

Luo Lih-Fen Holding Co.,Ltd

Minutes of the 2022 shareholders' meeting

Time of Shareholders' Meeting: 9:00 a.m., June 2, 2022 (Thursday)

Venue of Shareholders' Meeting: Conference Room 1, 3F., 350 Songjiang Rd., Taipei City

Number of shares represented by shareholders present:

Shares represented by the shareholders present and proxies totaled 40,716,027 accounting for 85.92% of the total shares issued by the Company, i.e. 47,388,000 shares and including the 27,024,024 shares represented by shareholders executing voting rights through e-voting.

Directors present:

Hsiao-Ling Chou, Shih-Chinn Ho, Li-Chen Lin, Yu-Che Wang, Yin-Chieh Hsu, Kuo-Cheng Wang

Attendees:

CPA Shih-Jung Weng of PwC Taiwan

Zhang Jiarong, Partner in Charge of Chien Yeh Law Offices

Black Praise International Limited(Representative: Li-Fen Luo)(video attendance)

Talent Reach (HK) Limited(Representative: Huan-Wen Jao))(video attendance)

Chairman: Hsiao-Ling Chou

Recorder: Yungchen Li

A / Call the Meeting to Order

B / Opening Speech by the Chairperson

C / Issues Posed for Reporting

Management Presentation (Company Reports) 1

2021 Business Report.

Explanation:

I. Please refer to Appendix 1 of this Handbook for the Company's 2021 business report.

II. Respectfully submitted for reporting.

Management Presentation (Company Reports) 2

2021 Audit Committee Inspection Report.

Explanation:

I. Please refer to Appendix 2 of this Handbook for the Company's "2021 Audit Committee Inspection Report".

II. The motion has been approved upon resolution by the 11th Meeting of the 2nd Audit Committee and submitted to the shareholders' meeting pursuant to laws. Respectfully submitted for reporting.

Management Presentation (Company Reports) 3

2021 Employee and Director Remuneration Distribution.

Explanation:

- I. According to Article 100 of the Company's Articles of Incorporation, where the Company has annual profits at the end of a financial year, the Company shall distribute not less than one percent (1%) of the profits for such year to employees as employees' remuneration and not more than three percent (3%) of the profits to directors as directors' remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses.
- II. As recommended by the 6th Meeting of the 2nd Remuneration Committee, employee remuneration recognized for 2021 is NT\$1,000,000, and director remuneration is NT\$1,500,000, which accounted for 1.37% and 2.06% of the profits certified by the independent auditor, respectively, in 2021, and will be fully distributed in cash as listed.
- III. The motion has been approved upon resolution by the 12th Meeting of the 3rd Board of Directors and submitted to the shareholders' meeting pursuant to laws. Respectfully submitted for reporting.

Management Presentation (Company Reports) 4

Endorsements and Guarantees in 2021.

Explanation:

- I. Please refer to Attachment 3 of this Handbook for the Company's endorsements and guarantees in 2021.
- II. Respectfully submitted for reporting.

D / Issues Posed for Acknowledgment

Agenda #1 (Proposed by the Board of Directors)

Motion:

2021 Business Report and Financial Statements.

Explanation:

- I. The Company's 2021 business report has been audited by the Audit Committee, and a written report of such audit has been issued.
- II. The Company's 2021 financial statements have been prepared and were audited by CPAs Shih-Jung Weng and Chun-Yao Lin of PwC Taiwan and reviewed by the Company's Audit Committee, and a written report of such audit has been issued.
- III. The motion has been approved upon resolution by the 12th Meeting of the 3rd Board of Directors and presented to the shareholders' meeting pursuant to laws.
- IV. Please refer to Attachment 1 of this Handbook for the 2021 business report . Please refer to Attachment 4 of this Handbook for the Company's 2021 independent auditor's report and financial statements .
- V. Please duly acknowledge as appropriate.

Resolution:

Voting Results:

Shares represented at the time of voting: 40,716,027.

Voting Results	votes	%	including votes through e-voting
Votes in favor	40,674,723	99.89%	26,983,721
Votes against	25,494	0.06%	25,494
Votes invalid	0	0.00%	0
Votes abstained	15,810	0.03%	14,809
RESOLVED, that the above proposal be and hereby was approved as proposed.			

Agenda #2 (Proposed by the Board of Directors)

Motion:

2021 Distribution of Earnings.

Explanation:

- I. Following the independent auditors' review of the Company's 2021 financial statements, the 2021 earnings are confirmed to be NT\$70,240 thousand with accumulated distributable earnings of NT\$185,229 thousand. The Company plans to distribute cash dividend of NT\$1.5 per common share from the NT\$71,082 thousand of undistributed earnings.
- II. Please refer to Attachment 5 of this Handbook for the Company's 2021 Distribution of Earnings.
- III. For the current earnings distribution, in the event that the number of the Company's outstanding shares is affected by the Company's implementation of treasury stocks or capital increase, or any changes in laws and regulations, a proposal is submitted at the shareholders' meeting requesting the Chairman to be authorized to adjust shareholder dividend based on the number of actual shares outstanding on the ex-dividend date and the total earnings to be distributed from common shares as resolved by the shareholders' meeting. Cash dividend distributable to each shareholder shall be calculated to the nearest dollar, with amounts of less than one dollar rounded down. Fractions of less than one dollar shall be counted as Other Income of the Company.
- IV. After the motion was approved upon resolution by the shareholders' meeting, the Company intends to request the shareholders' meeting to authorize the Chairman to resolve the ex-dividend date and other relevant issues.
- V. The motion has been approved upon resolution by the 12th Meeting of the 3rd Board of Directors and presented to the shareholders' meeting pursuant to laws.
- VI. Please duly acknowledge as appropriate.

Resolution:

Voting Results:

Shares represented at the time of voting: 40,716,027.

Voting Results	votes	%	including votes through e-voting
Votes in favor	40,674,723	99.89%	26,983,721
Votes against	34,494	0.08%	34,494
Votes invalid	0	0.00%	0
Votes abstained	6,810	0.01%	5,809
RESOLVED, that the above proposal be and hereby was approved as proposed.			

E / Issues Posed for Discussion

Agenda #1 (Proposed by the Board of Directors)

Motion:

Motion to amend the Company's "Articles of Incorporation" is hereby submitted for discussion.

Explanation:

- I. In response to the "Foreign Issuer's Checklist for the Protection of Shareholders' Rights in the Country of Registration" promulgated by Taiwan Stock Exchange Corporation (TWSE) and requirements promulgated by the competent authority regarding laws and ordinances concerned, it is proposed that the Company's Articles of Incorporation should be updated to meet substantial needs.
- II. The comparison table for revised clauses is provided in Attachment 6 .
- III. The motion has been approved upon resolution by the 12th Meeting of the 3rd Board of Directors and presented to the shareholders' meeting pursuant to laws. Please duly discuss as appropriate.

Voting Results:

Shares represented at the time of voting: 40,716,027.

Voting Results	votes	%	including votes through e-voting
Votes in favor	40,675,714	99.90%	26,984,712
Votes against	25,503	0.06%	25,503
Votes invalid	0	0.00%	0
Votes abstained	14,810	0.03%	14,810
RESOLVED, that the above proposal be and hereby was approved as proposed.			

Agenda #2 (Proposed by the Board of Directors)

Motion:

Motion to amend the Company's "Operating Procedure for Acquisition or Disposal of Assets (Including Derivatives)" is hereby submitted for discussion.

Explanation:

- I. The Company plans to amend the "Operating Procedure for Acquisition or Disposal of Assets (Including Derivatives)" in response to the laws and ordinances of the competent authority.
- II. The comparison table for revised clauses is provided in Attachment 7.
- III. The motion has been approved upon resolution by the 12th Meeting of the 3rd Board of Directors and presented to the shareholders' meeting pursuant to laws. Please duly discuss as appropriate.

Voting Results:

Shares represented at the time of voting: 40,716,027.

Voting Results	votes	%	including votes through e-voting
Votes in favor	40,675,714	99.90%	26,984,712
Votes against	25,503	0.06%	25,503
Votes invalid	0	0.00%	0
Votes abstained	14,810	0.03%	14,810
RESOLVED, that the above proposal be and hereby was approved as proposed.			

Agenda #3 (Proposed by the Board of Directors)

Motion:

Motion to terminate the non-competition restrictions imposed on the directors (including independent directors) of the Company.

Explanation:

- I. Pursuant to Article 26-1 of the Securities and Exchange Act, a proposal is hereby submitted at the shareholders' meeting to require the directors (and their representatives) and independent directors elected at the 2020 annual shareholders' meeting who do anything for themselves or on behalf of another person that is within the scope of the Company's business to explain to the meeting of shareholders the essential contents of such an act and secure its approval pursuant to Article 209 of the Company Act of Taiwan.
- II. As the Company deems it necessary for business operations, the Directors (including Independent Directors) may take action for themselves or on behalf of another person that is within the scope of the Company's business in accordance with the preceding requirements. The Company therefore requests the shareholders' meeting to approve the removal of the non-competition restrictions. The details are set forth below:

Title	Name	Actions for business operations within the scope of the Company's business
Director	Li-Chen Lin	Service as Chairman of Homenema Technology Incorporation (Note 1)
Director	Li-Chen Lin	Service as Chairman of Homenema Technology Incorporation whose sole shareholder is Fu Yu Biotechnology Co., Ltd.

Note 1: The legal entity represented is Laser Tek Taiwan Co., Ltd.

- III. Please duly discuss as appropriate.

Voting Results:

Shares represented at the time of voting: 40,716,027.

Voting Results	votes	%	including votes through e-voting
Votes in favor	40,628,714	99.78%	26,976,712
Votes against	74,503	0.18%	35,503
Votes invalid	0	0.00%	0
Votes abstained	12,810	0.03%	11,809
RESOLVED, that the above proposal be and hereby was approved as proposed.			

F / Extraordinary (Unscheduled) Motions: None.

G / Adjournment of the Meeting: 9:49 a.m., June 2, 2022

I. 2021 Business Report

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



II. 2021 Audit Committee Inspection Report

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

III. Endorsements and Guarantees in 2021

Unit: Thousand NTD

No.	Name of company providing endorsement or guarantee	Recipient of endorsement or guarantee		Limit on endorsements/guarantees to a single enterprise	Cumulative highest balance as of this month	Ending balance of endorsements/guarantees	Actual amount drawn down	Endorsed/guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsement/guarantee
		Company name	Share holding ratio							
1	Luo Lih-Fen Holding Co., Ltd.	Lever Guide Biotech Co., Ltd. (TW)	100%	320,004	150,000	150,000	97,000	0	9.37%	640,008

IV. 2021 Independent Auditors' Report and Financial Statements



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:

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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 Juvenile(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


Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 15, 2022

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		Notes	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	100
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	12
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	2
8500 Total comprehensive income for the year			\$ 56,533	6	\$ 119,614	14
Profit attributable to						
8610 Owners of parent			\$ 70,240	7	\$ 104,147	12
8620 Non-controlling interests			(954)	-	(231)	-
			\$ 69,286	7	\$ 103,916	12
Comprehensive income attributable to						
8710 Owners of parent			\$ 57,487	6	\$ 119,845	14
8720 Non-controlling interests			(954)	-	(231)	-
			\$ 56,533	6	\$ 119,614	14
Basic earnings per share (in dollars)						
9750 Basic earnings per share	6(26)		\$ 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								Non-controlling interests	Total	Total equity					
	Capital Reserves			Retained Earnings												
	Share capital - common stock	Total capital surplus, additional paid-in capital	Capital surplus, others	Legal reserve	Special reserve	Total unappropriated retained earnings	Financial statements translation differences of foreign operations									
Notes																
For the year ended December 31, 2020																
	\$	473,880	\$	829,495	\$	43,125	\$	2,064	\$	547,083	(\$ 47,547)	\$	1,848,100	\$	1,848,100	
Balance at January 1, 2020		-		-		-		-		104,147	-		104,147	(231)	
Profit for 2020		-		-		-		-		-	-		-		-	
Other comprehensive income for 2020		-		-		-		-		-	15,698		15,698		15,698	
Total comprehensive income(loss)		-		-		-		-		104,147	15,698		119,845	(231)	
Appropriation of 2019 earnings: 6(17)		-		-		-		-		-	-		-		-	
Legal reserve		-		-		49,774		-		(49,774)	-		-		-	
Special reserve		-		-		-		45,483		(45,483)	-		-		-	
Cash dividends		-		-		-		-		(331,716)	-		(331,716)		(331,716)	
Changes in other capital surplus		-		-		-		-		-	-		1,080		1,080	
Changes in non-controlling interest		-		-		-		-		-	-		-		-	
Balance at December 31, 2020		\$	473,880	\$	829,495	\$	92,899	\$	47,547	\$	224,257	(\$ 31,849)	\$	1,637,309	\$	1,643,078
For the year ended December 31, 2021																
	\$	473,880	\$	829,495	\$	92,899	\$	47,547	\$	224,257	(\$ 31,849)	\$	1,637,309	\$	1,643,078	
Balance at January 1, 2021		-		-		-		-		70,240	-		70,240	(954)	
Profit for 2021		-		-		-		-		-	-		(12,753)		(12,753)	
Other comprehensive loss for 2021		-		-		-		-		-	(12,753)		(12,753)		(12,753)	
Total comprehensive income(loss)		-		-		-		-		70,240	(12,753)		57,487	(954)	
Appropriation of 2020 earnings: 6(17)		-		-		-		-		-	-		-		-	
Legal reserve		-		-		10,415		-		(10,415)	-		-		-	
Special reserve		-		-		-		(15,698)		15,698	-		-		-	
Cash dividends		-		-		-		-		(94,776)	-		(94,776)		(94,776)	
Balance at December 31, 2021		\$	473,880	\$	829,495	\$	103,314	\$	31,849	\$	205,004	(\$ 44,602)	\$	1,600,020	\$	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.

V. Earnings Distribution for 2021

Unit: NT\$

Summary	Total
Distributable earnings:	
Undistributed earnings at the beginning of the fiscal year	\$ 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.

Chairman:



General Manager:



Chief Accountant:



VI. Comparison Table for the Amendments to the "Articles of Incorporation"

Luo Lih-Fen Holding Co., Ltd.

Comparative List of Amendments to the "Articles of Incorporation"

No.	Current Provisions	Proposed Amendments	Explanations
Article 32	<u>(3) In addition to the circumstance where the Board should have convened a general meeting but does not or is unable to convene a general meeting pursuant to the Law, the Applicable Listing Rules or these Articles, an Independent Director from the audit committee of the Company may also, for the benefit of the Company, call a general meeting when it is deemed necessary.</u>	Removed Paragraph (3).	To ensure compliance with the "Foreign Issuer's Checklist for the Protection of Shareholders' Rights in the Country of Registration" (hereinafter referred to as the "Checklist for the Protection of Shareholders' Rights") promulgated by the Taiwan Stock Exchange Corporation in Tai-Zheng-Shang-2 No. 1101701488 on May 14, 2021, the provisions in Article 32,

No.	Current Provisions	Proposed Amendments	Explanations
			Paragraph (3) are removed.
Article 57	To the extent permitted by the Law, the Board may resolve that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Notwithstanding the foregoing, during the Relevant Period, subject to the Applicable Listing Rules, the Company shall adopt the electronic transmission as <u>one of</u> the methods for exercising the voting power of a Member. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a	To the extent permitted by the Law, the Board may resolve that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Notwithstanding the foregoing, during the Relevant Period, subject to the Applicable Listing Rules, the Company shall adopt the <u>written ballot and</u> electronic transmission as the methods for exercising the voting power of a Member. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting	To ensure compliance with the Checklist for the Protection of Shareholders' Rights, the Company is expressly required to adopt written ballot or electronic transmission as one of the methods for shareholders to exercise their voting rights.

No.	Current Provisions	Proposed Amendments	Explanations
	<p>general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his Shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members 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 general meeting. For the purpose of clarification, such Members 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 general meeting.</p>	<p>power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his Shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members 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 general meeting. For the purpose of clarification, such Members 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 general meeting.</p>	
Article 58	<p>In case a Member who has cast his votes by a written instrument or by way of electronic transmission intends to attend the relevant general meeting in person, he shall, at least two (2) day prior to the date of the general meeting, revoke such votes by serving a notice in the same manner as he cast such votes. In the absence of a timely revocation</p>	<p>In case a Member who has cast his votes by a written instrument or by way of electronic transmission intends to attend the relevant general meeting in person, he shall, at least two (2) day prior to the date of the general meeting, revoke such votes by serving a notice in the same manner</p>	<p>To ensure compliance with the requirements in the Checklist for the Protection of Shareholders' Rights, the proviso in this</p>

No.	Current Provisions	Proposed Amendments	Explanations
	of such votes, such votes shall remain valid. <u>Nonetheless, such Member who attends and votes at a general meeting in person would be deemed to have revoked his prior voting instructions by a written instrument or by way of electronic transmission, notwithstanding that such Member has not submitted a revocation notice in accordance with this Article 58.</u>	as he cast such votes. In the absence of a timely revocation of such votes, such votes shall remain valid.	article is deleted.
Article 61	In case a Member who has served a proxy intends to attend the relevant general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of the general meeting, revoke such proxy by serving a separate written notice to the Company or Shareholder Service Agent. Otherwise, the votes cast by the proxy at the general meeting shall prevail. <u>Nonetheless, such Member who attends and votes at a general meeting in person would be deemed to have revoked his proxy appointment, notwithstanding that such Member has not submitted a revocation notice in accordance with this Article 61.</u>	In case a Member who has served a proxy intends to attend the relevant general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of the general meeting, revoke such proxy by serving a separate written notice to the Company or Shareholder Service Agent. Otherwise, the votes cast by the proxy at the general meeting shall prevail.	To ensure compliance with the requirements in the Checklist for the Protection of Shareholders' Rights, the proviso in this article is deleted.
Article 77	During the Relevant Period, the number of Independent Directors of the Company shall not be less than three (3) or	During the Relevant Period, the number of Independent Directors of the Company shall not be less than three (3) or	To ensure compliance with the requirements

No.	Current Provisions	Proposed Amendments	Explanations
	<p>one-fifth of the total number of Directors at any time, whichever is greater. One (1) of the Independent Directors shall have resident status of the R.O.C. (such resident status being registered with local government authorities). Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.</p>	<p>one-fifth of the total number of Directors at any time, whichever is greater. Two (2) of the Independent Directors shall have resident status of the R.O.C. (such resident status being registered with local government authorities). Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.</p>	<p>in Article 28-4 of the "Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings" revised by Taiwan Stock Exchange Corporation, the provisions in Article 77 are amended.</p>
Article 82.2	<p>(2) The members of the remuneration committee of the Company shall be appointed by the Board and shall not be fewer than three members, one of whom shall be the convener.</p>	<p>(2) The members of the remuneration committee of the Company shall be appointed by the Board and shall not be fewer than three members, a majority of whom shall be the Independent Directors.</p>	<p>The Company referenced the "Sample Template for XXX Co., Ltd.</p>

No.	Current Provisions	Proposed Amendments	Explanations
	<p>◦</p>		<p>Remuneration Committee Charter" revised by Taiwan Stock Exchange Corporation in Tai-Zheng-Zhi-Li No. 1090009468 on June 3, 2020 and revised provisions in Article 82.2, Paragraph (2).</p>
Article 88	<p>A Director may, and the Secretary on the requisition of a Director shall, summon a Board meeting by, during the Relevant Period, at least seven (7) days' notice in writing, or at any time other than during the Relevant Period, at least forty eight hours' notice in writing, to every Director which notice shall set forth the general nature of the business to be considered PROVIDED HOWEVER, without prejudice to the prescribed notice, in the event of emergency, as determined by the Board in its sole discretion, a Board meeting may be called at any time <u>if this has been agreed to by a majority of the Directors at such meeting.</u> Notwithstanding the forgoing, at any time other than during</p>	<p>A Director may, and the Secretary on the requisition of a Director shall, summon a Board meeting by, during the Relevant Period, at least seven (7) days' notice in writing, or at any time other than during the Relevant Period, at least forty eight hours' notice in writing, to every Director which notice shall set forth the general nature of the business to be considered PROVIDED HOWEVER, without prejudice to the prescribed notice, in the event of emergency, as determined by the Board in its sole discretion, a Board meeting may be called at any time <u>upon a written notice given in accordance with the Applicable Listing Rules.</u> Notwithstanding the</p>	<p>The Company referenced Article 204, Paragraph 3 of the Company Act and adjusted the provisions in Article 88.</p>

No.	Current Provisions	Proposed Amendments	Explanations
	the Relevant Period, a notice of Board meeting may be waived by all the Directors at, before or retrospectively after the relevant Board meeting is held. Any notice or waiver thereof may be given by email, telex or telefax.	forgoing, at any time other than during the Relevant Period, a notice of Board meeting may be waived by all the Directors at, before or retrospectively after the relevant Board meeting is held. Any notice or waiver thereof may be given by email, telex or telefax.	

*The English version of the amended Memorandum of Organization and the Articles of Incorporation shall be adopted as the official version. Rectifications of errors in the Memorandum of Organization and the Articles of Incorporation, updates of the Companies Act of the Cayman Islands cited herein, correction of numbering without actual changes in contents, or adjustments of wording for the Chinese translation are not provided.

VII. Comparison Table for the "Operating Procedure for Acquisition or Disposal of Assets (Including Derivatives)"

Luo Lih-Fen Holding Co., Ltd.

Comparison Table for the Operating Procedure for Acquisition or Disposal of Assets (Including Derivatives)

After Amendment	Before Amendment	Explanation
<p>Article 6. Paragraph 1 omitted When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-governing regulations of the industry associations</u> and the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>Article 6. Paragraph 1 omitted When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	<p>To ensure compliance with amended regulations, the Company added requirements for reports by external experts and revised wording.</p>
<p>Article 8. Processes for Acquiring or Disposing of Real Property, Equipment, or Right-of-Use Assets Thereof I-III. Omitted IV. Appraisal report of real property or equipment 3. If the following situation occurs with</p>	<p>Article 8. Processes for Acquiring or Disposing of Real Property, Equipment, or Right-of-Use Assets Thereof I-III. Omitted IV. Appraisal report of real property or equipment 3. Where any one of the following</p>	<p>To ensure compliance with amended regulations, the Company removed certain clauses and revised wording.</p>

After Amendment	Before Amendment	Explanation
<p>regard to the professional appraisal report, the Company shall engage a CPA to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>Omitted</p>	<p>circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion</u> regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>Omitted</p>	
<p>Article 9. Investment Processing Procedures for the Acquisition or Disposal of Securities I-III. Omitted</p> <p>IV. Obtain expert opinion In case of acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant. Such financial statements shall be used as a reference for appraising the transaction price. If the transaction amount has reached 20% of the company's paid-in capital or NT\$300 million (approximately RMB 60 million), the Company shall, prior to the date of occurrence of the event, additionally engage a CPA to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to securities with publicly quoted prices from an active market, or where other regulations of the Financial Supervisory Commission, Executive Yuan prevail.</p>	<p>Article 9. Investment Processing Procedures for the Acquisition or Disposal of Securities I-III. Omitted</p> <p>IV. Obtain expert opinion In case of acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant. Such financial statements shall be used as a reference for appraising the transaction price. If the transaction amount has reached 20% of the company's paid-in capital or NT\$300 million (approximately RMB 60 million), the Company shall, prior to the date of occurrence of the event, additionally engage a CPA to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA requires the evidence of an expert report, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to securities with publicly quoted prices from an active market, or where other regulations of the Financial Supervisory Commission, Executive Yuan prevail.</p>	<p>To ensure compliance with amended regulations, the Company removed certain clauses and revised wording.</p>

After Amendment	Before Amendment	Explanation
<p>Article 10.</p> <p>Transactions between the Company and related parties shall be conducted in accordance with the regulations in the Procedures and shall comply with the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the competent authority.</p> <p><u>If the Company or its subsidiary engages in transactions with related parties and the transaction amount exceeds 10% of the Company's total assets, the Company shall firstly submit the information required for related-party transactions to the shareholders' meeting for approval before signing the contract and making payments. However, this requirement does not apply to transactions between the Company and its parent company or subsidiary company, or between the subsidiaries.</u></p>	<p>Article 10.</p> <p>Transactions between the Company and related parties shall be conducted in accordance with the regulations in the Procedures and shall comply with the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the competent authority.</p>	<p>To ensure compliance with amended regulations, the Company added a requirement for submitting information to the shareholders' meeting for approval before signing the contract and making payments.</p>
<p>Article 11.</p> <p>Processes for Acquiring or Disposing of Intangible Assets or Right-of-Use Assets Thereof or Memberships</p> <p>I-III. Omitted</p> <p>IV. Expert assessment report on intangible assets or on right-to-use assets thereof or memberships</p> <p>3. Where the Company acquires or disposes of intangible assets, right-of-use assets thereof, or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million (approximately RMB 60 million) or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Article 11.</p> <p>Processes for Acquiring or Disposing of Intangible Assets or Right-of-Use Assets Thereof or Memberships</p> <p>I-III. Omitted</p> <p>IV. Expert assessment report on intangible assets or on right-to-use assets thereof or memberships</p> <p>3. Where the Company acquires or disposes of intangible assets, right-of-use assets thereof, or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million (approximately RMB 60 million) or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	<p>To ensure compliance with amended regulations, the Company removed certain clauses and revised wording.</p>