whether the Company or CPA has terminated or rejected the	Involved Parties Status	CPA	Company

engagement.	voluntarily terminated the engagement.		-	-
	Do not accept (further) engagement.		-	-
If an audit report expressing other than an unqualified opinion has been issued during the 2 most recent years, furnish the opinion and reason.	None			
Indicate whether there was any disagreement between the issuer.	Yes	-	Accounting principles or practices	
		-	Disclosure of financial reports	
		-	Audit scope or steps	
		-	Others	
	None	✓		
	Explanation			
Other disclosures (to be disclosed in accordance with Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	N/A.			

(II) Related to successor CPA

Name of the Accounting Firm:	PwC Taiwan
CPA Name	Shih-Jung Weng, CPA and Ming-Fu Liao, CPA
Date of engagement	From 2022
Prior to the formal engagement of the successor CPA, the Company consulted the newly engaged CPA regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial report.	N/A.
Written views from the successor CPA regarding the matters on which the Company did not agree with the former CPA	N/A.

(III) Former CPA's reply letter to matters specified in Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Regulations: N/A.

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	2021		As of April 15, 2022	
		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	—	—	—	—
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	—	—	—	—
President	Huan-Wen Jao	—	—	—	—
Senior Deputy President	Jian-Ping Lin	—	—	—	—
Senior Vice President	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	—	—	—	—
Vice President	Chung-Hsiung Huang	—	—	—	—
Vice President of Finance	Xiu-Qiong Zhang	—	—	—	—
Audit Officer	Yi Shu Li (Note 2)	—	—	—	—
Audit Officer	Wei Shuo Li (Note 3)	—	—	—	—
Audit Officer	Yong Zhen Li (Note 4)	—	—	—	—
Major Shareholders	Black Praise International Limited	—	—	—	—
	Representative: Li-Fen Luo	—	—	—	—
Major Shareholders	Talent Reach (HK) Limited	—	—	—	—
	Representative: Huan-Wen Jao	—	—	—	—
Major Shareholders	Forward Idea Investments Limited	—	—	—	—
	Representative: Huan-Wen Jao	—	—	—	—

Note 1: Resigned in 2021.03.

Note 2: Resigned in 2021.06.

Note 3: Resigned in 2022.02.

Note 4: Newly appointed in 2022.03.

(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 15, 2022; 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: Li-Fen Luo)	15,216	32.11	—	—	—	—	(1) LUO, LI-FEN (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 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 Fang Tai International Co., Ltd. Investment Account (Fang Tai International Co., Ltd.)	1,876	3.96	-	-	-	-	—	—	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)	1,300	2.74	—	—	—	—	(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, 2021 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 Enterprise Management Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Yimeili Enterprise Management Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Manfenli Enterprise Management Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Siming Realbio Plastic Surgery Clinic Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Manlifenni Beauty Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Liluoya Commerce Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Xiamen Shengjijiema Commerce 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 15, 2022; 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 15, 2022; 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 15, 2022

Shareholder structure Quantity	Government Agency	Financial Institution	Other Corporation	Individuals	Foreign Company or Foreigner	Total
Number of People	0	1	14	1,957	29	2,001
Number Held (Shares)	0	23,000	1,022,720	8,733,058	37,609,222	47,388,000
Shareholding Ratio %	0	0.05%	2.16%	18.43%	79.36%	100.00%

Note: The Company's transfer registration suspension date commences from April 4, 2022 to June 2, 2022.

(III) Status of Share Dispersion

1. Common stock

Par value at NT\$10 per share; April 15, 2021

Shareholding Level	Numbers of Shareholders (person)	Number Held (Shares)	Holding ratio (%)
1 to 999	588	74,542	0.16%
1,000 to 5,000	1,150	2,086,659	4.40%
5,001 to 10,000	123	935,473	1.97%
10,001 to 15,000	46	583,560	1.23%
15,001 to 20,000	25	459,042	0.97%
20,001 to 30,000	18	446,800	0.94%
30,001 to 50,000	13	484,357	1.02%
50,001 to 100,000	15	1,120,425	2.37%
100,001 to 200,000	9	1,309,620	2.76%
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	2,001	47,388,000	100%

Note: The Company's transfer registration suspension date commences from April 4, 2022 to June 2, 2022.

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 15, 2022; 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 World Maker International Limited Investment Account (World Maker International Limited Representative: Huan-Wen Jao)		1,914	4.04

Major Shareholder Name	Share	Number of Shares	Shareholding Ratio
SinoPac is the Entrusted Custodian of Fang Tai International Co., Ltd. Investment Account (Fang Tai International Co., Ltd.)		1,876	3.96
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)		1,300	2.74
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		2020	2021	Ending Q1 of 2022
Items				
Stock price (Note 1)	Highest	178.00	105.5	69.70
	Lowest	91.10	61.50	59.00
	Average	116.51	79.14	63.32
Net Value per Share	Before Distribution	34.55	33.76	(Note 8)
	After Distribution	34.55	(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)	2.20	1.48
		After adjustment (retroactive)	2.20	(Note 7)
Dividends per Share	Cash Dividends		2.0	1.5 (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)		52.96	53.47 (Note 7)
	Price-dividend ratio (Note 5)		58.26	52.76 (Note 7)
	Cash dividend yield (Note 6)		1.72%	1.90% (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 Board Meeting's resolution or 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 15, 2022 and awaiting resolution and approval at the 2022 shareholders' meeting.

Note 8: The financial statement for Q1 of 2022 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 15, 2022; which proposed to distribute the dividends recognized by the Shareholders' Meeting on June 2, 2022 as follows:

Unit: NT\$

Summary	Total
Distributable earnings:	
Undistributed Surplus at the Beginning of the Period	\$ 134,765,907
Plus: Net profit after tax for the year	70,240,251
Less: Allocation to legal reserve	(7,024,025)
Less: Provision for special reserve (Note)	(12,753,499)
Total distributable earnings	185,228,634
Distribution Items:	
Cash dividend (NT\$1.5 per share)	(71,082,000)
Retained earnings after distribution	\$ 114,146,634

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 15, 2022 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 2021, the remuneration to employees was NT\$1,000,000, and the remuneration to directors/supervisors was NT\$1,500,000, accounting for 1.37% and 2.06% of the profits audited by a CPA in 2021, respectively, to be distributed entirely in cash as listed. The status of the aforesaid distribution was approved by the Remuneration Committee on March 15, 2022 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 15, 2022 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 beauty and cosmetic stores, who then sell the products to terminal consumers. Until the end of 2021, 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 constant outbreaks of the pandemic in 2021 have demonstrated the excessively burdensome sales chain of the traditional single-distributor channel. Sales and training in offline brick-and-mortar stores are susceptible to the restrictions imposed for disease prevention. We completed the preparation for the current stage and expanded from a single distributor channel in 2022 to four major distribution channels in 2022. We will also expand into omni-channel sales based on the technological advancements in the cosmetics industry and the Internet. The Company has 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	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
Beauty Care Products	1,371,691	94.88	796,347	94.26	883,297	96.34
Others	74,004	5.12	48,538	5.74	33,569	3.66
Total	1,445,695	100.00	844,885	100	916,866	100.00

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 material suppliers currently hold the advantages as the Company primarily engages in R&D and production. We must therefore control the main materials. In addition to manufacturing and production, we must begin production of the materials and develop the production of pharmaceutical biology and gene splicing technology for genetic engineering. We shall use microbial strain fermentation technology to produce different types of small-molecule peptides.

For key products in the future, we will develop small-molecule peptides (repairing peptides, tightening peptides, rejuvenating peptides, and sculpting peptides) to be used to upgrade products and enhance product effectiveness.

(II) Industry overview

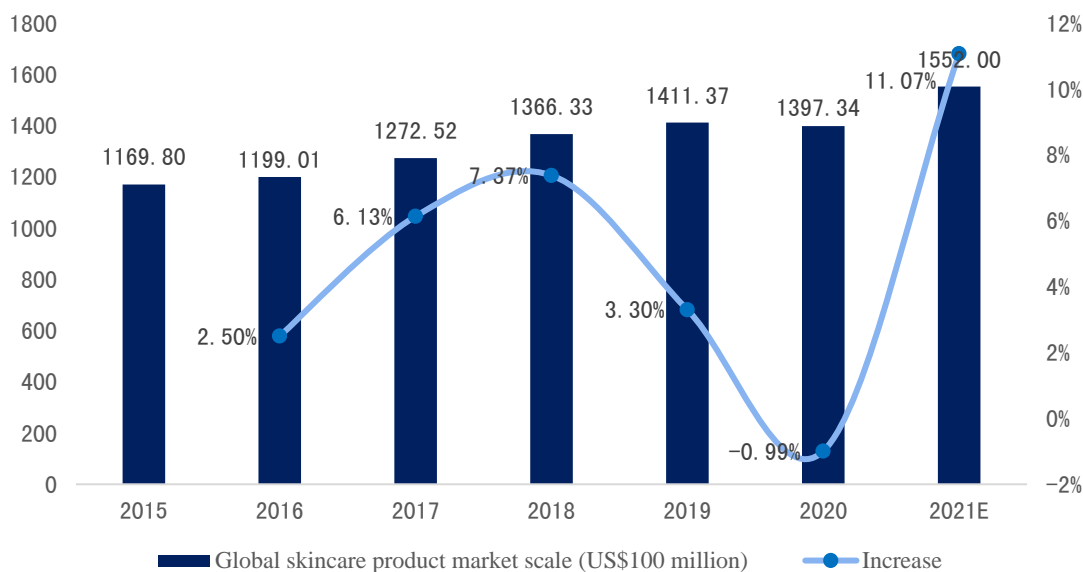
1. Industry status and development

(1) Market Overview for Cosmetics and Skin Care Products

According to the research report provided by Forward Intelligence Co., Ltd., from 2015 to 2020, the global skincare product market showed an upward trend with volatility. In 2015, because of the slugging demand of the Euro Zone and a great economic recession in Brazil, the scale of the global skincare product market slumped YoY. From 2016 to 2019, the global skincare product market recovered, attributable to the consumption growth in Greater China and the impact of emerging markets such as Russia and India. The global skincare product market reached US\$141.137 billion in 2019. With the impact of COVID-19, the global skincare product market decreased to US\$139.734 billion in 2020, down 1% YoY. In 2021, the impact of COVID-19 on economies waned down and economies began to recover. The global skincare

product market rose to US\$155.2 billion in 2021, up 11.07% YoY.

Figure 1: Change in global skincare product market scale from 2015 to 2021 (Unit: US\$100 million, %)



Source of data: Forward Intelligence Co., Ltd.

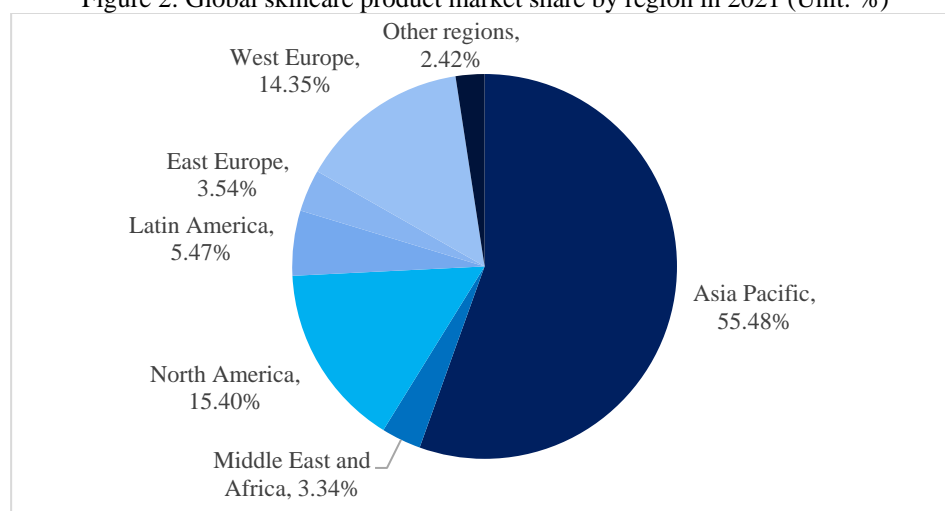
(2) Market overview and development

A. Global Market Development

According to the research report provided by Forward Intelligence Co., Ltd., the scale of Mainland China's skincare product market has exceeded that of the U.S. since 2018, making Mainland China the largest skincare product market worldwide.

Asia, represented by Mainland China, Japan, and South Korea, is the key skincare product market globally. In 2021, the skincare product market in Asia Pacific area expanded at a faster pace, thereby expanding the market share to 55.48%, followed by North America with a market share of 15.40%. While Middle East and Africa represented a smaller market share of 3.34%, though still up in comparison with 2020.

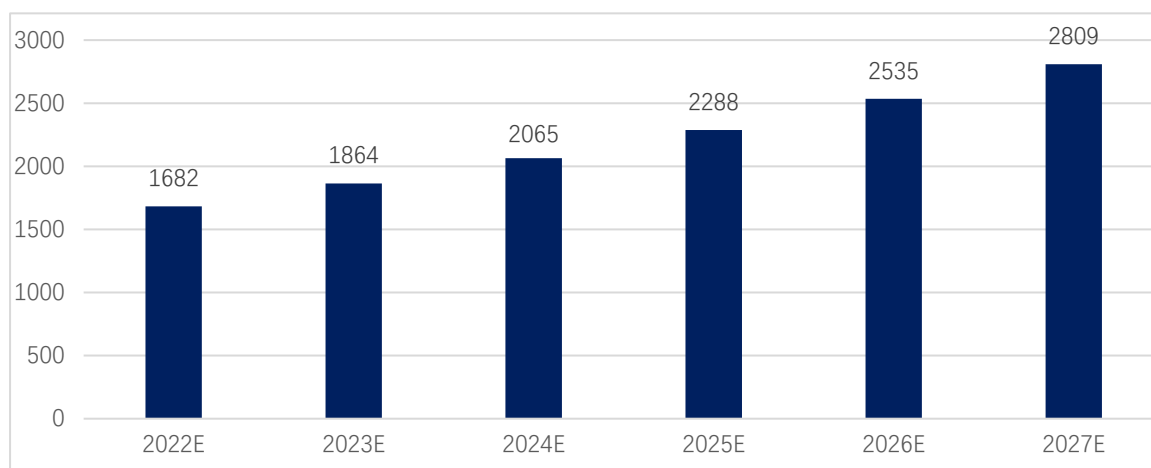
Figure 2: Global skincare product market share by region in 2021 (Unit: %)



Source of data: Forward Intelligence Co., Ltd.

The skincare product market in Europe and America expanded at a slow pace in recent years, while that of emerging markets, such as Asia, Russia, and India, expanded rapidly. Of which, Mainland China took the lead and became the major driving force behind the expansion of the global skincare product market. In 2020, COVID-19 spread across the world and affected the manufacturing and circulation of the global skincare product market. Forward Intelligence Co., Ltd. believed that when COVID-19 is constrained within a certain level in 2022, the market will see a minor recovery and the global skincare product market scale is likely to hit US\$280.9 billion in 2027.

Figure 3: Forecast of global skincare product market scale from 2022 to 2027 (Unit: US\$100 million)



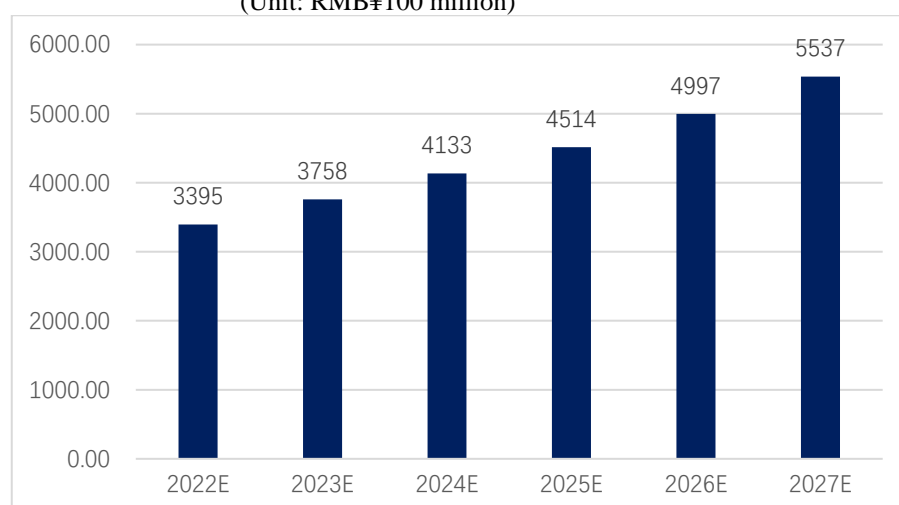
Source of data: Forward Intelligence Co., Ltd.

B. Mainland China Market Development

According to the research report provided by Forward Intelligence Co., Ltd., from the comprehensive aspects, such as no. of enterprises, enterprise profits, technological maturity, industry movements, market division, and industry cluster, Mainland China's skincare product market is in the growth phase of the industry life cycle. Generally speaking, currently Mainland China's skincare product market is situated at the stage of technological reforms and rapid development of new techniques, indicating a spacious room for the growth of the skincare market and becoming a conspicuous feature of Mainland China's skincare product market at growth phase.

In 2020, the global outbreak of COVID-19 affected the skincare industry considerably. The upstream material supply, production of outsourced manufacturer, and downstream consumer demands and sales channels were impacted by COVID-19. In the post-COVID-19 era, the demand in the skincare product market is likely to expand. Mainland China's skincare product market picked up in 2021. Afterwards, as consumers become more aware of skincare and demands for high-end skincare products increase constantly, the skincare product market in Mainland China looks to expand the market scale. In 2027, the skincare product market in Mainland China is likely to hit RMB¥553.7 billion .

Figure 4: Forecast of Mainland China's skincare product market scale from 2022 to 2027 (Unit: RMB¥100 million)



Source of data: Forward Intelligence Co., Ltd.

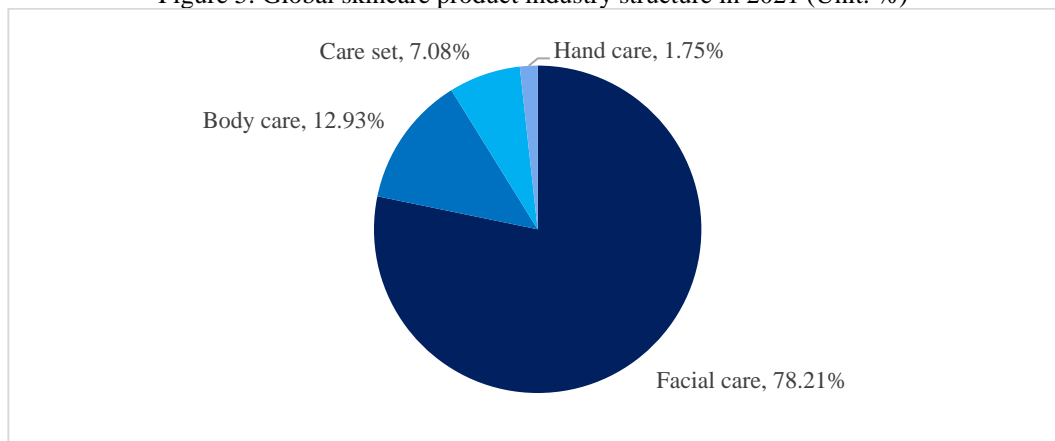
C. Product Category Development

(A) Global Market

Based on the applied areas, skincare products are divided into facial skincare products, body skincare products, hand skincare products, and skincare product sets.

According to the research report provided by Forward Intelligence Co., Ltd., in 2020, the skincare product with the biggest global market share is the facial skincare product, followed by the body skincare product. In 2021, consumers became more aware of facial care. According to the initial calculation by Forward Intelligence Co., Ltd., the market share of facial skin care products continued to rise or could reach 78.21%, while the market share of hand skincare products might drop to 1.75%.

Figure 5: Global skincare product industry structure in 2021 (Unit: %)

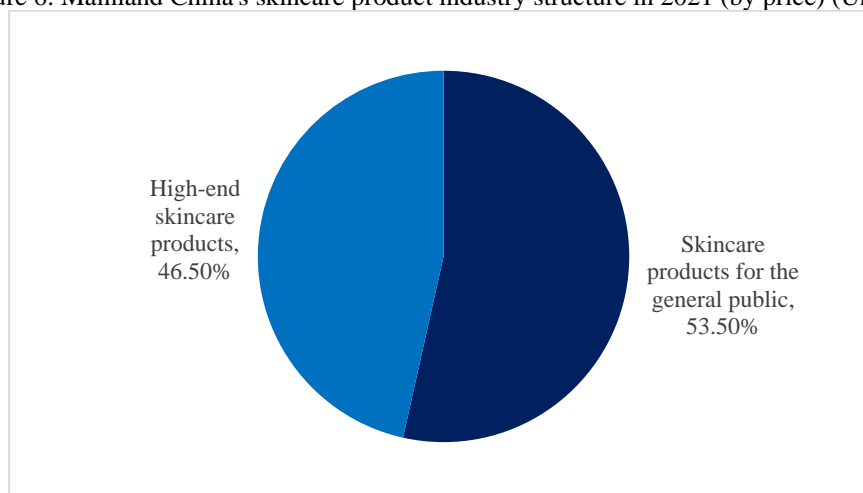


Source of data: Forward Intelligence Co., Ltd.

(B) Mainland China Market

Based on different prices, Mainland China's skincare products may be divided into skincare products for the general public and high-end skincare products. Mainland China's skincare product market is centered on the general public market, but the high-end market expands faster and its market share keeps rising. As a result, currently Mainland China's skincare product market is dominated by the public, which is related to the lower per capita disposable income. As people's income level and consumption ability rise, they are expected to prefer high-end skincare products more in the future, thereby expanding the market share of Mainland China's high-end skincare products. According to the research report provided by Forward Intelligence Co., Ltd., the market share of Mainland China's high-end skincare products was 42.97% in 2020. Forward Intelligence Co., Ltd. believed that the market share of Mainland China's high-end skincare products will continue to grow and be likely to account for 46.5% of the entire market.

Figure 6: Mainland China's skincare product industry structure in 2021 (by price) (Unit: %)

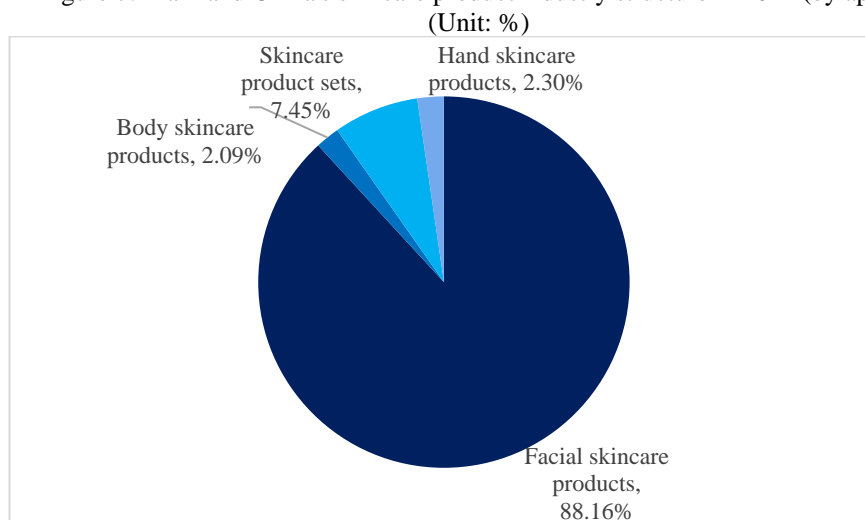


Source of data: Forward Intelligence Co., Ltd.

Based on the applied areas, skincare products mainly consist of facial skincare products, body skincare products, hand skincare products, and skincare product sets. Of which, facial skincare products are priced higher and in a greater demand, thereby accounting for a larger share in the skincare product market. According to the research report provided by Forward Intelligence Co., Ltd., in 2020, facial skincare products

represented a 87.73% market share, up 11.09% from 2019, followed by skincare product sets with a 7.64% market share. In 2021, the market share of facial skincare products continued to expand to 88.16%, while that of skincare product sets reached 7.45%.

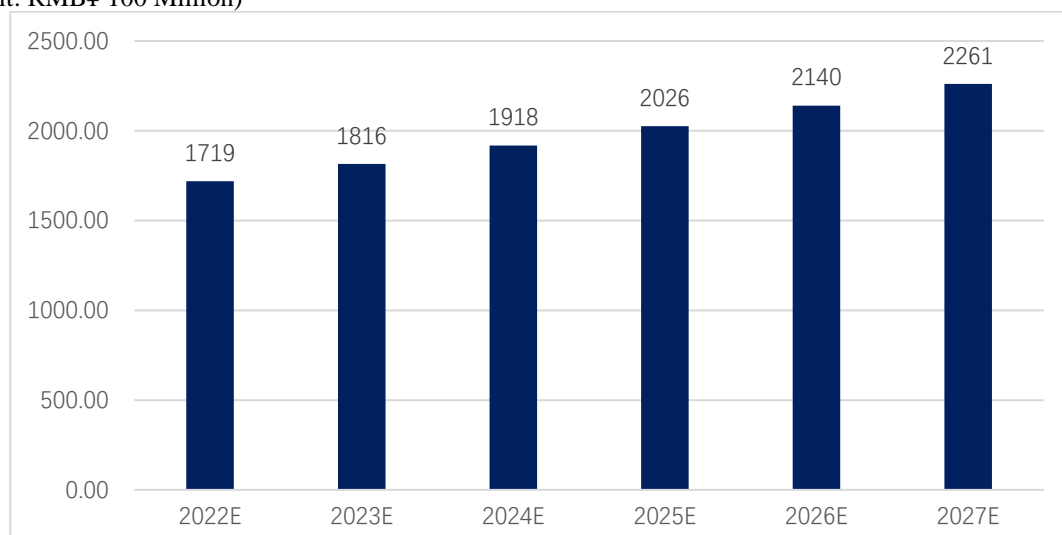
Figure 7: Mainland China's skincare product industry structure in 2021 (by applied area)



Source of data: Forward Intelligence Co., Ltd.

Amongst skincare products for the general public, the low-end skincare product market expanded slowly, while middle-end and high-end skincare products expanded relatively faster, which was mainly attributed to the enhanced product R&D and innovation ability of Mainland China's skincare industry and an improvement in the public consumption ability. In 2020, under the influence of COVID-19, Mainland China's skincare product market was affected to a certain level. Life at-home reduced people's demands for skincare products. Even so, its impact on skincare products is relatively small as compared with that of makeup products. Meanwhile, currently online channels for skincare products for the general public account for a larger portion, so the impact of COVID-19 on such products are smaller in comparison with offline channels. Forward Intelligence Co., Ltd. believed that Mainland China's skincare product market will rebound rapidly in 2022 and reach RMB¥171.9 billion. By 2027, Mainland China's skincare product market is likely to reach RMB¥220 billion.

Figure 8: Forecast of Mainland China's skincare product market scale from 2022 to 2027 (Unit: RMB¥ 100 Million)

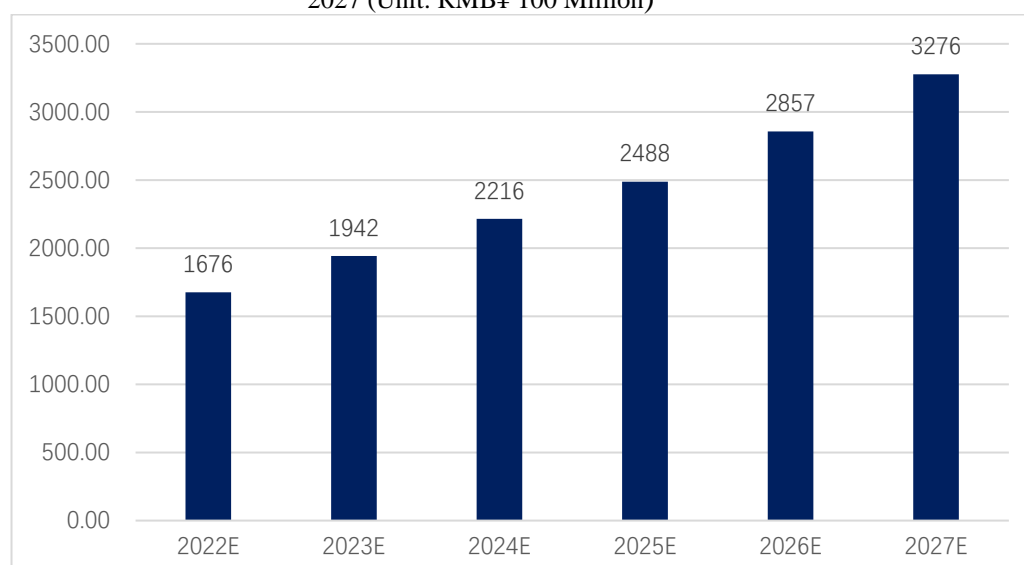


Source of data: Forward Intelligence Co., Ltd.

Accompanied with constant increases in people's consumption ability, people are more concerned about the quality and effectiveness of products, so skincare products come with technological skincare ingredients and target skin issues will be much sought after. Meanwhile, because people's knowledge of skincare keeps broadening, they demand more about the safety of materials of skincare products. Skincare products made by combining functions and safety and using corresponding techniques to achieve quality will require more R&D to be invested in by

relevant enterprises. Thus, prices are relatively higher, making the outlook of high-end skincare products extremely promising with a tremendous potential. Forward Intelligence Co., Ltd. believed that people's demand for high-end skincare products will rebound rapidly in 2022. In 2022, Mainland China's high-end skincare product market is expected to reach RMB¥ 167.6 billion. By 2027, Mainland China's high-end skincare product market looks to reach RMB¥ 327.6 billion.

Figure 9: Forecast of Mainland China's high-end skincare product market scale from 2022 to 2027 (Unit: RMB¥ 100 Million)

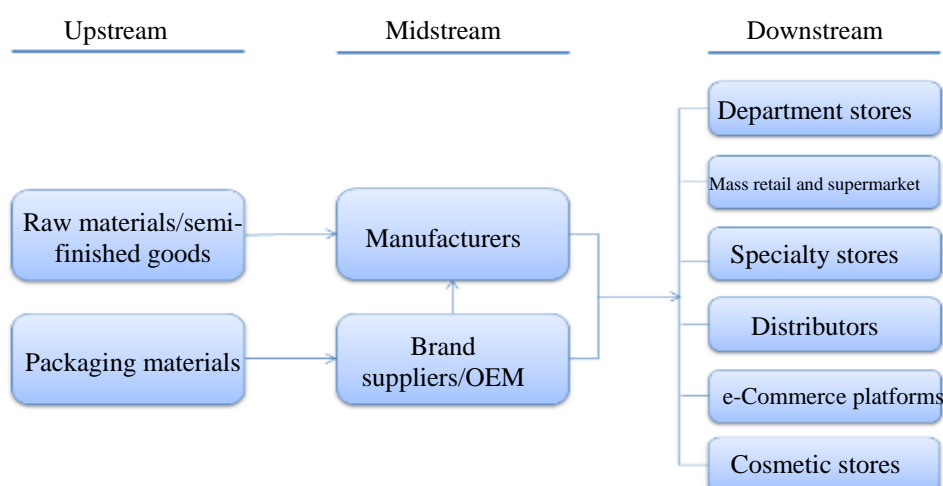


Source of data: Forward Intelligence Co., Ltd.

In conclusion, as the COVID-19 outbreak comes to an end, the market for cosmetic and skincare products will rebound and the market scale will expand increasingly. The increase of consumer interest in skin care, and the rising income of the middle class will help 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.

The constant outbreaks of the pandemic have demonstrated the excessively burdensome sales chain of the traditional single-distributor channel. Sales in offline brick-and-mortar stores are susceptible to the restrictions imposed for disease prevention and we will expand from a single distributor channel to four major distribution channels in 2022. Specifically:

- (1) Traditional distributor channel: Restoration of business as the impact of the pandemic subsides:
 - (2) Large customer channels : Direct supply of the high-end brand "MallSkin" to large chain beauty salons
 - (3) A new online retail brand: The online channel will be open to stores that are not part of the distributor system and will be available directly to consumers
 - (4) Directly-operated healthcare and biocare beauty salons and franchise distribution channels: Preparation in Xiamen, Fujian for future expansion across China
- In summary, the risks of the Company's products, 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

Items	2021	2022 to Date of Publication
R&D Costs	60,173	(Note)
Consolidated Net Operating Income	916,866	(Note)
R&D Costs as a Percentage of Consolidated Revenue (%)	6.56%	(Note)

Note: The financial statement for Q1 of 2022 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
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.

Items	Year	Specific R&D Results	Product Description	Main Functions and Benefits:
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
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	Hydrating repair essence, hydrating brightening essence, hydrating skin spray, and hydrating lifting essence cream

Items	Year	Specific R&D Results	Product Description	Main Functions and Benefits:
			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.	
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
17	2021	Development of Type III Collagen Freeze Dried Ball	Type III collagen hasn't become prevalent in home care domain. However, many companies are promoting it amongst beauty salons. Currently beauty salon products containing the ingredient of type III collagen are mainly essence, facial mask, and freeze dried powder. The project is to develop a type III collagen freeze dried ball, which possesses a certain level of difference to existing products in the market.	MALLSKIN Collagen Essence
18	2021	Isolation and purification of the saponin in Trillium tschonoskii plants	Trillium tschonoskii plant is one of the four magical medicines of the Tu ethnic group, also Mainland China's class 3 protection plant. The data shows that Trillium tschonoskii plants have strong anti-inflammatory, immunoregulatory, and anti-aging effects. Trillium tschonoskii plants contain compounds such as steroidal saponin, flavonoid glycoside, sesquiterpene glycoside, and phenylpropanoid glycoside. Of which, saponins in Trillium tschonoskii plants possess active ingredients that can urge the secretion of collagen and have anti-inflammatory effects, which are used as the ingredient for anti-allergic and removing wrinkles, and can be applied in products that postpone skin aging.	MALLSKIN Beauty Extract Essence
19	2021	A new commercial cream containing effective cherry blossom ingredients that can filter blue light and whiten and repair skin.	Guanzhou single-leaf pink red flowers are most climate-resistant and heat-resistant amongst all cherry plant varieties. Natural active ingredients extracted from cherry blossom, such as flavonoids and quercetins, have been proved the most effective ingredients for filtering blue light, whitening and repairing skin. Use cherry blossom extracted compounds to produce the cream, and use a 3D skin model in substitution for human patch test to research the skin stimulus gender. Meanwhile, a research on the effectiveness of whitening and repairing skin will be realized through 20 volunteers testing the authentic product.	Cherry Blossom Moisturizing Gel, Beauty Hydrogel Cream, etc.
20	2021	A bio-fiber facial mask for sensitive skin containing dihydromyricetin	Dihydromyricetin (DHM) is a type of active flavonoids contained abundantly in vine tea, with effects such as protecting the heart, anti-diabetes, protecting the liver, protecting nerves, anti-tumor, and protecting the skin. Researches found that DHM can effectively alleviate allergic symptoms of mice and	GLINGLUO Whitening Collagen Eye Mask

Items	Year	Specific R&D Results	Product Description	Main Functions and Benefits:
			relevant allergic indicators. As active ingredients from extracts of vine tea and leaves of <i>Ampelopsis grossedentata</i> , DHM is allowed to be used in cosmetic products. However, there is no research showing its effects on sensitive skins. Thus, it is likely to be discussed whether DHM is the active ingredient for sensitive skins.	
21	2021	A new type of anti-allergic formula consisting of natural active ingredients to be added to cosmetic products.	Such technology is an authorized patent. Use main ingredients including balloon vine extracts, cottonrose hibiscus leaf extracts, roseroot extracts, okra extracts and dihydroquercetin to design an appropriate formula. The advantages of such formula is a discovery of how natural active ingredients with their compounds can effectively constraint the emission of β -Hexosaminidase and histamine from RBL-2H3 cells using five natural active substances, which are balloon vine extracts, cottonrose hibiscus leaf extracts, roseroot extracts, okra extracts, and dihydroquercetin, as compound materials to be combined with in vitro cell models. Meanwhile, different compounds designed from the invention can coordinate and increase effectiveness, thereby meeting expected effects. Such formula can be adopted in the development of anti-allergic cosmetic products.	Probiotics Cream

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

1. Short-term Plan Development Direction

Mainland China:

- (1) Traditional distributor channel: As the vaccination rate of the population increases, the impact of the pandemic will gradually subside. In 2022, our traditional channels will focus on increasing the number of stores, customer visits, and the share of in-store customers.
- (2) Large customer channels: Luo Lih-Fen launched the high-end facial product brand "MallSkin" in 2021. In the past, the Luo Lih-Fen brand sold products to beauty salons through distributors. However, the rise of large-scale chain beauty salons in Mainland China has decreased the price negotiation and promotion capacity of distributors relative to manufacturers. In addition, large beauty salons often lack high-end products. Therefore, we sell the "MallSkin" products directly to large chain beauty salons.
- (3) A new online retail brand: In the past, EasyBio was mainly offered in private sectors and only available for beauty salons of distributors. After two years of data analysis, we focused sales on small beauty salons. In the future, EasyBio will also be made available to small beauty salons and individual mobile beauty applications beyond the Luo Lih-Fen system. The head office store will also use e-commerce platforms for sales and use live broadcast to directly promote sales. EasyBio will use three online channels at the same time to increase user purchases.
- (4) Directly-operated healthcare and biocare beauty salons and franchise distribution channels: The Company will activate directly-operated healthcare and biocare beauty salons under the brand "Realbio Care". As China adopts more rigorous regulations for the cosmetics industry, products and equipment with proclaimed therapeutic effects must be operated by professional personnel (doctors and nurses) and must have the corresponding authorization licenses. The healthcare and biocare beauty salon system offers a perfect solution for compliance issues and we have started the preparation in Xiamen, Fujian. The flagship healthcare and biocare beauty salon currently under construction will have an area of 2,700 square meters and is expected to start operations in 2022 Q3. We also planned the establishment of several small-scale healthcare and biocare beauty salons with an area of 300 to 500 square meters for future expansion of directly-operated stores and franchise stores in multiple cities across China.

Taiwan:

The regional operation strategy for Taiwan in 2022 will also be implemented based on the Group's policies. MallSkin was launched in 2021 Q4 and "EasyBio" was also launched on the e-

commerce platform SHOPLINE. Our Neihu Plant complies with GMP and ISO requirements and obtained the certification in 2021 to ensure that products can be made in Taiwan. In terms of combining healthcare and biocare beauty salons, the "Realbio Care" is currently in operations and the second healthcare beauty clinic was also opened in March 2022. They will increase the revenue in Taiwan.

2. Long-Term Plan Development Direction

- (1) Upstream: The material suppliers currently hold the advantages as the Company only engages in R&D and production. We must therefore control the main materials. In addition to manufacturing and production, we must begin production of the materials and develop the production of pharmaceutical biology and gene splicing technology for genetic engineering. We shall use microbial strain fermentation technology to produce different types of small-molecule peptides.
- (2) Midstream: We shall optimize the formulas of our fine chemical products, reduce the purchase of raw materials, enhance stability, and continue to cooperate with academic or medical institutions.
- (3) Downstream: We shall expand from the original traditional distributor channel to four major distribution channels. With technological advancements in the cosmetics industry and the Internet, we shall expand into omni-channel sales and continue to recruit high-end talents. We will also optimize management and training processes to duplicate talents and skills.

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	2019		2020		2021	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Mainland China	1,440,498	99.64%	842,746	99.75%	882,682	96.26%
Taiwan	5,197	0.36%	2,139	0.25%	34,184	3.73%

2. Market share:

The Company's R&D, manufacturers, distributors, and market for its professional beauty care product lines are located in Mainland China. According to the research report provided by Forward Intelligence Co., Ltd., the skincare product market in Mainland China measured RMB¥305 billion 2021. Based on the Company's 2021 operating income estimates, the market share was approximately 0.07%, which is considered low. The constant outbreaks of the pandemic have demonstrated the excessively burdensome sales chain of the traditional single-distributor channel. Sales in offline brick-and-mortar stores are susceptible to the restrictions imposed for disease prevention and we will expand from a single distributor channel to four major distribution channels in 2022, which is expected to boost the Company's market share constantly.

3. Future Market Supply, Demand, and Growth Status

The Company's major operating location and market are in Mainland China, and cosmetic and skincare products manufactured by the Company will be expanded from a single distributor channel to four major distribution channels in 2022. According to the research report provided by Forward Intelligence Co., Ltd., in 2020, the global outbreak of COVID-19 affected the skincare industry considerably. The upstream material supply, production of outsourced manufacturer, and downstream consumer demands and sales channels were impacted by COVID-19. Mainland China's skincare product market demands picked up in 2021. The skincare product market in Mainland China measured RMB¥305 billion 2021. Afterwards, as consumers become more aware of skincare and demands for

high-end skincare products increase constantly, the skincare product market in Mainland China looks to expand the market scale. In 2027, the skincare product market in Mainland China is likely to hit RMB¥553.7 billion, and the annual average compound increase rate will be 10.28% from 2022 to 2027, indicating an ongoing expansion of the skincare product market in Mainland China.

In terms of market supply, data published by the National Bureau of Statistics of China revealed that the retail of cosmetic products in Mainland China in 2021 totaled RMB¥402.6 billion, which yields a per capita beauty and personal care consumption of RMB¥285 when divided by China's total population of 1.413 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 2021 increased by 14.0% compared to that of 2020. 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
2021	Hungkuang University	We worked with Hungkuang University and jointly took on the external collaboration project of Fujian Department of Science & Technology titled "development and industrial application of key technologies for the extraction and separation of high viscosity polysaccharides from Narcissus Tazetta Bulb".
	Huaqiao University	We established the science and research development platform for "intelligent nano carrier design and applications", which mainly focuses on the "Development of MOF Intelligent Carrier for Targeted Transmission of Cosmetic Active Substances" technique.
2020	School of	The cosmetic effects of stem cells, secretions of stem

	Pharmaceutical Sciences of Xiamen University	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. @

We will expand from a single distributor channel to four major distribution channels in 2022, which is expected to boost the Company's market share constantly.

(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.

According to the research report provided by Forward Intelligence Co., Ltd., along with economic growth, the annual average compound increase rate of the skincare product market in Mainland China reached 11.23% from 2016 to 2021, and the domestic skincare product market measured RMB¥305 billion in 2021, up 12.93% YoY. The market scale is expected to reach RMB¥553.7 billion in 2027, and the compound increase rate from 2022 to 2027 will be 10.28%, suggesting a constant expansion of the skincare product market in Mainland China.

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; in 2021, "EasyBio" was named one amongst 100 female renowned consumer brands in Fujian Province; 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]

The constant outbreaks of the pandemic have demonstrated the excessively burdensome sales chain of the traditional single-distributor channel. Sales in offline brick-and-mortar stores are susceptible to the restrictions imposed for disease prevention and we will expand from a single distributor channel to four major distribution channels in 2022. Specifically:

- (1) Traditional distributor channel : Restoration of business as the impact of the pandemic subsides:
- (2) Large customer channels : Direct supply of the high-end brand "MallSkin" to large chain beauty salons
- (3) A new online retail brand: The online channel will be open to stores that are not part of the distributor system and will be available directly to consumers
- (4) Directly-operated healthcare and biocare beauty salons and franchise distribution channels: Preparation in Xiamen, Fujian for future expansion across China

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

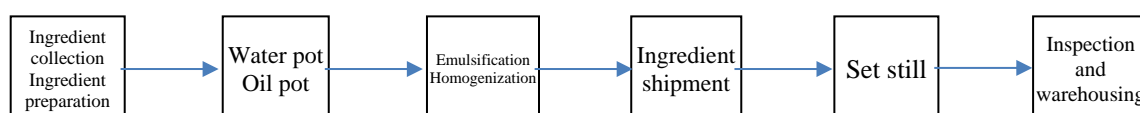
(II) Important Purpose and Production Process of the Main Products

1. Purpose of Products

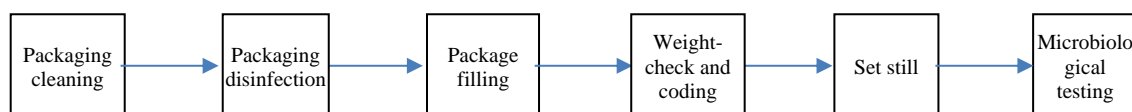
The Company's main products are beauty care products that provide anti-aging, whitening, anti-oxidation, skin repair, and other restorative effects.

2. Product Production Process

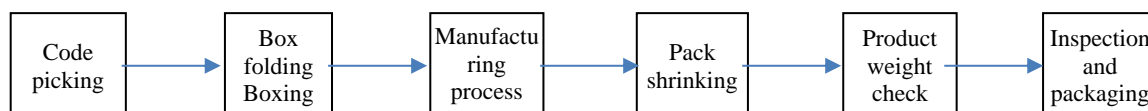
(1) Raw material emulsification/semi-finished goods



(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	2020				2021				2022 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)	19,802	8.08	None	P01 (Note 1)	44,344	17.45	None	-	(Note 3)	-	-
2	Senlinhai (Note 2)	1,426	0.58	Related party	-	-	-	None	-	(Note 3)	-	-
3	Others	223,781	91.34	None	Others	209,701	82.55	None	Others	(Note 3)	-	None
	Net Amount	245,009	100.00	-	Net Amount	254,045	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 2022 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. The inventory amount from P01 was NT\$19,802 thousand and NT\$44,344 thousand in 2020 and 2021 respectively, accounting for 8.08% and 17.45% of net inventory amount respectively. The inventory amount increased in 2021 mainly because of the supplier adjustment and an increase in the procurement therefrom.

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

YEAR	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Main Products						
Beauty Care Products (Note 2)	3,854	3,699	987,646	3,860	3,894	1,063,373
Others	(Note 1)		48,538	(Note 1)		74,456
Total	3,854	3,699	1,036,184	3,860	3,894	1,137,829

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: The increase was approximately 10% from 2020 to 2021. Because the market recovered gradually from the slowdown of the COVID outbreak, both production volume and value rose.

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

Unit: Thousand PCS; NT\$ thousand

Main Products \ YEAR	2020				2021			
	Foreign Sales		Domestic Sales		Foreign Sales		Domestic Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Beauty Care Products	-	-	4,111	796,347	-	-	4,515	883,297
Others	-	-	(Note 1)	48,538	-	-	(Note 1)	33,569
Total	-	-	4,111	844,885	-	-	4,515	916,866

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: The increase was approximately 9% from 2020 to 2021. Because of the slowdown of the COVID outbreak, market gradually picked up and thus revenue increased.

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		2020	2021	March 31, 2022
Number of employees	Manager	14	13	13
	General Staff	466	444	453
	Production Line Staff	140	119	116
	Total	620	576	582
Average Age		31.21	32.52	32.93
Average Service Tenure (Years)		3.59	3.73	4.18
Academic Background Distribution Ratio	PhD Degree	0.16%	0.17%	0.17%
	Master's Degree	1.94%	1.56%	1.55%
	College	61.45%	63.02%	64.26%
	High School	15.48%	15.80%	15.46%
	Under High School	20.97%	19.45%	18.56%

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. 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. (Validity: March 18, 2020 to March 17, 2025)

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. Currently the frame of Plant No. 3 (Area A) has been built, and interior/exterior decoration is underway.

(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, 2021; 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	358	225	
Underground polluted water treatment facilities and civil construction & renovation project	1	January 2019	2,682	0	
Plant waste water treatment system	1	July 2019	802	618	
Online water pollution monitoring system maintenance fee	1	July 2021	488	244	
Projects involving plant #3 (Zone A) emergency pond, wastewater circulation pond, and automated sprinkler system for plant greening	1	Note 2	Note 2	Note 2	
Total			4,330	1,087	

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, 2021.

- (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, nursery room, employee gym, 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 (Validity from 1/21/2020 to 1/20/2023). In addition to providing a good and comfortable workplace, the Company holds at least a fire drill every year in its care for employees' safety. 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. As for the orientation/on-the-job training programs provided for employees in 2021, a total of 5,191 persons participated in such programs with a total of 5,977 training hours. 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. As for the occupational safety and health training programs provided for employees in 2021, a total of 377 persons participated in such programs with a total of 419 training hours.

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. Cyber security management mechanisms

(I) Elaborate on the cyber security risk management framework, cyber security policy, specific management plans and resources invested in cyber security management:

1. Cyber security risk management framework

The Company founded an IT unit. since its incorporation to take charge of the Company's IT system installment and information security. The IT unit has evolved into the IT Dept. over years of development, and an IT Dept. manager has been appointed directly under the Vice President at the Administration Dept., who is also managed by the President. Meanwhile, the President also serves as a representative of the information security administrator to be in charge of providing guidance of information security. The Company has established an information security management system according to GB/T 22080-2016 /ISO/IEC 27001:2013, and obtained the information security management system certification in 2021 (validity from 02/22/2021 to 02/21/2024), in order to comprehensively protect the Company's information security.

2. Cyber security policy

The Company's cyber security guidelines are: Implement risk management, ensure information security, and guarantee ongoing business development.

Implement risk management: Establish a risk assessment program according to the information security characteristics of the Company's business and laws and regulations, and confirm risk appetite guidelines. Conduct risk assessments on a regular basis to identify changes in the Company's risks. Conduct assessments at times when a material change occurs to the Company or the environment. Adopt corresponding measures based on the risk assessment result to mitigate risks.

Ensure information security: Put emphasis on information security in daily enterprise production and management, fully identify and analyze all information assets; in terms of systems, consider weaknesses in and possible threats to enterprise information systems, and an overall balance among costs, profits and risks to protect assets by category and use appropriate costs to meet the requirement of system protection.

Guarantee ongoing business: Establish a sound information security supervision and guarantee system, which expressly assigns the responsibility of information security to each level and position, thereby fulfilling the information security management which is human-oriented and conducted by all employees, from all aspects, and across all procedures. Keep improving through measurement and monitoring to make sure the information security management system functions effectively, and records are kept for the system implementation and can be traced, thereby ultimately guaranteeing continuity and security over the production, operations, management, and services of the enterprise and fulfilling the enterprise's development goal.

3. Specific management plans and resources invested in cyber security

In order to equip the enterprise with information security management measures, the Company has invested in corresponding equipment and systems, such as firewall system, behavior management system, all-in-one backup, joint access management, and encryption software, to optimize the implementation of the information security management plan. Here is an introduction to the equipment and system functions:

A. Prevent threats outside the network - firewall:

Most information security attacks in internet security incidents come from the internet. Including DDOS, ARP spoofing, TCP/UDP attack, port scan, and other attacking measures. The Company

installs an AF-1210 model firewall, which provides good internet security protection and manages to block various attacking methods mentioned above.

B. Prevent threats inside the network - behavior management:

The Company activates an online behavior management system in order to securely control the security of internal network. Internet users can only access a sufficient level of internet usage, which effectively prevents internal users from visiting virus websites and phishing websites, and interrupts possible dangerous behaviors existing in unsafe websites.

C. Protect data safety - all-in-one backup

Data is the livelihood of the enterprise survival, also a focus of information security tasks. In order to protect data security, the Company's information security dept. introduces an all-in-one backup system, which constantly backups all businesses of the enterprise and thus recovers data immediately after an information security issue rises. On the other hand, data backup can also minimize data losses.

D. Data security and exchange - shared access management:

Shared access management provides the Company data a platform and allows all data to be accessed through sharing; furthermore, the shared access management platform can personalize individual access to ensure data security.

E. Mitigate leakage risks - encryption software:

The Company not only fulfills its control of data and network across different routes, but also demands a higher standard for its data security, which directly leads to the introduction of the encryption software. The encryption software enables us to encrypt data instantly and prevents information leakage from the source. Data can only be encrypted by using the encryption software; personnel not installing the encryption software cannot identify encrypted files, which mitigates information leakage risks.

(II) List the losses suffered by major cyber security incidents in the most recent year and as of the publication date of the Annual Report, possible impacts, as well as the response measures. If the amount cannot be reasonably estimated, explain the facts behind why the reasonable estimation cannot be made: None.

VII. 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.	2021/01~2021/12	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 Huaqiao University	2021.05.01-2026.04.30	Development of MOF Intelligent Carrier for Targeted Transmission of Cosmetic Active Substances	None
	Juwenlee(Fujian) Cosmetics Co., Ltd. and School of Pharmaceutical Science of 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 Fujian Jiulong Construction Group Co., Ltd.	2020.05-Construction termination	Construction of Plant #3 Zones A&B, foundation pit support, and water-related engineering projects	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Fujian Barong Construction Development Co., Ltd.	2021.01-Construction termination	Spare reconstruction and expansion of fire pools	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Fujian Hengxiang Engineering Project Management Co., Ltd.	2020/05~End of project	Supervision contract for Plant #3 Zones A&B	None
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Xiamen Buyun Information Technology Co., Ltd.	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 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
Engineering Contracts	Lever Guide Biotech Co., Ltd. (TW) and Taipei Fubon Bank	2020/01~2035/02	Secured loans	Refer to relevant details in the Financial Statements
	Juwenlee (Fujian) Cosmetics Co., Ltd. and Zhangzhou Branch of Industrial Bank Co., Ltd.	2021.11.05-2024.11.05	Financing loan	None
Advertising cooperation	Juwenlee (Fujian) Cosmetics Co., Ltd. and Glory Star (Horgos) Media Co., Ltd.	2021.03.25-2022.04.26	Commercials during the "Star Remake Team" program	None

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, 2022
		2017	2018	2019	2020	2021	
Current Assets		1,073,612	1,886,673	1,681,026	1,405,878	1,224,594	(Note 2)
Real Property, Plants, and Equipment		152,630	197,647	214,906	360,972	664,828	(Note 2)
Intangible Assets		1,775	1,603	9,449	42,990	40,168	(Note 2)
Other Assets		38,899	35,183	290,098	269,210	77,138	(Note 2)
Total Assets		1,266,916	2,121,106	2,195,479	2,079,050	2,006,728	(Note 2)
Current Liabilities	Before Distribution	334,533	416,227	336,262	332,244	285,263	(Note 2)
	After Distribution	479,733	717,787	667,978	427,020	-	(Note 2)
Non-current Liabilities		17,214	7,476	11,117	103,728	116,630	(Note 2)
Total Liabilities	Before Distribution	351,747	423,703	347,379	435,972	401,893	(Note 2)
	After Distribution	686,280	725,263	679,095	530,748	-	(Note 2)
Equity Attributable to the Owner of Parent Company		915,169	1,697,403	1,848,100	1,637,309	1,600,020	(Note 2)
Share Capital		330,000	430,800	473,880	473,880	473,880	(Note 2)
Capital Surplus		379,160	829,495	829,495	830,575	830,575	(Note 2)
Retained Earnings	Before Distribution	205,925	439,172	592,272	364,703	340,167	(Note 2)
	After Distribution	7,925	94,532	260,556	269,927	-	(Note 2)
Other Equity Interests		84	(2,064)	(47,547)	(31,849)	(44,602)	(Note 2)
Treasury stock		-	-	-	-	-	(Note 2)
Uncontrolled equity		-	-	-	5,769	4,815	(Note 2)
Total Equity	Before Distribution	915,169	1,697,403	1,848,100	1,643,078	1,604,835	(Note 2)
	After Distribution	717,169	1,395,843	1516,384	1,548,302	-	(Note 2)

Note 1: The 2017-2021 Condensed Consolidated Income Statement is based on the Consolidated Financial Report certified by the CPA.

Note 2: The financial statement for Q1 of 2022 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 Board Meeting's resolution or Shareholders' Meeting resolution status for the following year.

2. Concise Income Statement

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, 2022
	2017	2018	2019	2020	2021	
Operating Incomes	868,559	1,358,184	1,445,695	844,885	916,866	(Note 2)
Operating Margin	524,280	910,524	979,789	517,825	533,887	(Note 2)
Operating Profit	315,173	572,166	527,236	59,218	53,145	(Note 2)
Non-operating Incomes and Expenses	3,577	11,274	42,104	53,035	39,361	(Note 2)
Profit Before Income Tax	318,750	583,440	569,340	112,253	92,506	(Note 2)
Continuing business units Current period net profit	240,015	431,247	497,740	103,916	69,286	(Note 2)
Loss From Units That Stopped Operations	-	-	-	-	-	(Note 2)
Net Profit (Loss) for Current Period	240,015	431,247	497,740	103,916	69,286	(Note 2)
Other comprehensive income of the term (Net income after tax)	(4,811)	(2,148)	(45,483)	15,698	(12,753)	(Note 2)
Total Consolidated Gains or Losses	235,204	429,099	452,257	119,614	56,533	(Note 2)
Net profit attributable to owner of parent	240,015	431,247	497,740	104,147	70,240	(Note 2)
Net Profit Attributable to Non-controlling Interests	-	-	-	(231)	(954)	(Note 2)
Total Consolidated Gains or Losses Attributable to the Parent Company Owner	235,204	429,099	452,257	119,845	57,487	(Note 2)
Total Consolidated Profits or Losses Attributable to Non-controlling Interests	-	-	-	(231)	(954)	(Note 2)
Earnings per Share	7.27	11.09	10.50	2.20	1.48	(Note 2)

Note 1: The 2017-2021 Condensed Consolidated Income Statement is based on the Consolidated Financial Report certified by the CPA.

Note 2: The financial statement for Q1 of 2022 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
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
2021	PwC Taiwan	Shih-Jung Weng, Chun-Yao Lin	Unqualified Opinion

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, 2022
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt Ratio	27.76	19.98	15.82	20.97	20.03	(Note 2)
	Ratio of Long-Term Capital to Property, Plant and Equipment	610.88	862.59	770.64	440.49	245.60	(Note 2)
Solvency (%)	Current Ratio	320.93	453.28	499.92	423.15	429.29	(Note 2)
	Quick Ratio	299.6	435.04	464.98	382.28	396.22	(Note 2)
	Interest Earned Ratio (Times)	0	0	5,751.90	78.52	63.55	(Note 2)
Operating Performance	Accounts Receivable Turnover (Times)	35.26	1,388.03	207.67	67.73	80.51	(Note 2)
	Average Collection Period	10.35	0.26	1.75	5.39	4.53	(Note 2)
	Inventory Turnover (Times)	3.94	8.49	7.03	3.47	3.86	(Note 2)
	Accounts Payable Turnover (Times)	7.04	12.27	12.50	14.77	25.50	(Note 2)
	Average Days in Sales	93	43	51.92	105.19	94.56	(Note 2)
	Property, Plant and Equipment Turnover (Times)	7.15	7.75	6.58	2.65	1.67	(Note 2)
	Total Assets Turnover (Times)	1.00	0.80	0.66	0.4	0.45	(Note 2)
Profitability	Return on Total Assets (%)	27.73	25.46	23.06	4.92	3.45	(Note 2)
	Return on Stockholders' Equity (%)	47.80	33.01	28.07	5.95	4.27	(Note 2)
	Pre-Tax Income to Paid-In Capital (%)	96.59	135.43	120.14	23.69	19.52	(Note 2)
	Profit Ratio (%)	27.63	31.75	34.42	12.3	7.56	(Note 2)
	Earnings Per Share (NT\$)	7.27	11.09	10.50	2.2	1.48	(Note 2)
Cash flow	Cash Flow Ratio (%)	118.08	121.56	5.20	5.13	79.10	(Note 2)
	Cash Flow Adequacy Ratio (%)	189.02	208.03	129.36	82.78	67.64	(Note 2)
	Cash Reinvestment Ratio (%)	35.70	20.68	(14.77)	(17.15)	(17.16)	(Note 2)
Leverage	Operating Leverage	1.03	1.04	1.06	1.82	2.21	(Note 2)
	Financial Leverage	1.00	1.00	1.00	1.03	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) Decrease in Long-Term Capital to Property, Plant and Equipment: Mainly because of an increase in Property, Plant and Equipment.
- (2) Increase in accounts payable turnover rate: Mainly because of an increase in revenue, and the accompanying increase in operating costs exceeds the increase in accounts payable.
- (3) Decrease in Property, Plant and Equipment Turnover (Times): Mainly because of an increase in property.
- (4) Decrease in Return on Assets, Return on Equity, Profit Ratio, and Earnings per Share: Mainly due to reduction of profits caused by COVID-19.
- (5) Increase in Cash Flow Ratio: Primarily as a result of the increase in net cash flow from operating activities.
- (6) 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 2017–2021 Condensed Consolidated Income Statement is based on the Consolidated Financial Report certified by the CPA.

Note 2: The financial statement for Q1 of 2022 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 \times (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 2021 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:

2022 General Shareholders' Meeting of Luo Li-Fen Holding Co., Ltd.

Luo Lih-Fen Holding Co., Ltd.
Audit Committee
Convener: Hsiao-Ling Chou

March 15, 2022

IV. Financial Report for the Most Recent Year

**LUO LIH-FEN HOLDING CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 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. 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 2021 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 2021 consolidated financial statements is stated as follows:

Sales revenue recognition

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 96% 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 contract liabilities and total sales revenue in order to confirm the rights of contract liabilities 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.

Additions to buildings and construction in progress

Description

For accounting policy of property, plant and equipment, refer to Notes 4(15) and 6(7).

For the year ended December 31, 2021, the additions to property, plant and equipment for the Group was \$343,485, the additions arise mainly from the following transitions: 1. Acquisition of buildings for establishing flagship store in Xiamen City, Mainland China; 2. Construction of factory and warehouse with automation system for Juwenlee(Fujian)Cosmetics Co., Ltd.. Since the above-mentioned transitions are considered significant for the audit, we identified additions to buildings and construction in progress 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. Inspected the minutes of Board of Directors meetings and assessed that resolutions have been made for relevant transactions.
2. Inspected the property ownership certificate and validated the rights of the property.
3. Examined the property valuation report and price comparison related documentation for buildings acquired in Xiamen City, Mainland China.
4. Inspected the acquisition and construction contracts and validated the occurrence of the transactions.
5. Compared the employee list and the list of major shareholders with the transaction parties and evaluated that counterparties are not related parties.
6. Inspected related documentation for payment and assessed the payees are in conformity of the counterparties of the transactions.
7. Observed the construction progress of the factory and warehouse.

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

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 15, 2022



Lin, Chun-Yao

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 independent auditors' report 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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2021		December 31, 2020			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	468,280	23	\$	590,012	28
1110	Current financial assets at fair value through profit or loss	6(2)		364,168	18		490,599	24
1136	Current financial assets at amortised cost	6(3)		250,840	13		142,400	7
1150	Notes receivable, net	6(4)		2,784	-		1,565	-
1170	Accounts receivable, net	6(4)		3,829	-		11,440	1
1180	Accounts receivable - related parties	7		2,042	-		1,116	-
1199	Finance lease receivable due from related parties, net	6(9) and 7		1,640	-		1,113	-
1200	Other receivables			22,817	1		15,984	1
1210	Other receivables - related parties	7		2,013	-		-	-
130X	Inventories	6(5)		72,492	4		104,193	5
1410	Prepayments			21,821	1		31,576	1
1470	Other current assets	8		11,868	1		15,880	1
11XX	Current Assets			1,224,594	61		1,405,878	68
Non-current assets								
1535	Non-current financial assets at amortised cost	6(3)		-	-		196,965	9
1600	Property, plant and equipment	6(7) and 8		664,828	33		360,972	17
1755	Right-of-use assets	6(8) and 7		36,086	2		35,592	2
1780	Intangible assets	6(10)		40,168	2		42,990	2
1840	Deferred income tax assets	6(25)		30,936	2		21,588	1
194K	Long-term finance lease receivable due from related parties, net	6(9) and 7		-	-		926	-
1990	Other non-current assets, others	8		10,116	-		14,139	1
15XX	Non-current assets			782,134	39		673,172	32
1XXX	Total assets		\$	2,006,728	100	\$	2,079,050	100

(Continued)

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

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

Liabilities and Equity			December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(11)	\$ 55,125	3	\$ 102,454	5
2150	Notes payable		140	-	110	-
2170	Accounts payable		14,500	1	12,007	1
2180	Accounts payable - related parties	7	1,271	-	2,259	-
2200	Other payables	6(12)	152,345	8	170,114	8
2220	Other payables - related parties	7	622	-	1,062	-
2230	Current tax liabilities		6,895	-	3,606	-
2280	Current lease liabilities	7	9,824	-	9,241	-
2320	Long-term liabilities, current portion	6(13)	19,511	1	-	-
2399	Other current liabilities, others		25,030	1	31,391	2
21XX	Current Liabilities		285,263	14	332,244	16
Non-current liabilities						
2540	Long-term borrowings	6(13) and 8	105,689	5	92,200	5
2570	Deferred income tax liabilities	6(25)	3,057	-	3,867	-
2580	Non-current lease liabilities	7	7,255	1	6,851	-
2670	Other non-current liabilities, others		629	-	810	-
25XX	Non-current liabilities		116,630	6	103,728	5
2XXX	Total Liabilities		401,893	20	435,972	21
Equity						
Equity attributable to owners of parent						
	Share capital	6(15)				
3110	Share capital - common stock		473,880	24	473,880	23
	Capital surplus	6(16)				
3200	Capital surplus		830,575	41	830,575	40
	Retained earnings	6(17)				
3310	Legal reserve		103,314	5	92,899	5
3320	Special reserve		31,849	2	47,547	2
3350	Unappropriated retained earnings		205,004	10	224,257	11
	Other equity interest					
3400	Other equity interest		(44,602)	(2)	(31,849)	(2)
31XX	Equity attributable to owners of the parent		1,600,020	80	1,637,309	79
36XX	Non-controlling interests		4,815	-	5,769	-
3XXX	Total equity		1,604,835	80	1,643,078	79
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after balance sheet date	11				
3X2X	Total liabilities and equity		\$ 2,006,728	100	\$ 2,079,050	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, 2021 AND 2020

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

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(18) and 7	\$	916,866	100	\$	844,885
5000 Operating costs	6(5)(23)(24) and 7		(382,979)	(42)	(327,060)	(39)
5900 Net operating margin			533,887	58	517,825	61
Operating expenses	6(23)(24) and 7					
6100 Selling expenses		(	220,832)	(24)	(211,295)	(25)
6200 General and administrative expenses		(	199,737)	(22)	(177,859)	(21)
6300 Research and development expenses		(	60,173)	(6)	(69,453)	(8)
6000 Total operating expenses		(	480,742)	(52)	(458,607)	(54)
6900 Operating profit			53,145	6	59,218	7
Non-operating income and expenses						
7100 Interest income	6(19) and 7		12,530	1	22,058	2
7010 Other income	6(20) and 7		20,876	2	31,905	4
7020 Other gains and losses	6(21)		7,434	1	542	-
7050 Finance costs	6(22) and 7	(	1,479)	-	(1,448)	-
7060 Share of loss of associates and joint ventures accounted for using equity method			-	-	(22)	-
7000 Total non-operating income and expenses			39,361	4	53,035	6
7900 Profit before income tax			92,506	10	112,253	13
7950 Income tax expense	6(25)	(	23,220)	(3)	(8,337)	(1)
8200 Profit for the year		\$	69,286	7	\$	103,916
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		(\$	12,753)	(1)	\$	15,698
8500 Total comprehensive income for the year		\$	56,533	6	\$	119,614
Profit attributable to						
8610 Owners of parent		\$	70,240	7	\$	104,147
8620 Non-controlling interests		(	954)	-	(231)	-
		\$	69,286	7	\$	103,916
Comprehensive income attributable to						
8710 Owners of parent		\$	57,487	6	\$	119,845
8720 Non-controlling interests		(	954)	-	(231)	-
		\$	56,533	6	\$	119,614
Basic earnings per share (in dollars)	6(26)					
9750 Basic earnings per share		\$	1.48		\$	2.20
9850 Diluted earnings per share		\$	1.48		\$	2.20

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, 2021 AND 2020
(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
		Share capital - common stock	Total capital surplus, additional paid-in capital	Capital surplus, others	Legal reserve	Special reserve	Total unappropriated retained earnings				
Notes											
<u>For the year ended December 31, 2020</u>											
		\$ 473,880	\$ 829,495	\$ -	\$ 43,125	\$ 2,064	\$ 547,083	(\$ 47,547)	\$ 1,848,100	\$ -	\$ 1,848,100
		-	-	-	-	-	104,147	-	104,147	(231)	103,916
		-	-	-	-	-	-	15,698	15,698	-	15,698
		-	-	-	-	-	104,147	15,698	119,845	(231)	119,614
Appropriation of 2019 earnings:	6(17)										
		-	-	-	49,774	-	(49,774)	-	-	-	-
		-	-	-	-	45,483	(45,483)	-	-	-	-
		-	-	-	-	-	(331,716)	-	(331,716)	-	(331,716)
		-	-	1,080	-	-	-	-	1,080	-	1,080
		-	-	-	-	-	-	-	-	6,000	6,000
		\$ 473,880	\$ 829,495	\$ 1,080	\$ 92,899	\$ 47,547	\$ 224,257	(\$ 31,849)	\$ 1,637,309	\$ 5,769	\$ 1,643,078
<u>For the year ended December 31, 2021</u>											
		\$ 473,880	\$ 829,495	\$ 1,080	\$ 92,899	\$ 47,547	\$ 224,257	(\$ 31,849)	\$ 1,637,309	\$ 5,769	\$ 1,643,078
		-	-	-	-	-	70,240	-	70,240	(954)	69,286
		-	-	-	-	-	-	(12,753)	(12,753)	-	(12,753)
		-	-	-	-	-	70,240	(12,753)	57,487	(954)	56,533
Appropriation of 2020 earnings:	6(17)										
		-	-	-	10,415	-	(10,415)	-	-	-	-
		-	-	-	-	(15,698)	15,698	-	-	-	-
		-	-	-	-	-	(94,776)	-	(94,776)	-	(94,776)
		\$ 473,880	\$ 829,495	\$ 1,080	\$ 103,314	\$ 31,849	\$ 205,004	(\$ 44,602)	\$ 1,600,020	\$ 4,815	\$ 1,604,835

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, 2021 AND 2020

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

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 92,506	\$ 112,253
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)	(1,444)	(3,439)
Depreciation expense on property, plant and equipment	6(7)(23)	43,908	38,352
Depreciation expense on right-of-use assets	6(8)(23)	12,073	7,914
Amortization expense	6(10)(23)	3,802	2,439
Interest income	6(19)	(12,530)	(22,058)
Interest expense	6(22)	1,479	1,448
Share of loss of associates and joint ventures accounted for using equity method		-	22
Loss on disposal of property, plant and equipment	6(21)	227	(341)
Loss arising from lease modifications	6(21)	674	1,201
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		127,875	(87,743)
Notes receivable, net	(	1,219)	-
Accounts receivable, net		7,611	8,217
Accounts receivable - related parties	(	926)	618
Other receivables		1,659	(2,925)
Other receivables - related parties	(	2,013)	-
Inventories		31,701	(14,036)
Prepayments		9,583	8,625
Other current assets		4,012	(8,277)
Changes in operating liabilities			
Current contract liabilities	(	47,329)	18,783
Notes payable		30	-
Accounts payable		2,493	(13,117)
Accounts payable - related parties	(	988)	(4,466)
Other payables	(	14,595)	(20,947)
Other payables - related parties	(	440)	1,062
Other current liabilities, others	(	6,361)	9,469
Other non-current liabilities, others	(	181)	(450)
Cash inflow generated from operations		251,607	32,332
Interest received		3,754	18,466
Interest paid	(	938)	(750)
Income tax paid	(	28,778)	(32,996)
Net cash flows from operating activities		225,645	17,052

(Continued)

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

		Year ended December 31	
	Notes	2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in current financial assets at amortised cost		(\$ 108,440)	\$ 157,400
Decrease (increase) in non-current financial assets at amortised cost		196,965	(3,240)
Acquisition of property, plant and equipment	6(27)	(344,767)	(138,944)
Acquisition of intangible assets	6(27)	(1,209)	(7,320)
Net cash flows from acquisition of subsidiaries		-	(30,744)
Increase in other non-current assets, others		(1,950)	(7,315)
Net cash flows used in investing activities		(259,401)	(30,163)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings		33,000	92,200
Return of principal of lease liabilities		(12,432)	(10,212)
Cash dividends paid	6(17)	(94,776)	(331,716)
Change in other capital surplus		-	1,080
Change in non-controlling interests		-	6,000
Net cash flows used in financing activities		(74,208)	(242,648)
Effect of exchange rate changes on cash and cash equivalents		(13,768)	2,629
Net decrease in cash and cash equivalents		(121,732)	(253,130)
Cash and cash equivalents at beginning of year		590,012	843,142
Cash and cash equivalents at end of year		\$ 468,280	\$ 590,012

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, 2021 AND 2020

(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, manufacture 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 authorised for issuance by the Board of Directors on March 15, 2022.

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 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
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

(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 2022 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 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 financial condition and 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 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	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
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and 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, 2021	December 31, 2020	
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%	
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%	
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%	
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%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Zhangzhou Kangqili Health Management Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Manfenli Enterprise Management Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 2
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Yimeili Enterprise Management Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Zhangzhou Healthy Skin Clinic Co., Ltd.	Consulting service of beauty and skin care	100%	100%	
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Consulting service of beauty and skin care	100%	100%	
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Xiamen Siming Ruilijia Plastic Surgery Clinic Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 3
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Xiamen Manlifenni Beauty Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 3
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Xiamen Liluoya Trading Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 3
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Xiamen Shengji Decoding Trading Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 3
Lever Guide Biotech Co., Ltd.	Richer Biotechnology Co., Ltd.	Sales of beauty and skin care products	67%	67%	Note 1

Note 1: For the purpose of implementing the Group's operating strategy for its health and beauty related businesses, the second-tier subsidiary, Lever Guide Biotech Co., Ltd. invested \$12,000 to establish Richer Biotechnology Co., Ltd. and acquired 67% equity interest on October 14, 2020.

Note 2: For the purpose of establishing a regular chain system, on May 6, 2021 and May 7, 2021, the Group's sub-subsidiary, Juwenlee (Fujian) Cosmetics Co., Ltd., established Xiamen Manfenli Enterprise Management Co., Ltd. and Xiamen Yimeili Enterprise Management Co., Ltd. with capital investment of \$51,828 (RMB12 million) and \$207,216 (RMB48 million), respectively.

Note 3: For the purpose of establishing a regular chain system, on October 20, 2021, October 26, 2021, November 10, 2021 and November 10, 2021, the Group's sub-subsidiary, Huiwenli (Fujian) Enterprise Management Co., Ltd., established Xiamen Siming Ruilijia Plastic Surgery Clinic Co., Ltd., Xiamen Manlifenni Beauty Co., Ltd., Xiamen Liluoya Trading Co., Ltd. and Xiamen Shengji Decoding Trading Co., Ltd. with capital investment of \$21,840 (RMB 5 million), \$4,360 (RMB 1 million), \$2,172 (RMB 500,000) and \$2,172 (RMB 500,000), respectively.

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 recognised 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	7 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 its estimated useful life 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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 284	\$ 369
Checking accounts and demand deposits	361,568	453,956
Time deposits	106,428	135,687
	<u>\$ 468,280</u>	<u>\$ 590,012</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, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Structured deposits	\$ 362,724	\$ 487,160
Valuation adjustment	<u>1,444</u>	<u>3,439</u>
	<u>\$ 364,168</u>	<u>\$ 490,599</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>2021</u>	<u>2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss	\$ 11,713	\$ 11,922
Structured deposits	<u>-</u>	<u>2,464</u>
Corporate bonds	<u>\$ 11,713</u>	<u>\$ 14,386</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, 2021</u>	<u>December 31, 2020</u>
Current items:		
Time deposits maturing in excess of three months	<u>\$ 250,840</u>	<u>\$ 142,400</u>
Non-current items:		
Time deposits maturing in excess of one year	<u>\$ -</u>	<u>\$ 196,965</u>

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 6,649</u>	<u>\$ 8,288</u>

B. As at December 31, 2021 and 2020, 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, 2021	December 31, 2020
Notes receivable	\$ 2,784	\$ 1,565
Accounts receivable	\$ 3,829	\$ 11,440

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

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,727	\$ 2,784	\$ 5,162	\$ 1,565
Up to 30 days	1,861	-	1,984	-
31 to 90 days	1	-	1,515	-
91 to 240 days	1	-	1,512	-
Over 240 days	239	-	1,267	-
	<u>\$ 3,829</u>	<u>\$ 2,784</u>	<u>\$ 11,440</u>	<u>\$ 1,565</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, notes and accounts receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to \$10,696.

C. As at December 31, 2021 and 2020, 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 was 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, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 40,551	(\$ 1,412)	\$ 39,139
Work in progress	5,993	-	5,993
Finished goods	41,224	(13,864)	27,360
	<u>\$ 87,768</u>	<u>(\$ 15,276)</u>	<u>\$ 72,492</u>

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>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2021	2020
Cost of goods sold	\$ 339,811	\$ 281,707
Loss on decline in market value	9,079	5,627
Loss on disposal of inventory	3,222	1,505
Loss on physical inventory	200	2
Cost of goods sold in relation to inventories	352,312	288,841
Cost in relation to skin care consulting service	30,667	38,219
	<u>\$ 382,979</u>	<u>\$ 327,060</u>

(6) Investments accounted for using equity method

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, 2021</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>
<u>2021</u>								
Opening net book amount as at January 1	\$ 49,045	\$ 177,402	\$ 55,717	\$ 12,339	\$ 6,333	\$ 26,042	\$ 34,094	\$ 360,972
Additions	-	246,100	7,027	210	1,698	81	88,369	343,485
Transfers	-	-	6,775	-	-	-	(801)	5,974
Disposals	-	-	(227)	-	-	-	-	(227)
Depreciation charges	-	(25,735)	(10,845)	(2,203)	(2,061)	(3,064)	-	(43,908)
Net exchange differences	-	(716)	(389)	-	(28)	(190)	(145)	(1,468)
At December 31	<u>\$ 49,045</u>	<u>\$ 397,051</u>	<u>\$ 58,058</u>	<u>\$ 10,346</u>	<u>\$ 5,942</u>	<u>\$ 22,869</u>	<u>\$ 121,517</u>	<u>\$ 664,828</u>
<u>At December 31, 2021</u>								
Cost	\$ 49,045	\$ 450,129	\$ 98,955	\$ 13,709	\$ 12,627	\$ 31,367	\$ 121,517	\$ 777,349
Accumulated depreciation	-	(53,078)	(40,897)	(3,363)	(6,685)	(8,498)	-	(112,521)
	<u>\$ 49,045</u>	<u>\$ 397,051</u>	<u>\$ 58,058</u>	<u>\$ 10,346</u>	<u>\$ 5,942</u>	<u>\$ 22,869</u>	<u>\$ 121,517</u>	<u>\$ 664,828</u>

	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>

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. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(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, parking spaces and credit card reader, 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, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 16,370	\$ 15,073
Land use right	19,716	20,519
	<u>\$ 36,086</u>	<u>\$ 35,592</u>

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 11,425	\$ 7,275
Land use right	648	639
	<u>\$ 12,073</u>	<u>\$ 7,914</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 had been completed.

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$13,285 and \$16,709, respectively.
- E. 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>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 541	\$ 698
Expense on short-term lease contracts	2,621	575
Gain on sublease of right-of-use assets	125	2,871
Gains arising from lease modifications	1	-

- F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$15,053 and \$10,787, respectively.

G. 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,	
	2021	2020
Finance income from the net investment in the finance lease	\$ <u>125</u>	\$ <u>2,871</u>

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

	December 31, 2021	December 31, 2020
2021	\$ 680	\$ 1,380
2022	960	960
	<u>\$ 1,640</u>	<u>\$ 2,340</u>

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

	December 31, 2021		December 31, 2020	
	Current	Non-Current	Current	Non-Current
Undiscounted lease payments	\$ 1,640	\$ -	\$ 1,380	\$ 960
Unearned finance income	-	-	(267)	(34)
Net investment in the lease	<u>\$ 1,640</u>	<u>\$ -</u>	<u>\$ 1,113</u>	<u>\$ 926</u>

E. For the years ended December 31, 2021 and 2020, the Group recognised rent income in the amount of \$2,848 and \$3,256, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2021	December 31, 2020
2021	\$ -	\$ 3,415
2022	3,491	-
	<u>\$ 3,491</u>	<u>\$ 3,415</u>

(10) Intangible assets

	2021			
	Software	Customer relationship	Goodwill	Total
At January 1				
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>
Opening net book amount as at January 1	\$ 14,306	\$ 7,322	\$ 21,362	\$ 42,990
Additions — acquired separately	1,087	-	-	1,087
Amortisation charge	(3,070)	(732)	-	(3,802)
Net exchange differences	(107)	-	-	(107)
Closing net book amount as at December 31	<u>\$ 12,216</u>	<u>\$ 6,590</u>	<u>\$ 21,362</u>	<u>\$ 40,168</u>
At December 31				
Cost	\$ 20,055	\$ 7,322	\$ 21,362	\$ 48,739
Accumulated amortisation	(7,839)	(732)	-	(8,571)
	<u>\$ 12,216</u>	<u>\$ 6,590</u>	<u>\$ 21,362</u>	<u>\$ 40,168</u>

	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	<u>253</u>	<u>-</u>	<u>-</u>	<u>253</u>
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>

A. 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. The key assumptions used for value-in-use calculations are as follows:

December 31, 2021

Gross margin	71%
Growth rate	12%
Discount rate	4%

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

- B. The Group's subsidiary - Lever Guide Biotech Co., Ltd. acquired 100% of the share capital of Kang Jing Biologic Technology Co., Ltd. for \$37,800 on December 31, 2020. 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	<u>\$ 37,800</u>
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
Relationship with customers	7,322
Other non-current assets	437
Contract liabilities	(8,910)
Notes payable	(110)
Accounts payable	(1,826)
Other payable	(3,067)
Other non-current liabilities	(810)
Total identifiable net assets	<u>16,438</u>
Goodwill	<u>\$ 21,362</u>

- 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.

- D. Details of amortisation on intangible assets are as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
General and administrative expenses	<u>\$ 3,802</u>	<u>\$ 2,439</u>

- E. Amount of borrowing costs capitalised as part of intangible assets and the range of the interest rates for such capitalisation: None.
- F. The Group has no intangible assets pledged to others as collateral.

(11) Contract liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract liabilities	\$ <u>55,125</u>	\$ <u>102,454</u>	\$ <u>73,189</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.

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ <u>101,715</u>	\$ <u>65,678</u>

(12) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accrued commission	\$ 60,560	\$ 72,309
Insurance payable	48,474	49,924
Wages and salaries payable	20,949	19,209
Tax payable	16,407	18,597
Directors' remuneration payable	1,500	2,400
Payable on constructions	-	1,544
Other payables	4,455	6,131
	<u>\$ 152,345</u>	<u>\$ 170,114</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Secured borrowings	Borrowing period is from January 14, 2020 to January 14, 2035	1.33%	Land and structures (Note 1)	\$ 28,200
Secured borrowings	Borrowing period is from March 6, 2020 to February 24, 2035	0.00~1.33% (Note 3)	Land and structures (Note 1, 2)	97,000
				<u>125,200</u>
Less: Long-term borrowings, current portion				(19,511)
				<u>\$ 105,689</u>

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2020
Secured borrowings	Borrowing period is from January 14, 2020 to January 14, 2035	1.33% ~ 1.50%	Land and structures (Note 1)	\$ 28,200
Secured borrowings	Borrowing period is from March 6, 2020 to February 24, 2035	0.00 ~ 1.49% (Note 3)	Land and structures (Note 1, 2)	64,000
				<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 0.12% since September 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, 2021, 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, 2021 and 2020 ranged between 12%~16% and 12%~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, 2021 and 2020 were \$20,501 and \$2,865, respectively.

(15) Share capital

As of December 31, 2021, 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 2020 and 2019 earnings had been resolved at the annual shareholders' meeting on August 24, 2021 and June 3, 2020, respectively. Details are summarized below:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 10,415		\$ 49,774	
(Reversal of) provision for special reserve	(15,698)		45,483	
Cash dividends	94,776	\$ 2.00	331,716	\$ 7.00
	<u>\$ 89,493</u>		<u>\$ 426,973</u>	

(b) Subsequent event: The appropriations of 2021 earnings had been proposed at the Board of Directors' meeting on March 15, 2022. Details are summarized below:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 7,024	
Special reserve appropriated	12,753	
Cash dividends	71,082	\$ 1.50
	<u>\$ 90,859</u>	

As of March 15, 2022, the aforementioned appropriations of 2021 earnings have not yet been resolved at the shareholders' meeting.

(18) Operating revenue

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

	Years ended December 31,	
	2021	2020
Revenue from contracts with customers:		
At a point in time		
Sales revenue	\$ 883,297	\$ 796,347
Skin care consulting service	29,887	48,538
Over time		
Skin care consulting service	3,682	-
	<u>\$ 916,866</u>	<u>\$ 844,885</u>

(19) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 5,752	\$ 10,896
Interest income from financial assets measured at amortised cost	6,649	8,288
Interest income from finance leases	125	2,871
Other interest income	4	3
	<u>\$ 12,530</u>	<u>\$ 22,058</u>

(20) Other income

	Years ended December 31,	
	2021	2020
Government grants	\$ 14,347	\$ 26,258
Rental income	2,848	3,256
Other income	3,681	2,391
	<u>\$ 20,876</u>	<u>\$ 31,905</u>

(21) Other gains and losses

	Years ended December 31,	
	2021	2020
Gains on financial assets at fair value through profit or loss	\$ 11,713	\$ 14,386
Gains on disposals of investments	-	272
Losses from lease modifications	(674)	(1,201)
Foreign exchange losses	(640)	(11,328)
(Losses) gains on disposal of property, plant and equipment	(227)	341
Miscellaneous disbursements	(2,738)	(1,928)
	<u>\$ 7,434</u>	<u>\$ 542</u>

(22) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank loan	\$ 938	\$ 750
Interest expense on lease liabilities	541	698
	<u>\$ 1,479</u>	<u>\$ 1,448</u>

(23) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	\$ 343,874	\$ 316,502
Depreciation charges on property, plant and equipment	43,908	38,352
Advertising costs	41,337	31,750
Event planning expense	25,674	38,213
Depreciation charges on right-of-use assets	12,073	7,914
Amortisation charges on intangible assets	3,802	2,439

(24) Employee benefit expense

	Years ended December 31,	
	2021	2020
Salary expenses	\$ 280,532	\$ 279,187
Labour and health insurance fees	2,643	1,587
Pension costs	20,501	2,865
Other personnel expenses	40,198	32,863
	<u>\$ 343,874</u>	<u>\$ 316,502</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, 2021 and 2020, employees' compensation was accrued at \$1,000 and \$1,200, respectively; while directors' remuneration was accrued at \$1,500 and \$2,400, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1.4% and 2.1% of distributable profit of current year for the year ended December 31, 2021.

Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors amounting to \$1,200 and \$2,400, respectively, were in agreement with those amounts recognised in the 2020 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,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 20,179	\$ 18,093
Prior year income tax under (over) estimation	13,199	(1,820)
Total current tax	<u>33,378</u>	<u>16,273</u>
Deferred tax:		
Origination and reversal of temporary differences	(10,158)	(7,936)
Income tax expense	<u>\$ 23,220</u>	<u>\$ 8,337</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 15,551	\$ 21,088
Weighted deduction of research and development expenses	(9,341)	(10,222)
Expenses disallowed by tax regulation	3,842	(858)
Change in assessment of realisation of deferred tax assets	(31)	149
Prior year income tax under (over) estimation	13,199	(1,820)
Income tax expense	<u>\$ 23,220</u>	<u>\$ 8,337</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 as the company obtained the 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:

	2021		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Inventory valuation loss	\$ 1,338	\$ 2,075	\$ 3,413
Unrealised accrued expenses	10,874	(243)	10,631
Others	1,328	1,220	2,548
Tax losses	8,048	6,296	14,344
Subtotal	<u>\$ 21,588</u>	<u>\$ 9,348</u>	<u>\$ 30,936</u>
-Deferred tax liabilities:			
Book-tax difference on revenue recognition	(3,867)	810	(3,057)
Subtotal	<u>(\$ 3,867)</u>	<u>\$ 810</u>	<u>(\$ 3,057)</u>
Total	<u>\$ 17,721</u>	<u>\$ 10,158</u>	<u>\$ 27,879</u>

		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	\$	14,389	\$ 7,199	\$ 21,588
-Deferred tax liabilities:				
Book-tax difference on revenue recognition	(	4,604)	737	(3,867)
Subtotal	(\$	4,604)	\$ 737	(\$ 3,867)
Total	\$	9,785	\$ 7,936	\$ 17,721

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised tax assets	Expiry year
2019	Assessed	\$ 10,909	\$ -	2029
2020	Assessed	28,105	-	2030
2021	Estimated	31,479	-	2031

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised tax assets	Expiry year
2019	Assessed	\$ 10,909	\$ -	2029
2020	Estimated	29,162	-	2030

E. Lever Guide Biotech Co., Ltd. and Richer Biotechnology Co., Ltd.'s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings per share

Year ended December 31, 2021			
	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	\$ 70,240	47,388	\$ 1.48
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 70,240	47,388	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	14	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 70,240	47,402	\$ 1.48
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

(27) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 343,485	\$ 139,755
Add: Opening balance of payable on constructions	1,544	733
Less: Ending balance of payable on constructions	- (	1,544)
Less: Ending balance of payable on equipment	(262)	-
Cash paid during the year	<u>\$ 344,767</u>	<u>\$ 138,944</u>
 Purchase of intangible assets	 \$ 1,087	 \$ 6,581
Add: Opening balance of payable on intangible assets	122	861
Less: Ending balance of payable on intangible assets	- (	122)
Cash paid during the year	<u>\$ 1,209</u>	<u>\$ 7,320</u>

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) (Note)
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 with 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

Note: Please refer to Note 6(6) for further information.

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2021	2020
Sales of goods:		
Strategic alliance partner	\$ 3,767	\$ 2,125
Other related parties	-	4,061
	<u>\$ 3,767</u>	<u>\$ 6,186</u>
Skin care consulting service:		
Luo Li-Fen	<u>\$ 21</u>	<u>\$ -</u>

Goods are sold based on the prices that would be available to third parties, except that some items were only sold to related parties, so the transaction prices could not be compared. The credit term for strategic alliance partner was 180 days after monthly billings, 30 days after monthly billings for other related parties and other customers.

B. Purchases:

	Years ended December 31,	
	2021	2020
Purchases of goods:		
Other related parties	\$ 13,949	\$ 12,313
Associate	-	1,426
	<u>\$ 13,949</u>	<u>\$ 13,739</u>

Purchases are based on the price lists in force and terms that in agreement and would be available to third parties. The credit period is 30 days.

C. Receivables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
Strategic alliance partner	<u>\$ 2,042</u>	<u>\$ 1,116</u>
Other receivable:		
Strategic alliance partner	<u>\$ 2,013</u>	<u>\$ -</u>

Accounts receivable from related parties arise mainly from sales transactions. The receivables are due seven months after the date of sale for strategic alliance partner. Other receivables from related parties arise mainly from operating leases. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
Other related parties	\$ <u>1,271</u>	\$ <u>2,259</u>
Other payables:		
Other related parties	\$ 456	\$ -
Strategic alliance partner	166	1,055
Luo Li-Fen	-	7
	\$ <u>622</u>	\$ <u>1,062</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. Lease transactions – lessee:

(a) As of December 31, 2021, the rental contracts with related parties are as follows:

<u>Lessor</u>	<u>Subject</u>	<u>Payment Method</u>	<u>Period</u>
Luo Li-Fen	Buildings and structures	\$150/per month	2019/8/1~2022/7/31
Luo Li-Fen	Buildings and structures	\$120/ per month	2021/5/1~2022/7/31
Luo Li-Fen	Buildings and structures	\$105/ per month	2020/5/1~2021/4/30
Luo Li-Fen	Buildings and structures	\$35/ per month	2020/11/1~2021/10/31
Luo Li-Fen	Buildings and structures	\$35/ per month	2021/11/1~2022/10/31
Luo Li-Fen	Buildings and structures	\$30/ per month	2019/8/1~2022/9/30
Luo Li-Fen	Buildings and structures	\$13/ per month	2021/1/1~2021/12/31
Other related parties	Buildings and structures	\$200/ per month	2021/2/1~2026/1/31

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

The Group acquired right-of-use assets amounting to \$13,285 and \$0 for the years ended December 31, 2021 and 2020, respectively.

(c) Lease liabilities

(i) Outstanding balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Luo Li-Fen	\$ 2,033	\$ 3,443
Other related parties	9,545	-
	\$ <u>11,578</u>	\$ <u>3,443</u>

(ii) Interest expense

	Years ended December 31,	
	2021	2020
Luo Li-Fen	\$ 42	\$ 62
Other related parties	128	-
	<u>\$ 170</u>	<u>\$ 62</u>

(iii) For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$5,320 and \$2,160, respectively.

(d) Rental expenses from operating leases

	Years ended December 31,	
	2021	2020
Luo Li-Fen	<u>\$ 936</u>	<u>\$ 228</u>

F. 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, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Lever Guide Biotech Co., Ltd.	<u>\$ 1,640</u>	<u>\$ -</u>	<u>\$ 1,113</u>	<u>\$ 926</u>

(3) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and short-term employee benefits	\$ 29,795	\$ 34,586
Post-employment benefits	1,504	163
	<u>\$ 31,299</u>	<u>\$ 34,749</u>

8. PLEDGED ASSETS

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Property, plant and equipment			
Land and structures	\$ 109,815	\$ 111,052	Long-term borrowings
Other current assets and other non-current assets-			
other			
Guarantee deposits paid	1,434	2,432	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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	\$ 49,761	\$ 126,888

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, 2021</u>	<u>December 31, 2020</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	\$ 364,168	\$ 490,599
Financial assets at amortised cost		
Cash and cash equivalents	468,280	590,012
Current financial assets at amortised cost	250,840	142,400
Notes receivable	2,784	1,565
Accounts receivable (including related parties)	5,871	12,556
Net lease payments receivable under finance lease - related parties	1,640	1,113
Other receivables (including related parties)	24,830	15,984
Non-current financial assets at amortised cost	-	196,965
Long-term net lease payments receivable under finance lease - related parties	-	926
Guarantee deposits paid (shown as 'other current assets' and 'other non-current assets')	1,434	2,432
	<u>\$ 1,119,847</u>	<u>\$ 1,454,552</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 140	\$ 110
Accounts payable (including related parties)	15,771	14,266
Other payables (including related parties)	152,967	171,176
Guarantee deposits received (shown as 'other current liabilities' and 'other non-current liabilities')	25,546	32,138
Long-term borrowings (including current portion)	125,200	92,200
Lease liability	17,079	16,092
	<u>\$ 336,703</u>	<u>\$ 325,982</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:

December 31, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional Financial assets			
<u>Monetary items</u>			
USD:NTD	\$ 2,028	27.68	\$ 56,135
December 31, 2020			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional Financial assets			
<u>Monetary items</u>			
USD:NTD	\$ 2,001	28.48	\$ 57,002

- 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, 2021 and 2020 amounted to \$640 and \$11,328, respectively.

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

Year ended December 31, 2021				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 561	\$	-

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

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, 2021 and 2020 would have decreased/increased by \$1,252 and \$922, 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 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.

- iv. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 30 days.
- v. 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.
- vi. 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.
- vii. The Group uses historical and timely information to individually assess the default possibility of accounts receivable. As of December 31, 2021 and 2020, the Group had no loss allowance.

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2021</u>			
Not past due	0%-0.03%	\$ 242	\$ -
Up to 30 days past due	0%-43.30%	65	-
31~90 days past due	0%-44.65%	1	-
91~240 days past due	0%-6.35%	1	-
Over 240 days	0%-100.00%	239	-
Individually identified	0%-0.03%	3,281	-
Total		<u>\$ 3,829</u>	<u>\$ -</u>

	<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>

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

December 31, 2021				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 250,840	\$ -	\$ -	\$ 250,840
December 31, 2020				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 339,365	\$ -	\$ -	\$ 339,365

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:

	December 31, 2021	December 31, 2020
Floating rate	\$ 56,800	\$ 89,800

- 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, 2021	1 year	and 2 years	and 5 years
Notes payable	\$ 140	\$ -	\$ -
Accounts payable (including related parties)	15,771	-	-
Other payables (including related parties)	152,967	-	-
Lease liability	10,028	2,400	5,000
Long-term borrowings	20,505	25,171	91,570
<u>Non-derivative financial liabilities</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	9,648	6,944	-
Long-term borrowings	949	949	103,691

(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, 2021 and 2020 is as follows:

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

December 31, 2021	<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	\$ -	\$ -	\$ 364,168	\$ 364,168
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

(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, 2021 and 2020, 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, 2021 and 2020:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Structured deposits</u>	<u>Structured deposits</u>
At January 1	\$ 490,599	\$ 366,541
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	11,713	11,945
Acquired during the year	1,129,962	1,287,169
Disposed during the year	(1,264,322)	(1,183,746)
Effect of exchange rate changes	(3,784)	8,690
At December 31	<u>\$ 364,168</u>	<u>\$ 490,599</u>

F. For the years ended December 31, 2021 and 2020, 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:

	<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Hybrid instrument: Structured contract	\$ 364,168	Depends on terms of individual contract	Depends on terms of individual contract	-	Depends on terms of individual contract
	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Hybrid instrument: Structured contract	\$ 490,599	Depends on terms of individual contract	Depends on terms of individual contract	-	Depends on terms of individual contract

(4) Other

The Group's revenue and profit declined in 2020 due to the COVID-19 pandemic, but gradually recovered in the second half of the year after the COVID-19 pandemic in mainland China was brought under control. The Group has maintained sufficient cash flows and stable financial structure, and the Group has no significant asset impairment due to the pandemic.

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: Please refer to table 4.
- 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 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

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,	
	2021	2020
Total segment revenue	\$ 916,866	\$ 844,885
Segment income	\$ 92,506	\$ 112,253

(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, 2021 and 2020 is as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 34,184	\$ 189,245	\$ 2,139	\$ 175,815
Mainland China	882,682	561,953	842,746	277,878
	<u>\$ 916,866</u>	<u>\$ 751,198</u>	<u>\$ 844,885</u>	<u>\$ 453,693</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, 2021 and 2020, 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, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Limit on	Maximum outstanding	Outstanding	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee	Ceiling on	Provision of	Provision of	Provision of	Footnote
			Relationship with the endorser/ guarantor	endorsements/ guarantees provided for a single party	endorsement/ guarantee amount as of December 31, 2021	endorsement/ guarantee amount at December 31, 2021			amount to net asset value of the endorser/ guarantor company	total amount of endorsements/ guarantees provided	endorsements/ guarantees by parent company to subsidiary	endorsements/ guarantees by subsidiary to parent company	endorsements/ guarantees to the party in Mainland China	
			(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)			(Note 3)	(Note 7)	(Note 7)	(Note 7)	
0	The Company	Lever Guide Biotech Co., Ltd.	4	\$ 320,004	\$ 150,000	\$ 150,000	\$ 97,000	-	9.37%	\$ 640,008	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

Loan 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.

Table 1

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, 2021

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, 2021				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	-	\$ 261,508	-	\$ 261,508	-
Juvenile (Fujian) Cosmetics Co., Ltd.	Xiamen Bank Structured deposits	-	Financial assets at fair value through profit or loss	-	65,616	-	65,616	-
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	-	6,563	-	6,563	-
Zhangzhou Kangqili Health Management Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	13,048	-	13,048	-
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	-	17,433	-	17,433	-

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, 2021

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, 2021		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value		Number of shares	Amount
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	-	\$ 846,495	-	\$ 1,005,521	\$ 994,089	\$ 11,432	-	\$ 261,508

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 attributable to owners of the parent in the calculation.

Table 3

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	the counterparty is a related party, information as to the last transaction c the real estate is disclosed below:					Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
						Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Xiamen Yimeili Enterprise Management Co., Ltd.	Buildings and structures	May 28, 2021	\$ 194,984	Paid in full	Cai, Rong-Jia	-	-	-	-	\$ -	Based on the assets valuation report	For business use	-
Xiamen Manfenli Enterprise Management Co., Ltd.	Buildings and structures	May 28, 2021	50,258	Paid in full	Cai, Rong-Jia	-	-	-	-	-	Based on the assets valuation report	For business use	-
Juvenile (Fujian) Cosmetics Co., Ltd.	Construction in progress	November 19, 2020	140,258	Paid \$100,862	Fujian Jiulong Construction Group Co., Ltd.	-	-	-	-	-	Based on the construction contract	For business use	-

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: 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 shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Table 4

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

Information on investees

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year period ended December 31, 2021	Investment income (loss) recognised by the Company for the year period ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership	Book value			
LUO LIH-FEN Holding Co., Ltd.	Luo Lih-Fen Group Limited	Hong Kong	Holding company	\$ 44,288	\$ 45,568	1,600 thousand	100%	\$ 1,445,850	\$ 109,010	\$ 109,010	Subsidiary (original investment for the years ended December 31, 2021 and 2019 was US\$1.6 million)
"	Luo Lih-Fen Enterprise Limited	R.O.C	General investments	25,000	25,000	-	100%	9,522 (	34) (	34)	Subsidiary
"	Lever Guide Biotech Co., Ltd.	R.O.C	Manufacturing and sales of skin care products	210,000	210,000	21,000 thousand	100%	148,127 (	22,830) (	22,830)	Subsidiary
Lever Guide Biotech Co., Ltd.	Richer Biotechnology Co., Ltd.	R.O.C	Manufacturing and sales of skin care products	12,000	12,000	1,200 thousand	67%	8,383 (	2,862) (	2,155)	Subsidiary

Note 1: Ending balance of original investment was translated based on the exchange rate prevailing at December 31, 2021.

Note 2: The carrying amount of investees at end of year was translated based on the exchange rate prevailing at December 31, 2021, and investees' profit or loss was translated based on the average exchange rate for the year ended December 31, 2021.

Table 5

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

Information on investments in Mainland China

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31,	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31,	Footnote
				2021	Remitted to Mainland China	Remitted back to Taiwan	2021					2021	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Sales of beauty and skin care products	\$ 356,439	Note 1 (2)	\$ -	\$ -	\$ -	\$ -	\$ 106,709	100%	\$ 106,709	\$ 1,265,353	\$ -	Note 2(2)B
Xiamen Luo Lih-Fen Cosmetics Co., Ltd.	Sales of beauty and skin care products	27,983	"	-	-	-	-	(430)	100%	(430)	18,165	-	"
Xiamen Sunlily Cosmetics Co., Ltd.	Sales of beauty and skin care products	4,344	"	-	-	-	-	1,596	100%	1,596	15,124	-	"
Xiamen Glingluo Cosmetics Co., Ltd.	Sales of beauty and skin care products	4,344	"	-	-	-	-	1,034	100%	1,034	11,525	-	"
Xiamen Draise Cosmetics Co., Ltd.	Sales of beauty and skin care products	4,344	"	-	-	-	-	971	100%	971	5,157	-	"
Huiwenli (Fujian) Enterprise Management Co., Ltd.	General investment	173,760	"	-	-	-	-	2,308	100%	2,308	178,258	-	"
Zhangzhou Healthy Skin Clinic Co., Ltd.	Consulting service of beauty and skin care	13,032	"	-	-	-	-	(1,156)	100%	(1,156)	10,882	-	"
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Consulting service of beauty and skin care	21,720	"	-	-	-	-	524	100%	524	22,715	-	"
LiChuang (FuJian) Bio-Technology Co., Ltd.	Sales of beauty and skin care products	60,816	"	-	-	-	-	(25,789)	100%	(21,136)	19,767	-	"
Zhangzhou Kangqili Health Management Co., Ltd.	Sales of beauty and skin care products	21,720	"	-	-	-	-	(1,048)	100%	(1,048)	19,025	-	"
Xiamen Manfenli Enterprise Management Co., Ltd.	Sales of beauty and skin care products	52,128	"	-	-	-	-	(1,204)	100%	(1,204)	50,923	-	"
Xiamen Yimeili Enterprise Management Co., Ltd.	Sales of beauty and skin care products	208,512	"	-	-	-	-	(3,523)	100%	(3,523)	204,986	-	"
Xiamen Siming Ruilijia Plastic Surgery Clinic Co., Ltd.	Sales of beauty and skin care products	21,720	"	-	-	-	-	-	100%	-	21,720	-	"
Xiamen Manlifenni Beauty Co., Ltd.	Sales of beauty and skin care products	4,344	"	-	-	-	-	-	100%	-	4,344	-	"
Xiamen Liluoya Trading Co., Ltd.	Sales of beauty and skin care products	2,172	"	-	-	-	-	-	100%	-	2,172	-	"
Xiamen Shengji Decoding Trading Co., Ltd.	Sales of beauty and skin care products	2,172	"	-	-	-	-	-	100%	-	2,172	-	"

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, 2021' 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.

Table 6

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

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount		Amount		Balance at December 31, 2021		Balance at December 31, 2021		Maximum balance during the year ended December 31, 2021		Balance at December 31, 2021		Interest rate	
	Amount	%	Amount	%	December 31, 2021	%	December 31, 2021	Purpose	December 31, 2021		December 31, 2021		December 31, 2021	Others
Juwenlee (Fujian) Cosmetics Co., Ltd.	\$ 3,750	0.45%	\$ -	0.00%	\$ 638	87.16%	\$ -	-	\$ -		\$ -		\$ -	-

Table 7

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

Major shareholders information

December 31, 2021

Table 8

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.

Table 8

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	2020	2021	Difference	
			Amount	Ratio %
Current Assets	1,405,878	1,224,594	(181,284)	(12.89)
Real Property, Plants, and Equipment	360,972	664,828	303,856	84.18
Intangible Assets	42,990	40,168	(2,822)	(6.56)
Other Assets	269,210	77,138	(192,072)	(71.35)
Total Assets	2,079,050	2,006,728	(72,322)	(3.48)
Current Liabilities	332,244	285,263	(46,981)	(14.14)
Non-current Liabilities	103,728	116,630	12,902	12.44
Total Liabilities	435,972	401,893	(34,079)	(7.82)
Share Capital	473,880	473,880	0	0
Capital Surplus	830,575	830,575	0	0
Retained Earnings	364,703	340,167	(24,536)	(6.73)
Other Equity Interests	(31,849)	(44,602)	(12,753)	(40.04)
Uncontrolled equity	5,769	4,815	(954)	(16.54)
Total Shareholders' Equity	1,643,078	1,604,835	(38,243)	(2.33)
Analysis description if the change in the last two fiscal years exceeded over 20%, and the change amount reached NT\$10 million:				
1. Increase in property, plant and equipment is mainly due to acquisition of shops and plant expansion in Mainland China.				
2. Decrease in other assets is mainly due to a decrease in time deposits maturing over a year.				
3. 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	2020	2021	Amount Increase (Decrease)	Change Ratio %
Sales Revenue	844,885	916,866	71,981	8.52
Operating Costs	327,060	382,979	55,919	17.10
Operating Margin	517,825	533,887	16,062	3.10
Operating Expenses	458,607	480,742	22,135	4.83
Operating Profit and Loss	59,218	53,145	(6,073)	(10.26)
Non-operating Incomes and Expenses	53,035	39,361	(13,674)	(25.78)
Pre-tax Net Loss	112,253	92,506	(19,747)	(17.59)
Income Tax Expenses	8,337	23,220	14,883	178.52
Net Profit (Loss)	103,916	69,286	(34,630)	(33.32)
Total Consolidated Gains or Losses	119,614	56,533	(63,081)	(52.74)
Analysis description if the change in the last two fiscal years exceeded over 20%, and the change amount reached NT\$10 million: 1. Decrease in non-operating incomes and expenses is mainly due to a decrease in government subsidies obtained. 2. Increase in tax expenses is mainly due to an adjustment of the difference from underestimated income tax of the previous term to the current term based on the tax audit report. 3. Decrease in net profit of the term and comprehensive income of the term is mainly due to an increase in operating costs and tax expenses.				

(II) Sales Volume Forecast and Supporting Basis

The Company expects its overall sales income will grow significantly in 2022 in comparison with 2021. Please refer to Five. 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	2020	2021	Increase (Decrease) Ratio (%)
Net cash inflow from operating activities	17,052	225,645	1,223.28
Net cash outflow from investing activities	(30,163)	(259,401)	760.00
Net cash outflow from financing activities	(242,648)	(74,208)	(69.42)
Effects of changes in exchange rates	2,629	(13,768)	(623.70)
Total (Net Cash Outflow)	(253,130)	(121,732)	(51.91)
Increase/Decrease Ratio Change Analysis Description: 1. Increase in the net cash inflow from operating activities is mainly due to an increase in revenue and the redemption of principal guaranteed banking products. 2. Increase in the cash outflow from investing activities is mainly due to acquisition of shops and plant expansion in Mainland China. 3. Decrease in the net cash inflow from financing activities is mainly due to a decrease in dividend distribution.			

(II) Cash Shortfall Remedial Measures and Liquidity Analysis

The cash outflow in 2021 is primarily as a result of the acquisition of shops and plant expansion in Mainland China. The Company's cash and cash equivalent are still 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
468,280	352,009	(183,404)	89,498	258,103	726,383	-	-
Cash Flow Analysis: (1) Net Cash Flow From Operating Activities Throughout the Year: Cash inflow from operating activities is estimated to be NT\$352,009 thousand generated from operating revenue. (2) Net Cash Flow From Investing Activities Throughout the Year: The Company's reconstruction of factory premises and production line equipment are expected to generate a cash outflow of NT\$183,404 thousand. (3) Net Cash Flow From Financing Activities Throughout the Year: The Company expects to distribute cash dividends of NT\$71,082 thousand, obtains bank financing of NT\$160,580 thousand, and the net cash inflow from financing activities is expected to be NT\$89,498 thousand in 2022. (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

In 2021, the Company's increase of property, plant and equipment amounted to NT\$343,485 thousand; which primarily consists of 1. Purchase of property in Xiamen to open a beauty flagship shop for the brand, increasing around NT\$11,000 thousand in depreciation expenses every year; 2. The addition of an automated plant and storage facility to the premise of Juwenlee (Fujian) Cosmetics Co., Ltd. is expected to generate a cash outflow of NT\$230,000 thousand in 2022. 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, 2021

Investees	Direct (Indirect) Shareholding Ratio	Investment Gain or Loss	Profit or Reason for Losses	Improvement Plan
Luo Lih-Fen Group Co., Ltd.	100%	109,010	In good standing	Not Applicable
Luo Lih-Fen Enterprise Limited	100%	(34)	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%	(22,830)	The Company's 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%	(2,155)	The Company's business is still in the nascent phase. Therefore, it suffers loss currently.	The loss may be covered after it launches the business.
Juwenlee (Fujian) Cosmetics Co., Ltd.	100%	106,709	In good standing	Not Applicable
Xiamen Luolifen Cosmetics Co., Ltd.	100%	(430)	The Company has no other business except for the rental of some real properties.	Not Applicable
Xiamen Glingluo cosmetics Co., Ltd.	100%	1,034	In good standing	Not Applicable
Xiamen Sunlily Cosmetics Co., Ltd.	100%	1,596	In good standing	Not Applicable
Xiamen Draise Cosmetics Co., Ltd.	100%	971	In good standing	Not Applicable
Lichuang (Fujian) Bio-Technology Co., Ltd.	100%	(21,136)	The company primarily engages in e-commerce business which comes with higher product costs and expenses. Therefore, it suffers loss currently.	The loss may be covered after the business adjustment.
Zhangzhou Kangqili Health Management Co., Ltd.	100%	(1,048)	The Company saw a decrease in business operations.	The loss may be covered after the

			Therefore, it suffers loss currently.	business adjustment is completed.
Huiwenli (Fujian) Enterprise Management Co., Ltd.	100%	2,308	In good standing	Not Applicable
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	100%	524	In good standing	Not Applicable
Zhangzhou Healthy Skin Enterprise Management Co., Ltd.	100%	(1,156)	The Company generates no revenue so far. Therefore, it suffers loss currently.	The loss may be covered after it launches the business.
Xiamen Yimeili Enterprise Management Co., Ltd.	100%	(3,523)	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.
Xiamen Manfenli Enterprise Management Co., Ltd.	100%	(1,204)	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.
Xiamen Siming Realbio Plastic Surgery Clinic Co., Ltd.	100%	0	The Company is newly founded, so it is still under construction.	N/A.
Xiamen Manlifenni Beauty Co., Ltd.	100%	0	The Company is newly founded, so it is still under construction.	N/A.
Xiamen Liluoya Commerce Co., Ltd.	100%	0	The Company is newly founded, so it is still under construction.	N/A.
Xiamen Shengjijiema Commerce Co., Ltd.	100%	0	The Company is newly founded, so it is still under construction.	N/A.

(III) Investment plan for the coming year:

We will expand from a single distributor channel to four major distribution channels in 2022. Along with the expansion of channels, we will establish a new subsidiary or choose suitable downstream distributors to acquire equities in part or in full thereof, and carry out assessments according to 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.

Even under the severe impact of the COVID-19 outbreak, Mainland China's economy is making a steady recovery and performs better than expectations. It is the only one among major global economies to realize annual economic growth finally. According to the "2020 National Economic and Social Development" published by the National Bureau of Statistics of China, Mainland China's economic total volume broke through a trillion and posted an annual GDP of RMB¥101.6 trillion, up 2.3% YoY.

Mainland China adhered to the general working guideline of making progress while maintaining stability and the new development philosophy for economy. It committed to the high-quality development, focused on the quality and effectiveness, promoted the overall plan of "Development in Five Areas" and coordinated the strategic plan of "Four-pronged Strategy", which centered on the supply-side structural reform to propel steady growth, promote reform, adjust structure, benefit the public, and prevent risks, thereby advancing the economy steadily, pursuing greatness while maintaining stability, performing beyond expectations, and maintaining steady and healthy development of the economy and society.

The Company's products are mainly manufactured and produced in Mainland China. Furthermore, the Company's development strategies base the Mainland China's market as the major

operating location, and its revenue mainly comes from the Mainland China. Therefore, the Company's financial position, operating result, and prospect will be affected by political and economic conditions in Mainland China and legal development, and such uncertainties probably will pose a certain level of impacts on the Company's operations and investors.

(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 reinstatement 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: NTS thousand; %

Items \ YEAR	2020		2021	
	Amount	% of net sales ratio	Amount	% of net sales ratio
Interest revenue	22,058	2.61	12,530	1.37
Interest Expenditures	1,448	0.17	1,479	0.16

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: NTS thousand; %

Items \ YEAR	2020	2021
Exchange gain (loss)	(11,328)	(640)
% of operating revenue	1.34	0.07

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	2020	2021
R&D Costs	69,453	60,173
% of operating revenue	8.22%	6.56%

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 2022 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 (including Cyber Security Risks) 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

As of the publication date of the Annual Report, the Company has not conducted M&A.

(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:

None.

(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.

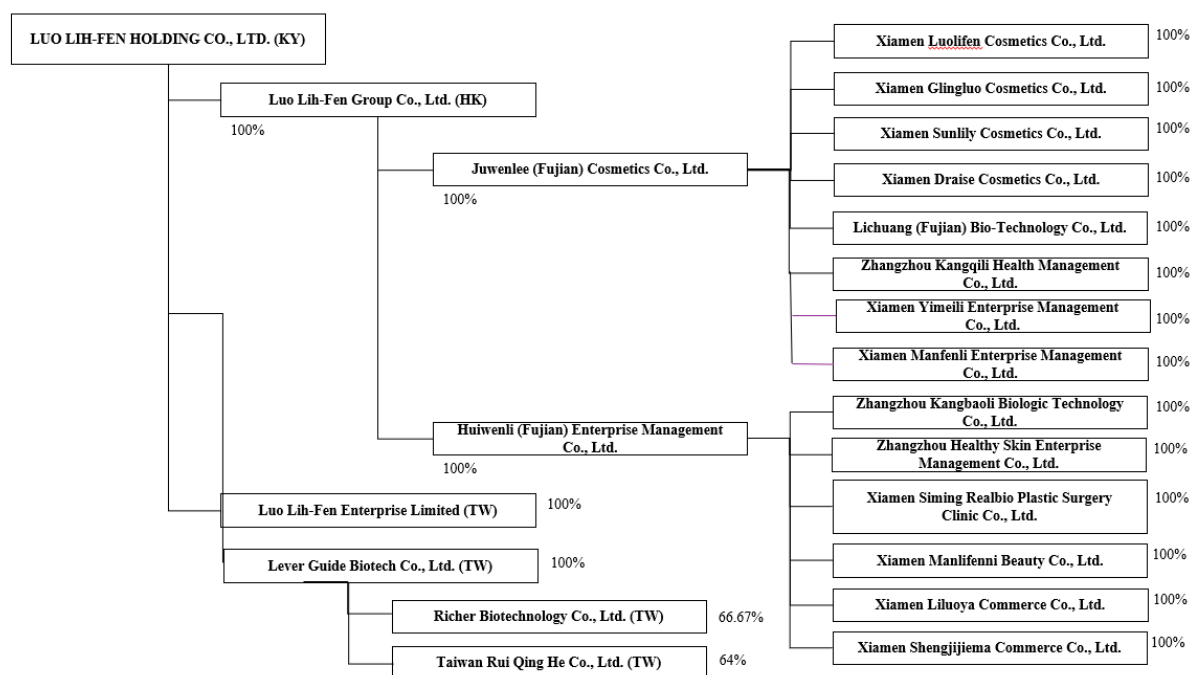
Eight. Special Items

I. Information on Affiliates

(I) Affiliate Merger Report

1. Affiliate Status

Organizational chart of affiliates



2. Relations Between its Affiliates, Mutual Shareholding Ratios, Shares, and Actual Investment Amounts

Date of Data: December 31, 2021

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	—	—	—
Juvenile (Fujian) Cosmetics Co., Ltd.	Sub-subsidiary of the Company	100	Note 1	US\$111.50 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 Enterprise Management Co., Ltd.	Subsidiary of Huiwenli	100	Note 1	RMB¥3 million	—	—	—
Xiamen Yimeili Enterprise Management Co., Ltd.	Subsidiary of JUWENLEE	100	Note 1	RMB¥48 million	—	—	—
Xiamen Manfenli Enterprise Management Co., Ltd.	Subsidiary of JUWENLEE	100	Note 1	RMB¥12 million	—	—	—
Xiamen Siming Realbio Plastic Surgery Clinic Co., Ltd.	Subsidiary of Huiwenli	100	Note 1	RMB¥5 million	—	—	—
Xiamen Manlifenni Beauty Co., Ltd.	Subsidiary of Huiwenli	100	Note 1	RMB¥1 million	—	—	—
Xiamen Liluoya Commerce Co., Ltd.	Subsidiary of Huiwenli	100	Note 1	RMB¥500,000	—	—	—
Xiamen Shengjijiema Commerce Co., Ltd.	Subsidiary of Huiwenli	100	Note 1	RMB¥500,000	—	—	—

Note 1: A limited company without share division.

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, 2021

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 Enterprise Management Co., Ltd.	Managing director Supervisor President	Chao-Hsiang Chi Chao-Hua Chang Chao-Hsiang Chi	Note 1	100%
Xiamen Yimeili Enterprise Management Co., Ltd.	Managing director Supervisor President	Huan-Wen Jao Jian-Ping Lin Huan-Wen Jao	Note 1	100%
Xiamen Manfenli Enterprise Management Co., Ltd.	Managing director Supervisor President	Huan-Wen Jao Jian-Ping Lin Huan-Wen Jao	Note 1	100%
Xiamen Siming Realbio Plastic Surgery Clinic Co., Ltd.	Managing director Supervisor President	Hung Chen Li Wang Hung Chen	Note 1	100%
Xiamen Manlifenni Beauty Co., Ltd.	Managing director Supervisor President	Li Wang Hung Chen Li Wang	Note 1	100%
Xiamen Liluoya Commerce Co., Ltd.	Managing director Supervisor President	Jian-Ping Lin Chao-Hsiang Chi Jian-Ping Lin	Note 1	100%
Xiamen Shengjijiema Commerce Co., Ltd.	Managing director Supervisor President	Chao-Hsiang Chi Jian-Ping Lin Chao-Hsiang Chi	Note 1	100%

Note 1: A limited company without share division.

6. Operating Status of Affiliates

Date of Data: December 31, 2021 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	1,684,818	1,445,850	0	109,010	109,010	-
Luo Lih-Fen Enterprise Limited	Equity Method	NT\$2.5 million	10,699	9,522	0	(34)	(34)	-
Lever Guide Biotech Co., Ltd. (TW)	Equity Method	NT\$210 million	301,681	148,127	32,936	(22,830)	(22,830)	-
Richer Biotechnology Co., Ltd.	Equity Method	NT\$12 million	17,183	8,383	1,882	(2,862)	(2,155)	-
Juwenlee (Fujian) Cosmetics Co., Ltd.	Equity Method	USD 11,500 thousand	1,497,971	1,265,353	857,871	106,709	106,709	-
Xiamen Luolifen Cosmetics Co., Ltd.	Equity Method	RMB¥6,500 thousand	18,048	18,165	0	(430)	(430)	-
Xiamen Glingluo cosmetics Co., Ltd.	Equity Method	RMB¥1,000 thousand	11,531	11,525	5,694	1,034	1,034	-
Xiamen Sunlily Cosmetics Co., Ltd.	Equity Method	RMB¥1,000 thousand	14,946	15,124	6,166	1,596	1,596	-
Xiamen Draise Cosmetics Co., Ltd.	Equity Method	RMB¥1,000 thousand	4,899	5,157	3,149	971	971	-
Lichuang (Fujian) Bio-Technology Co., Ltd.	Equity Method	RMB¥14,000 thousand	38,930	19,767	15,005	(25,789)	(21,136)	-
Zhangzhou Kangqili Health Management Co., Ltd.	Equity Method	RMB¥5,000 thousand	23,038	19,025	11,034	(1,048)	(1,048)	-
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Equity Method	RMB¥39,900 thousand	178,270	178,258	0	2,308	2308	-
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Equity Method	RMB¥5,000 thousand	22,717	22,715	0	524	524	-
Zhangzhou Healthy Skin Enterprise Management Co., Ltd.	Equity Method	RMB¥3,000 thousand	11,129	10,882	0	(1,156)	(1,156)	-
Xiamen Manfenli Enterprise Management Co., Ltd.	Equity Method	RMB¥12,000 thousand	50,967	50,923	0	(1,204)	(1,204)	-
Xiamen Yimeili Enterprise Management Co., Ltd.	Equity Method	RMB¥48,000 thousand	205,095	204,986	0	(3,523)	(3,523)	-
Xiamen Siming Realbio Plastic Surgery Clinic Co., Ltd.	Equity Method	RMB¥5,000 thousand	21,720	21,720	0	0	0	-
Xiamen Shengjijima Commerce Co., Ltd.	Equity Method	RMB¥500 thousand	2,172	2,172	0	0	0	-
Xiamen Liluoya Commerce Co., Ltd.	Equity Method	RMB¥500 thousand	2,172	2,172	0	0	0	-
Xiamen Manlifenni Beauty Co., Ltd.	Equity Method	RMB¥1,000 thousand	4,344	4,344	0	0	0	-

Note 1: The assets and liabilities are converted based on the foreign exchange rate (NTD1: RMB4.344) at the end of last year.

The incomes are based on the yearly average foreign exchange rate (NTD1: RMB4.341).

(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 shareholders' rights 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 December 25, 2019; The Taiwan Stock Exchange Corporation promulgated the amended "Foreign Issuer's Checklist for the Protection of Shareholders' Rights in the Country of Registration" (hereinafter collectively referred to as the "Checklist for the Protection of Shareholders' Rights") regarding the added items on May 14, 2021 and March 11, 2022 respectively. The Company will propose to revise its Articles of Association at the Annual Shareholders' Meeting in order to meet the requirements. However, some important matters concerning the protection of shareholders' rights 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 procedures 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 Cayman Islands Lawyer 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.

Difference Items	Cayman Islands Law Description	Articles of Association Description
<p>1. The Company shall convene a physical Shareholders' Meeting within the territory of the Republic of China. If the physical 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.</p> <p>2. 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.</p>	<p>The Cayman Islands laws provide no relevant provisions.</p>	<p>The Company did not stipulate in its Articles of Association that Annual Shareholders' Meeting may be conducted with the assistance of video conference. Therefore, the provisions regarding dividing shareholders' meetings into physical ones in the left column are not applicable to the Company. As provided by the first part of Article 31 of the Company's Article of Associations additionally: "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.</p> <p>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.</p>
<p>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 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.</p>	<p>The Cayman Islands laws provide no relevant provisions.</p>	<p>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 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.</p>
<p>A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person.</p>	<p>According to the legal opinion of Cayman Islands lawyer Ogier, a shareholder who exercises his/her voting right in writing or in an electronic form shall not be deemed</p>	<p>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</p>

Difference Items	Cayman Islands Law Description	Articles of Association Description
	to be present in person, but shall be deemed to have appointed the Chairman of the Shareholders' Meeting as the proxy.	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.	The Cayman Islands laws provide no relevant provisions.	The Company proposes to amend Articles 58 and 61 of the Articles of Association to this year's Annual Shareholders' Meeting in order to meet the provisions in the left column.
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.	The Cayman Islands laws provide no relevant provisions.	

Difference Items	Cayman Islands Law Description	Articles of Association Description
<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. 	<p>The Cayman Islands laws provide no relevant provisions.</p>	<p>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.</p>
<ol style="list-style-type: none"> 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. 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>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, 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 Cayman Islands lawyer</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</p>

Difference Items	Cayman Islands Law Description	Articles of Association Description
	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.	the purpose identified in the left column, the Company prescribes in Article 7(5) 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".
An independent director of the Audit Committee to convene a Shareholders' Meeting for the Company's profits when necessary shall be deleted.	The Cayman Islands laws provide no relevant provisions.	In response to the requirements referred to in the left column, the Company has deleted Article 32(3) in the draft of the amendments to the Articles of Association, and submitted it to the general shareholders' meeting for resolution this year.
<ol style="list-style-type: none"> 1. The Articles of Association may stipulate that a shareholders' meeting is convened via visual communication network or by other means promulgated by the competent authority of the Company Act of the R.O.C. Nevertheless, under the circumstances of calamities, incidents, or force majeure, the competent authority of the Company Act of the R.O.C. may promulgate a ruling that authorizes a company within a certain period of time can hold its shareholders' meeting by means of visual communication network or other promulgated methods. 2. In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. 3. For a shareholders' meeting proceeded via visual communication network, the company shall be subject to the securities laws and regulations of the R.O.C., including the prerequisites, procedures, and other compliance matters. 	The Cayman Islands laws provide no relevant provisions.	The Company will evaluate whether to add that it may convene a shareholders' meeting via visual communication network. If it intends to do so, the Company will include provisions in the left column to the Articles of Association and internal regulations.
When the Company convenes a shareholders' meetings, voting rights exercised by electronic means shall be included as one of the channels for exercising voting rights.	The Cayman Islands laws provide no relevant provisions.	According to the Taiwan Stock Exchange Corporation in Tai-Zheng-Shang-2 No. 1111700674 on March 11, 2022, the exercise of voting rights in writing at a shareholders' meeting is attributed to self-governance of a company, and the company may consider whether to amend its Articles of Association based on demands of its own. Based on the aforementioned intend, the Company has expressly stipulate in the proposed draft of amendments to the Articles of Association that during its listing period, shareholders may exercise voting rights in writing or by electronic method, and will submit such to this year's general Shareholders' Meeting for resolution.
If a company's paid-in capital at the final day of the most recent fiscal year achieved NT\$10 billion or more, or the total shareholding ratio of foreign shareholders and Mainland Chinese shareholders accounts for 30% or more according to the records in the shareholder register upon the convention	The Cayman Islands laws provide no relevant provisions.	The Company will complete the amendments to the Articles of Association before June 30, 2023 according to the Taiwan Stock Exchange Corporation in Tai-Zheng-Shang-2 No. 1111700674 on March 11, 2022, in order to meet the provisions in the left column.

Difference Items	Cayman Islands Law Description	Articles of Association Description
of a general Shareholders' Meeting, the shareholders' meeting manual together with other information related to the said meeting shall be transmitted via electronic method 30 days before the convention of the said meeting.		

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, likely the name 'Li-Fen Luo'.

