



Jahwa

上海家化

2020

企业社会责任报告
暨环境、社会及治理(ESG)报告

CSR & ESG Report

Corporate Social Responsibility Report &
Environmental, Social and Governance
Report

CSR & ESG Report

Report Specification

Report data specification

The range of this report data is from January 1, 2020 to December 31, 2020, with partial contents exceed the above-mentioned time range. The financial data in this report is derived from 2020 annual financial report of Shanghai Jahwa, and the rest data is derived from the third-party institution and the statistical system owned by the Company.

Scope of organization of report

This report covers Shanghai Jahwa United Co., Ltd and its subordinate branches and subsidiaries. In this report, “Shanghai Jahwa”, “Jahwa” and “the Company” etc. refer to “Shanghai Jahwa United Co., Ltd” and its subordinate branches and subsidiaries.

Compilation basis of report

This report refers to the related requirements in *Sustainability Reporting Guidelines* (GRI-standards) of Global Reporting Initiative GRI, *CASS-CSR 4.0* of Chinese Academy of Social Sciences, *Guidelines for environmental information disclosure of Listed Companies in Shanghai Stock Exchange (Exposure Draft)* of Shanghai Stock Exchange and *Guidelines for Environmental, Social and Governance Report* of the Stock Exchange of Hong Kong Ltd.

Report release form

This report is released in electronic form, and can be referred to on the official websites of Shanghai Stock Exchange and the Company. The Company plans to release *Corporation Social Responsibility Report & Environmental, Social and Governance (ESG) Report* once a year.

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CEO's Letter



Courage comes from hardship and success comes from suffering

Looking back to 2020, we were confronted with the unexpected covid-19. Everyone in China was united to realize an epic to resist the epidemic. After occurrence of the epidemic, Shanghai Jahwa completely coordinated with the government, fully deployed resources, actively made donations and rushed to Hubei Province and all over the country for rescue. We firstly donated over 3 million RMB and sent epidemic prevention materials including Liushen anti-bacteria hand soap, Liushen floral water, Liushen Antibacterial soap, Maxam hand cream etc. to the personnel at frontline of epidemic resistance in Hubei Province and Shanghai City, which demonstrated the original intention and determination of enterprises, the country and people for protection of homes.

Aiming at the change of consumption brought by the covid-19, we adjusted product research and development and some of our subordinate brands rapidly launched anti-epidemic products, such as Liushen instant anti-bacteria hand sanitizer gel, HomeAegis air-cleaning antibacterial spray, Giving plant-giving instant hand sanitizer gel etc. to jointly guard people's health.

In addition, we conquered all obstacles to resume production and became one of the large-scale enterprises initially resuming production in Shanghai to guarantee sufficient supply of anti-epidemic materials during the epidemic and the products required for daily life. We expect to take the lead by the spirit of innovation, enterprising, conscientiousness and efficiency, and keep a foothold on our posts to contribute our power as a member of Jawha.

Integrate green concept in strategic plan and constantly promote environmental protection

As the leading enterprise in the beauty products and daily chemical industry for hundreds of years, we deeply acknowledge the development concept of "green mountains are gold mountains", and implement the green concept in each step of product R&D, production and sales. We constantly develop environment-friendly products, procure the raw materials consistent with certification standards and adopt environmental packing materials. Tommee Tippee, our infant & mom brand has initiatively realized the strategic plan of no disposable plastic and refuse landfill in five years. We will adopt more scientific method during production and manufacturing to realize energy conservation and emission reduction, and dedicate to gain highest production value by minimum resource consumption. Our intelligent Kuayue plant has been approved as the "green plant" by the Ministry of Industry and Information Technology of China. We not only desire to become a leader in the beauty products and daily chemical industry in China, but also want to become the initiator and leader of green concept in the industry.

Promote corporate governance level and improve quality of listed company

In 2020, we have been continuously optimizing our corporate governance system, regulating corporate operation, improving inner control system, establishing safety shield, promoting quality and transparency of information disclosure to guarantee investors' equity, and carrying out share incentive mechanism to motivate the energy of the enterprise and employees. In this year, to adapt to the change of consumer demand in new era, we proposed a brand-new enterprise culture and strategic system, updated our corporate vision, mission and value, and took "consumer-centered, brand innovation and channel progress as two basic points, culture, process, digitization as three boosters" as the business guideline to facilitate the Company to realize the strategic goal. Besides, consumer-centricity is taken as the foundation, brand innovation and channel evolution are taken as core drivers, and culture, system & process, and digital transformation are taken as support to accelerate the realization of our strategic objectives. I will work together with Jahwa family to undertake the rejuvenation task of this century-old national brand.

Be concerned for staff and society and dedicated to beauty

In 2020, we remained true to the original aspiration, kept the mission in mind, and adhered to the idea of "being dedicated to beauty" to contribute to the society and assume corporate social responsibilities actively. We are concerned for every employee and put health and safety first, trying to build the Company into a big family with warmth, goals, and centripetal force and facilitate mutual development with employees through training and learning. We continue to assist the government in promote industry development, actively participate in the construction of Industry regulations, standards and codes, improve and implement relevant mechanisms, and form a community of shared future with partners. We are committed to the goal of building a moderately prosperous society in all respects and help complete the century-old task of poverty alleviation. We continue to pay close attention to and provide precise assistance to vulnerable groups, delivering health and care to everyone with the heart of excellence.

Prospect of 2021

2020 is over. 2021 means a lot to China and it is the 100th anniversary of the founding of the Communist Party of China. 2021 also means a lot to Shanghai Jahwa, a leading enterprise with a history of 123 years in the beauty and daily chemical industry, and it is 20th anniversary of the listing of Jahwa.

In the days leading up to the 20th anniversary of Jahwa's listing, all staff of Shanghai Jahwa have a discussion about our vision, mission and values and establish a brand-new enterprise culture system. Our mission is **to create the best health and beauty products and services to maximize the value for our consumers, employees, stockholders, and entire society**. Our slogan better reflects our original aspiration and dream: **dedicated to beauty**.

In 2021, based on our mission, we decide to promote ESG (environment, society, and governance) as the strategy for driving long-term sustainable enterprise development so as to better undertake our mission and responsibility bestowed by the times. Dedicated to beauty, Shanghai Jahwa as a century-old enterprise will hold the vision of becoming the market leader in Chinese beauty and personal care industry, presenting Chinese beauty to the world.

Chairman & CEO

潘秋生

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About Jahwa



Shanghai Jahwa United Co., Ltd is one of national enterprises with a long history in beauty and daily chemical industry in China. Formerly known as HK Kwong Sang Hong established in 1898, it was listed on the Shanghai Stock Exchange in 2001.

Shanghai Jahwa pays high attention to brand building and it has established a leading position in numerous market segments. Its products cover three categories, i.e., skin care, personal care & appliance cleaning, and baby & maternal products. It owns ten brands, i.e., VIVE, MAXAM, Liushen, gf, Herborist, HomeAegis, Dr. Yu, Giving, Herborist Derma, and Tommee Tippee, and has exclusive agency of C&D's three subdivided leading brands, i.e., Femfresh, Batiste, and ARM&HAMMER, in Chinese mainland. In the meantime, it also cooperates with Zhangzhou PIEN TZE HUANG to develop oral care business.

Shanghai Jahwa owns solid and extensive channels to make its products able to reach each consumer group within a short time. It has been deep ploughing in the department store and supermarket channel for many years and it has many mutually beneficial mutually partners among dealers. In recent two years, it has made active expansion in the e-commerce channel and cosmetics shop channel, and it has also actively explored special channel business. Wide-range and multi-layer channel network will guarantee that Jahwa can respond to consumer needs in time no matter how external environment changes.

Shanghai Jahwa pays high attention to independent innovation and quality control. The science and technology innovation center of Jahwa is a national technology center, national industrial design center, ecological (green) design demonstration enterprise, and a postdoctoral research station. Moreover, it has already carried out strategic cooperation with many domestic and overseas scientific research institutions in many aspects. Jahwa has passed ISO9001 international standard quality management system certification. It is one of the participants of many national standards in the industry. CMP certification was successfully passed in 2012.

Item	2018	2019	2020
Operation revenue (ten thousand RMB)	713,794.74	759,695.18	703,238.56
Total amount of tax payment (ten thousand RMB)	68,483.80	67,399.40	70,682.23
Number of employees (person)	3,505	3,395	5,501

Note 1: New accounting standard is adopted by the company since, and will generate certain influence on related financial indexes.

Note 2: In 2020, the company reinforced control over 30 subsidiaries subordinate to Shanghai Jahwa Sales Co., Ltd within China and included related employees into unified management by corporate headquarters.

Corporate Culture System



Enterprise Vision

To become the market leader in Chinese beauty and personal care industry, presenting Chinese beauty to the world



Enterprise Mission

To create the best health and beauty products and services to maximize the value for our consumers, employees, stockholders, and entire society



Enterprise Values

Open and transparent, innovative and entrepreneurial, responsible and efficient, collaboration and win-win



Operation Principle

Consumer-centricity as the foundation, brand innovation and channel evolution as core drivers, culture, system & process, and digital transformation support to accelerate the realization of our strategic objectives



Enterprise Slogan

Dedicated to beauty

Subordinate Brands



VIVE radiance cream won the World Expo Gold Award



A leading Chinese herbal medicine skin care brand in China



Co-creation of medical research 1386 cases of clinical validation



Technology ingredients combined with Chinese herbal medicine



The first men's skin care brand in China



The largest occupancy in the market of floral water
Leading occupancy in the market of body wash



Silver mushroom pearl cream has good sales for over 40 years



Baby skin care brand with a leading market occupancy

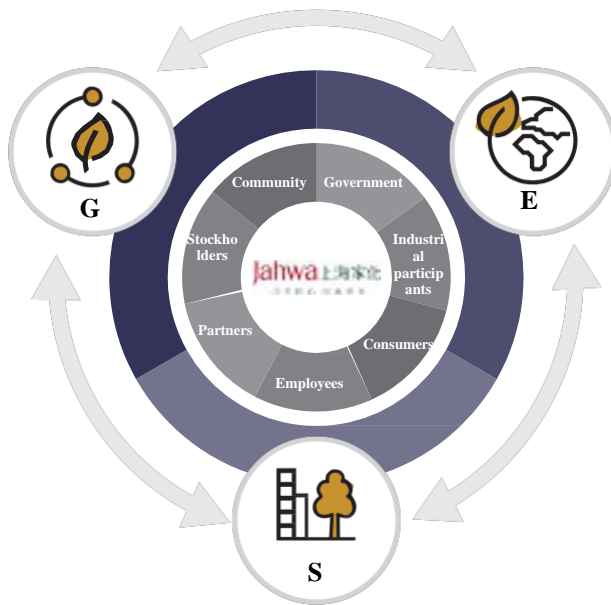


UK's No.1 baby feeding brand acquired in 2017



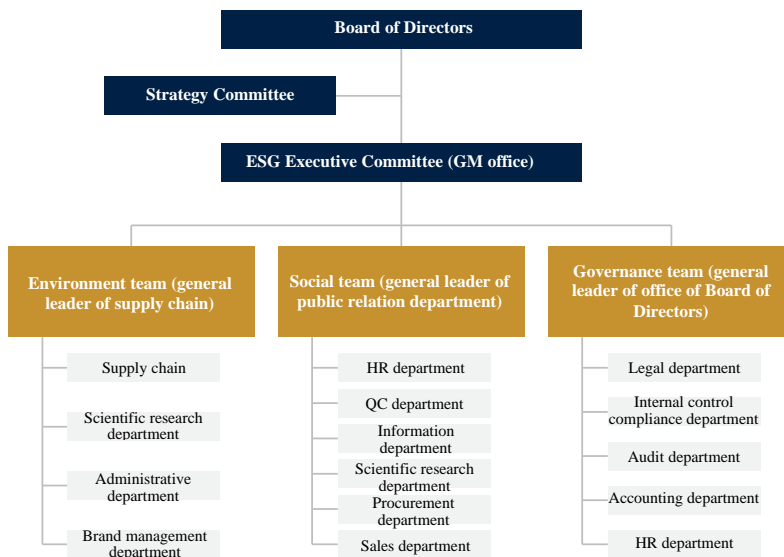
A leading brand of household cleaning

Shanghai Jahwa's ESC System



Shanghai Jahwa adheres to the idea of “dedicated to beauty with hundred years of ingenuity” and uses ESC management mode to promote sustainable development strategy of the Company. ESC management mode is deeply integrated with business development of the Company to make sustainable development strategy and continuous improvement measures run through enterprise development in every aspect. Promoting sustainable development of the industry through continuously improved sustainable development promoting behaviors and brand influence and coverage is Jahwa’s constant direction of performing corporate social responsibilities. Shanghai Jahwa not only hopes to facilitate economic construction goal with excellence but also hopes to transmit the excellence to all reachable groups and march forward a good life together with the government, industry participants, consumers, employees, partners, and stockholders.

ESG Governance Framework



At the end of 2020, Shanghai Jahwa officially launched ESC governance work and brings it into enterprise development strategy. It integrates the concerns of various stakeholders and main functional departments and forms a collaborative ESG Governance Committee composed of board directors and various functional departments to better promote sustainable development of the Company in the aspects of environment, society and governance.







Analysis of Substantive Issues and Participation of Interested Parties

Shanghai Jahwa always pay attention to good relationship with interested parties and understand their concerns about important issues and the importance of company management's and external experts' assessment of important issues to enterprise sustainable development, and it identifies and evaluates important issues and take it as an important reference for ESG management and future improvement of the Company, and forms a community of shared interests, values and fates with interested parties and maintain the sustainability of such relationship. Shanghai Jahwa communicates with important interested parties on the following issues.

Interested parties	Issues	Related responsible departments
Consumers	Product safety and quality, personal privacy and data security	Scientific research department, quality control department, and information department
Employees	Labor management, health and safety, human capital development, gender equality, and salary and assessment system	Human resource department
Stockholders (including institutional and small and medium investors)	Structure of the board, equity structure, accounting and financial reporting practice, business ethics (anti-corruption, anti-bribery and anti-unfair competition), and responsibility investment	Office of the Board, accounting department, legal department, internal control department, and audit department
Commercial partners	Business ethics (anti-corruption, anti-bribery and anti-unfair competition), and procurement dispute	Procurement department, legal department, internal control department, and audit department
Government	Tax transparency	Accounting department
Industry	Nutrition and health opportunities, and chemical safety	Scientific research department
Environment	Carbon emission, product carbon footprint, water shortage, biological diversity and land utilization, raw materials, toxic and hazardous discharges and wastes, packaging materials and waste, clean technology opportunities, green building opportunities, and renewable energy opportunities	Supply chain, scientific research department, administrative department, and brand management department
Society	Community relations	Public relation department and brand management department

Part of environmental responsibility

As a leading enterprise with a history of more than a hundred years in national beauty & daily chemical industry, Shanghai Jahwa always bring green and low-carbon sustainable development idea into company strategy. It fulfills green strategy with excellence, promotes green design, green purchase, green manufacture and green office. It not only develops environmentally friendly green products but also transmit green and environmental protection idea to consumers with its brand influence.

Sustainable Development Goals (SDGs)			Our Actions
			<ul style="list-style-type: none"> · Naturalization of products to reduce the use of chemicals · Reduce carbon footprint and Tommee Tippee will realize use of no disposable plastics and none refuse landfill. · Insist on purchasing raw materials that meet green certification standards · Use clean energy, save energy consumption of water and electricity, reduce waste and waste water discharge, and reuse packaging materials · Use environmental protection technology and conduct recovery of ultrafiltration concentrated water · Advocate waste sorting, energy saving and paper saving in office place
			

Shanghai Jahwa always fulfills green strategy and uses life cycle application (LCA) management system to evaluate the environmental loads caused by its products and producing activities. It optimizes product eco-design strategy and conducts environmental impact assessment in the stages of product concept development, product structure design, raw material utilization, and productive process to realize low-carbon and environmental protection and green energy conservation, improve resource utilization efficiency, and to assist in construction of a resource-saving and environment-friendly society.

Green Design Promotes Sustainable Development of the Industry

Shanghai Jahwa takes “life cycle product evaluation system established on basis of integrated construction project of green design platform” as the tool of product green design, uses environmental energy consumption idea to run through the overall process of green R&D design, develops green raw materials, makes green R&D designs, and create green products through internal green raw material standards and green product standards. In the meantime, Shanghai Jahwa continues to promote package greening and takes reduction of energy consumption and “carbon footprint” as the goal to protect ecological balance on the earth.

○ Upgrade Product Formula

Special epidemic environment in 2020 makes consumers pay more attention to health and nature. Shanghai Jahwa makes the development of natural, mild and environmentally friendly products run through R&D design thought. From the perspective of formula design, Shanghai Jahwa newly adopts brand-new emulsifying technology to reduce the usage amount of chemical emulgator. Components are natural and mild to the skin.

Product Cases



Herborist Tai Chi Essence Lotion

Use compound fermentation technology of Chinese herbal medicine to develop the Tai Chi essence lotion with nearly 90% natural fermentation broth



HomeAegis Air-Sterilizing & Cleaning Series

Be concerned for safety and health of each family and keep up with consumers' appeals to launch a series of air-sterilizing & cleaning products with natural plant ingredients. No preservative, flavor or LPG is added in the products. Products are eco-friendly and bacterial eliminating rate is up to 99%.



Maxam Revitalizing & Moisturizing Series

Use rice fermentation Technology to provide consumers with natural revitalizing products



Giving Rice Nutri Series

Based on maternal health and safety to specially customize natural milk-ripening rice extracts to meet the special requirements of pregnant mothers

In response to the National Development and Reform Commission on strengthening the treatment of plastic pollution, Shanghai Jahwa takes an active part in the discussion on the definition of plastic particles in household chemicals in the process of raw material development. In the process of discussion, it fully studies and uses European and American countries' definitions and categories of plastic particles in household chemicals for reference to provide final regulatory documents issued by the country with sufficient basis and opinions. In the meantime, washout products with exfoliating effect use more environmentally-friendly cellulose particles to greatly reduce the influence of plastic particles on ecological environment.

○ Package Greening Reduces Carbon Footprint

We are changing now.

Package design of Shanghai Jahwa's products adheres to the enterprise standard *Technical Requirements for Green Design Product Evaluation: Cosmetics Package*. In 2020, Shanghai Jahwa had continual optimization of consumer package and transport package designs, such as weight reduction of primary container, finished the transmission of glass bottles of Maxam, Friendship, Yashuang creams to plastic bottles to effectively reduce unit weight of package material and energy consumption of productive process. In the meantime, structure design optimization of transport package was made. Cluster shrink encapsulation was used to replace box (medium carton). For example, Maxam, Yashuang and HomeAegis use shrink film to replace box, which not only improves production efficiency and lowers labor cost, but also reduces paper consumption and effectively lowers purchase cost.

In 2020, the package of freeze-dried ampoule essence series newly launched by Herborist Derma adopted a paper article that uses natural resources and energy sustainably, and the material had passed FSC certification. At abroad, Tommee Tippee established the carbon footprint reducing and it devoted itself to designing and producing environment-protecting products for descendants. We believe that this is the right thing to do for Tommee Tippee as the baby's favorite company.



Progress of Tommee Tippee

- ① Our internal transportation has saved 446,314 plastic bags;
- ② UK plant reduces the use of raw materials by 45% (about 800 tons);
- ③ Use waste materials to manufacture an internal transport system;
- ④ No landfill realized by UK plant;
- ⑤ Regrinding and reprocessing of wastes
- ⑥ Purchase LED lighting to reduce energy consumption;
- ⑦ Reduced consumption of 248 tons of additional fuel;
- ⑧ Join the Operation Clean Sweep (OCS) and reduce plastic use;
- ⑨ Join the Business in the Community (BITC) to ensure the best practice.

In the future, we will keep changing unswervingly.

Green Purchase Promotes Green Consumption Behavior

Shanghai Jahwa adheres to the concept of green purchase and preferentially purchases and uses the raw materials that meet green certification standards of the country and relevant institutions so as to promote the improvement of environmental behaviors of the Company and play a promoting and demonstrating in green consumption in the society. For example, Shanghai Jahwa always purchases palm oil related fats and surfactant materials that pass RSPO (Certified Sustainable Palm Oil) certification. The organization always advocates the realization of “zero deforestation” goal in the supply chain of palm oil. Besides, Shanghai Jahwa not only adheres to the concept of green environmental protection by itself but also activates upstream suppliers to jointly build a green manufacture system.

Green Manufacture Realizes Environment-friendly Development

Shanghai Jahwa Qingpu Kuayue Plant improves productive efficiency and greatly reduces waste discharge through adhering to implementation of green design and life cycle management, optimization of production technology and manufacturing process control, and conservation of many materials; in the meantime, it further reduces energy consumption and water consumption of unit product through giving great impetus to energy saving project so as to lower the influence of life cycle of creams and body wash products on ecological environment. In 2019, Kuayue Plant was approved by National Ministry of Industry and Information to be a “green plant”.

Shanghai Jahwa insists on using clean energy, reducing energy consumption and promoting package recycle. It devotes itself to exchanging the lowest resource consumption for the highest productive value to realize the sustainable development of friendly co-exist with environment.


Capacity and energy consumption table of Shanghai Jahwa Kuayue Plant

		2019	2020	Growth Rate
Output value (ten thousand RMB)		330,000	264,400	-19.88%
Amount of semi-finished products (ton)		42,651	35,748	-16.18%
Amount of finished products (ton)		53,009	45,617	-13.95%
Energy consumption and emissions per ton of products	Water consumption (ton/ton)	4.43	4.42	-0.30%
	Electricity consumption (KWH/ton)	231.35	246.50	6.55%
	Converted coal consumption (ton/ton)	0.05	0.05	10.68%
	Greenhouse gas emissions (ton/ton)	0.23	0.21	-9.00%
	Quantity of wastewater effluent (ton/ton)	3.14	3.42	8.91%

In 2020, total energy consumption of Kuayue Plant declined, but energy unit consumption increased to some extent due to air conditions and other basic facilities occupied quite a lot in clean area. Plant will further deepen energy management system building and gradually improve energy utilization efficiency, reduce basic energy consumption and energy consumption of unit product, and further improve green manufacturing level through operation optimization of key energy-using equipment, transformation and energy-saving technology, use of efficient equipment, and environmental awareness-raising of all staff.


○ Data Analysis Identifies Energy-saving Management Project

Environment and energy system is operated to make the data and state of each energy consumption point be real-time monitored and controlled. In 2020, through analysis of monitoring data, Kuayue Plant identified 6 energy saving management projects, saved 0.83 million kilowatt hours of electricity and 17640 tons of water. In 2020, Shanghai Jahwa passed the acceptance inspection for water saving enterprises in Shanghai and obtained the title of Shanghai “water saving enterprise”.



Save power consumption of 0.83 million kWh

Optimize the operating state of water coolant pump: 0.28 million kWh
Optimize the check-in order of refrigerating unit: 0.23 million kWh air compressor system
Centralized control item: 64,000 kWh main engine of air compressor
Planned downtime at night and in holiday: 0.13 million kWh through turning off lights and wires at any time
Management tool: 0.125 million kWh



Save water consumption of 17640 tons

Recovery of ultrafiltration concentrated water

○ Anti-pollution Design of Kuayue Plant

Shanghai Jahwa Kuayue Plant fully considers the environmental protection requirements from design and installation to service. It invests to build a sewage treatment station to realize the diffidence of rain and sludge. Initial rain pool is built in the area of raw material tanks. In case of any leakage in the area of raw material tanks, rainwater will be directly discharged into the initial rain pool and lift pump will be activated manually for discharging into sewage system for treatment. Besides, if rainwater around the plant is contaminated, emergency measures can be activated immediately and rainwater will be discharged into the accident pool and then enter sewage treatment station for treatment. Qualified discharge of rainwater and sewage is ensured in all respects.

○ Source Control Realizes the Goal of Emission Reduction

Shanghai Jahwa has been committed to environmental protection. It carries out sorted collection of wastes from the source in Kuayue Plant, evaluates compliant waste disposal unit, and requires rational utilization or compliant disposal of wastes to reduce the influence on the environment.



Waste water

Production waste water from the plant and household waste water are discharged into municipal pipes after professional disposal of wastewater treatment station, and outsourced testing of water is carried out every quarter. It is qualified and there will be no impact on aquatic life.



Waste

The weight of waste bags in the filling workshop, the weight of general wastes and hazardous wastes are lowered through improving filling accuracy and adopting manual extrusion. About 161 tons of wastes can be saved in a year and it is expected to save 0.46 million tons / year



Recycle

Shanghai Jahwa's packaging scientific research team insists on green packaging development philosophy, optimizes packaging material structure to lower the consumption, follows the aim of using lightweight packages, and take practical actions to achieve the target of sustainable operation. In 2020, the Company saved 161 tons of general wastes by means of packaging material reutilization.

Green Office & Construction Are Earnest Practice of the Advocated Low-carbon Life

Shanghai Jahwa practices Energy Conservation and Emission Reduction Policy diligently. Disposable cups are gone from the office. Employees are advocated to bring drinking cups by themselves and use both sides of a paper to reduce waste. After *Regulations of Shanghai Municipality on the Management of Household Garbage* was issued, Shanghai Jahwa immediately organized employees together to learn the requirements and waste classification standards to ensure that garbage classification was effectively executed and do a good job in workplace garbage classification. Waste was reduced by about 15% in 2020. Through optimization of run time and parameters of energy-using equipment, enhancement of energy saving management, and promotion of various comprehensive measures such as energy saving reconstruction and installation of self-control device, office and workplace electricity consumption was reduced and workplace electricity consumption was reduced by about 5% in 2020.

Offline sales personnel use SFA system to complete store visiting records and upload display photos. The old way of checking in with paper is replaced. Efficiency is improved in the meantime of greatly reducing waste of paper resource.

part of Social Responsibility

Shanghai Jahwa remains true to the original aspiration, keeps the mission in mind, and assumes the corporate social responsibilities actively. It adheres to the idea of “born for beauty and move towards excellence” to contribute to the society, cares every employee and grows together with them, optimizes the mechanism and forms a community of shared future with partners, take an active part in construction of laws and standards to promote well-ordered development of the industry, accurately supports and cares for the disadvantaged groups, supports and spreads Chinese traditional culture, and makes progress together with the enterprise and society ultimately.

Sustainable Development Goals (SDGs)	Our Actions
        	<ul style="list-style-type: none"> · Provide accurate support and care for the disadvantaged groups · Care for children in poverty-stricken areas and assist in educational poverty alleviation · Donate cleaning products and improve sanitary environment · Carry out employee safety and skill training · Insist on the employment principles of antisexist and gender equality · Create a safe and harmonious work environment for employees · Fully support anti-epidemic work and fulfill our social responsibility · Herborist unites Dunhuang IP to spread Chinese traditional culture · Improve partner management mechanism, have regular communication and training, and create a community with partners

Special Topic

Be United as One to Combat the Epidemic and jointly Safeguard the Health of the People

“The epidemic is the order, and epidemic prevention and control is the responsibility”. Since the COVID-19 outbreak, state leaders have repeatedly stressed that top priority must be given to the safety and health of the people. For this purpose, Shanghai Jahwa fully cooperates with the government in its work. It not only makes great efforts to neglect neither epidemic prevention nor production but also actively assumes corporate social responsibilities. By the end of 2020, Shanghai Jahwa donated cash and supplies worth more than 4 million RMB to combat COVID-19 and awarded the title of “outstanding contributor to COVID-19 donation for epidemic prevention and control” by Hubei Hope Project Office and Hubei Youth Development Foundation.

○ Fully Mobilize Resources and Actively Donate Money and Goods to Rescue Hubei



Shanghai Jahwa donated money and goods at the first time of epidemic outbreak. During the Spring Festival in 2020, Shanghai Jahwa donated money and epidemic prevention supplies worth more than 3 million RMB through China Youth Foundation and Shanghai Charity Foundation, and delivered Liushen anti-bacteria hand soap, Liushen floral water, Liushen antibacterial soap, Maxam hand cream and other epidemic prevention products to first-line personnel fighting against the epidemic in Hubei Province and Shanghai City.

Shanghai Jahwa Party Committee launched a donation activity to support COVID-19 epidemic prevention and control work. Party members actively responded to the call and acted quickly to complete the donation activity within three days. All the Party members took part in the activity and a total of 40,210 RMB was donated by Party members. Party members also encouraged their colleagues to participate in the donation activity, a total of 5,016 RMB was received from the masses, and donations totaled 45,226 RMB.



When epidemic prevention resources were scarce, related products of Liushen were commissioned as the first batch of "emergency requisition materials of Shanghai" by Shanghai Economy and Information Technology Commission. Shanghai Jahwa actively supported each epidemic prevention work of the government. Shanghai Economy and Information Technology Commission was authorized by the Shanghai Municipal Government to issue *Notice of Emergency Requisition of Production Capacity* to the Company, and more than 30,000 bottles of Liushen anti-bacteria hand soap were urgently requested to ensure supplies and demands for epidemic prevention products in the market.

Shanghai Jahwa donated Maxam multi-care recovery hand cream to the front-line medical works in Wuhan, Huanggang, Xiaogan, Xiangyang, Jingmen and other places in Hubei. The hand cream could repair the hand skin damaged by chemical cleaning and be the “medal” of caring mottled skin.



At the night of Lantern Festival on February 8, Shanghai Jahwa urgently raised hundreds of Dr.Yu skin barrier recovering body wash and body lotion products and donated them to the fourth batch of Ruijin Hospital's medical teams to Hubei under the condition that production logistics of Shanghai City had not resumed work after knowing the skin injury of front-line medical workers. After that, Dr.Yu also donated its products of skin barrier recovering series to 5 medical institutions including Ruijin Hospital, Huashan Hospital, Renji Hospital and Shanghai Public Health Clinical Center, and accumulative value of donated materials was more than one million RMB. Ruijin Hospital Affiliated to School of Medicine of Shanghai Jiao Tong University, and other institutions receiving donations specially sent letters to Dr.Yu for thanking Dr.Yu for help all the same.

After the epidemic outbreak, learning about the inconvenience life of female medical workers especially the awkward situation that they could not change sanitation supplies in time or even had no sanitation supplies to use during menstrual period, Femfresh acted quickly to raise and send a batch of daily nursing privates care solution to female medical workers rushing to the rescue Wuhan and staying in Shanghai. Femfresh protected the health of the private parts of the angels in white with its "heart".



Salute the most beautiful heroines in retrogressive way

In February 2020, Shanghai Jahwa gathered more than 4000 bottles of Dr.Yu skin barrier recovering body lotion and Dr.Yu skin barrier recovering moist toner from Suzhou and other places day after day under the condition of time limit and product shortage, and worked overtime to assemble more than 1000 gift boxes and also conveyed the gift boxes to General Labor Union of 16 districts of Shanghai City and other female workers' organizations at all levels within one day through coordination by multiple parties under the condition that logistics distribution was relatively difficult during the epidemic period. These gift boxes carrying wishes were delivered to more than 1000 family members of female medical workers of Shanghai to rescue Hubei to send season's greetings and concerns to the most beautiful heroines in harm's way and supportive family members behind them.



Activity of "Come on, Hubei girls" was carried out

In March 2020, Herborist official T-mall flagship store, Dr.Yu official T-mall flagship store and VIVE official T-mall flagship store carried out the activity of "Come on, Hubei girls" especially, sent brand exclusive gifts especially to orders whose goods receiving address is in Hubei Province during the period from January 24 to March 31, and used such special gifts to encourage the people in Hubei.



Many brands launch anti-epidemic products to jointly safeguard the health of consumers

In response to changes in the consumer market brought about by the epidemic, Shanghai Jahwa makes adjustments to its product development throughout the year through research and evaluation, and many subordinate brands launch anti-epidemic products. In response to the booming demand for antibacterial disinfection products, Shanghai Jahwa adds anti-epidemic concept to the layouts of most subordinate brands.



Giving plant-giving instant hand sanitizer gel is instant, quick-dry and extracted from plant, and it helps sterilization and disinfection of babies to comprehensively protect this susceptible population.



Liushen Brand expands the artemisia argyi series and introduces instant and quick-dry antibacterial hand sanitizer gel which takes high-activity folium artemisiae argyi essence oil combining traditional Chinese medicine with modern extraction technology as the product core and whose antibacterial rate is up to 99.9%. This product is formulated with Chinese herbal medicine and it is mild with no stimulation; besides, it is portable and can clean both hands at any time to get rid of malignant bacteria.



HomeAegis Brand introduces the "air-cleaning antibacterial spray" whose prototype is the artemisiae argyi air sterilization spray introduced during the SARS period in 2003. HomeAegis Lab re-adds some Chinese herbal medicine essence oils and extracting solutions with antibacterial effect. Not only previous functions are remained but also antibacterial effect is further raised to 99%. In the meantime, it utilizes the innovative small canister spray design to make the products more portable, purify the air around you and avoid hidden risks.



Conquer all obstacles to actively resume work and production

After COVID-19 outbreak, the demand for antimicrobial products has soared. Shanghai Jahwa pays high attention to epidemic prevention and control. It organizes actively, deploys thoroughly and acts quickly, trying to lower the epidemic risk to the minimum level through all-round control. Shanghai Jahwa has become one of the large-scale enterprises resuming work and production at the earliest in Shanghai.

Communication of epidemic information

During the Spring Festival, the Company responded quickly to establish leading group and work group for epidemic prevention and control at the first time, utilized WeChat work group, Tencent meeting and other telecommuting tools to actively carry out collection and reporting of epidemic prevention and control information, resource deployment, implementation of prevention and control measure, and consensus propaganda so as to ensure the smooth information communication during homeworking period. During the epidemic period in the first half of year, the Company convened more than 30 special meeting for epidemic prevention and control at all levels, issued 8 epidemic prevention and control documents, and submitted a total of 150 epidemic prevention and control statements to the subdistrict office, investment office, and other departments.

Procurement of anti-epidemic supplies

At the beginning of the epidemic, the Company perceived the epidemic risk in time and took precautions to purchase a lot of masks, disinfectants, thermometers and other prevention and control supplies in advance to provide a solid material foundation for work resumption after the Spring Festival. After work resumption, it actively coordinated with various resources and purchase masks with reliable quality and reasonable price in batches to make employees relieved at work. During the epidemic period in the first half of year, it purchases 0.22 million emergency masks, 3000 bottles of sanitizer in various models, 1000 bottles of disinfectant fluid, ethanol for disinfection, temperature measuring guns, infrared thermometer, and other anti-epidemic supplies.

Concern for local employees

Shanghai Jahwa pays close attention to physical health and travel conditions of employees in different places in time through *Epidemic Control Daily*, statistics and tracking of non-local return to Shanghai, and other measures, and provides local employees with epidemic prevention material support and psychological intervention in time to let them feel the timely care from the Company.

Strengthen access management

Shanghai Jahwa executes unified standardized access management system and prevention and control measures in each work place equipped with infrared thermometer, disinfectant, instant hand sanitizer and other goods, manages the red list and white list of employees, carries out strict audit and written registration system for outbound personnel, and actively popularizes the use of walkman password and mobile phone action track query to keep the epidemic risk out of office through various personal protective measures and technical safeguard measures.

Cleaning and disinfection in workplace

Shanghai Jahwa strengthens cleaning, disinfection, personnel density management and other measures in public areas such as office area, dining hall and elevator hall in the office space, and direct drinking water purifier, refrigerator, oven and other equipment are equipped. During the stagnation of catering industry, Shanghai Jahwa actively coordinates with safe and convenient food delivery companies to provide convenience for staff meals to ensure the health and safety and office environment.



After work resumption of Kuayue Plant, production of epidemic prevention products was preferentially arranged. On March 16, 2020, work resumption rate had reached 100%, and productive capacity had been fully recovered to conduct urgent production of Liushen body wash, Dr.Yu skin care products, and other products in short market supply.

After work resumption of Hainan plant mainly producing Liushen floral water on February 10, 2020, productive capacity continued to maintain stable growth, average daily output increased by 6.73% than that before the epidemic and increased by over 100% on the second day after work resumption. The epidemic fully tested supply chain and logistics coordination capacity of the enterprise. Production and sales of Shanghai Jahwa suffered short-term impact but risk resistance and management ability of the Company was also revealed.

Besides, Shanghai Jahwa adjusts marketing channel and product development planning in time according to the changes in consumer demand during the epidemic period. Relying on three-way action of supply chain, channel and brand, it effectively ensures the demand for epidemic prevention materials and sufficient supply of the goods that people need to live during the epidemic period.

Offline channel

In response to supply shortage of hot sale products, Shanghai Jahwa meets the end demand as much as possible through regional negotiation and transfer of goods off line, promotion and sales of other products of the same type and other means; on store structure, Shanghai Jahwa accelerates the survival of the fittest to phases out stores with low unit yield, improves high-yield stores, and implements regional allocation to ensure the supply.

Online channel

Shanghai Jahwa initiatively introduces more epidemic prevention products to consumers and launches a series of online marketing forms such as advance sale and live broadcast to lower the epidemic influence on the sales, promotes WeChat marketing, friendvertising, and combination of WeChat stores and physical stores, and also promotes solutions to logistics and distribution problems.

Be People-oriented and Be Concerned for Staff

As a century-old national brand, Shanghai Jahwa attracts the involvement of many excellent talents with sense of mission and responsibility of national enterprises. Shanghai Jahwa takes every employee as its family member, grows together with them, gives them family-like care, and creates the career of beauty transmission.

In 2020, Shanghai Jahwa released a brand-new enterprise culture system which included brand-new enterprise values.

Open and transparent

Break the walls between departments, share information, and create a fair, just and open atmosphere inside and outside the enterprise

Innovative and entrepreneurial

Advance with the times, energize the revolution, pursue excellence, and use higher standards to accelerate enterprise development and progress

Responsible and efficient

Dare to decide, have the courage to take responsivity, optimize efficiency, and promote performance

Collaboration and win-win

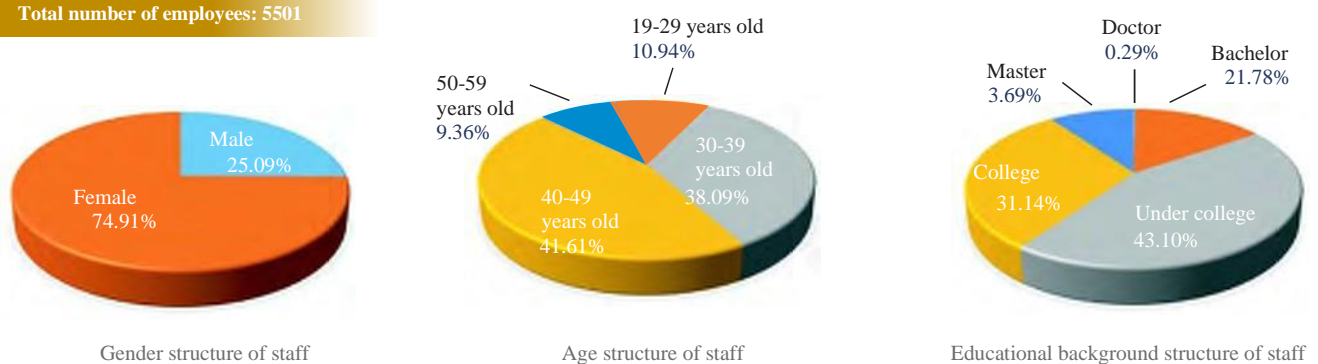
Be united as one, make integration and collaboration, share achievements, and have win-win value

Shanghai Jahwa devotes itself to mutual growth and development with employees and creates beautiful work and life for them.

Adhere to Employment Principles of Compliance, Equality and Wisdom Fusion

Shanghai Jahwa has standard and flexible organization structure and diversified excellent talent structure. There are both versatile talents with frontier management philosophy and professional talents with high grade, precision and advancement in different fields. Standard human resource management and inclusive enterprise culture provide employees with a broad platform for showing their capabilities, and more excellent talents are attracted to join the Company.

Total number of employees: 5501



Compliant labor use: Shanghai Jahwa executes national and local laws and regulations to the letter, strictly controls the entry and contract renewal flow, and ensures that entry procedures are complete and contract renewal flow is smooth to realize that all new and old employees sign the contract in time. Shanghai Jahwa forbids child labor and forced labor. In 2020, no child labor or forced labor occurred to Shanghai Jahwa.

Equality of men and women: Shanghai Jahwa adheres to the employment principle of “equality of men and women” and insists on taking comprehensive ability of an individual as the employment standard rather than taking gender as the main condition. In 2020, overall number of employees in Shanghai Jahwa was 5501, among which female employee accounted for 74.91%, which fully reflected the employment principles of antisexist and equality between men and women.

Talent structure: Shanghai Jahwa continues to absorb highly educated talents and optimize educational background structure to gather wisdom for adapting to era development. By the end of 2020, employees with college degree or above accounted for 56.9%.

○ Put Employee Safety First

In 2020, no work damage accident occurred to Shanghai Jahwa.

Shanghai Jahwa pays high attention to the health and safety of employees and puts safety in production in the first place of company operation. It establishes a perfect EHS management system (that refers to the management system integrating environment, health and safety), builds a professional EHS management team, and create a safest work environment for employees.

Shanghai Jahwa is on high alert at all times and strengthens the intensity of employee safety training, safety check and emergency drill constantly. Shanghai Jahwa requires each department to report various events occurred in the past to EHS committee and formulates corresponding precautionary measures to avoid the re-occurrence of similar events. Shanghai Jahwa organizes plant-level EHS training for new employees who receives department-level EHS training after reporting arrival to the department. Front-line employees are required to accept team-level EHS training. 5 minutes for employees to share EHS knowledge are set in morning assembly every day. Shanghai Jahwa arranges various post skill training activities on basis of requirements of different types of work to ensure that technical personnel take appointment with certificates. Each department organizes identification of danger sources of each post at the beginning of each year, and prevention measures in engineering type and management type in response to danger sources with high and medium risks to lower the safety risk and ensure the life of employees and the financial safety of the Company.

Safety training



Safety check



Emergency drill



Escape drill



Rescue & fire fighting drill



In response to the national call for safe production to fortify the safe defense-line, Kuayue Plant had officially announced to define June of each year as the “Plant Environmental Health and Safety Month” to make theme month activities regular since 2019.

During the “Environmental Health and Safety Month” in 2020, Kuayue Plant combined with its own characteristics to carry out a series of activities related with environment, health and safety themes, including plant evacuation drill and special emergency drill, first aid training and injury day activities against safety accidents, EHS daily clock-in activity, environmental bazaar sharing idle items, and health week activity with rich theme. All the staff in the plant participated enthusiastically and environmental protection idea was further popularized.



Let Employees Grow Together with the Enterprise

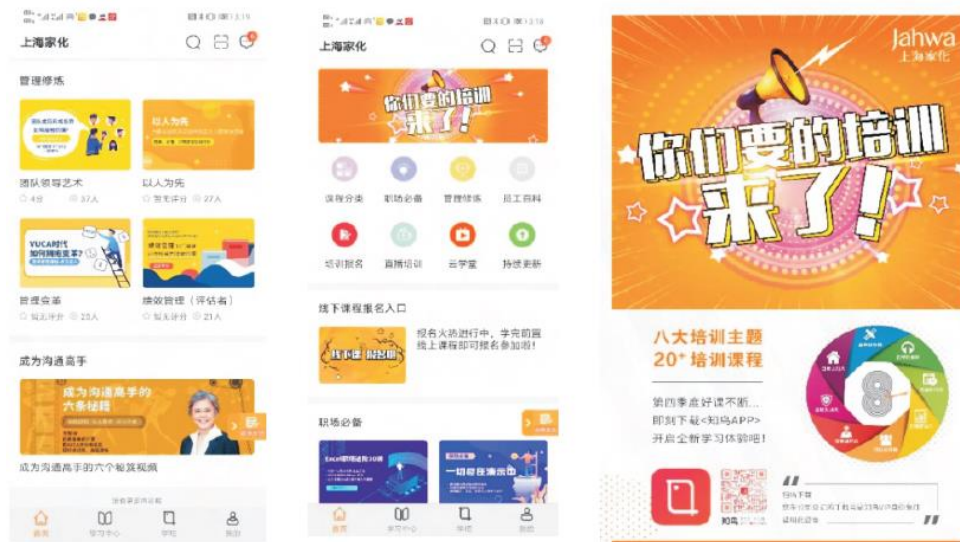
Shanghai Jahwa devoted itself to the perfect combination of enterprise strategic goal and employee's personal ideal and mutual promotion of organizational ability and employee's personal ability to let employees grow together with the enterprise and make the other better.

Upgrade training course

Shanghai Jahwa upgrades and iterates on course topics and contents constantly through an internal survey on staff training needs. In 2020, more than 20 training courses re-upgraded by Shanghai Jahwa covered 8 topic modules in total and helped employees to improve general skills roundly. At the same time, in view of professional competence for different functions, Shanghai Jahwa laid emphasis on enhancement of professional competence of e-commerce MT team, brand team, plant team leader team and other business and functional departments to help employees enhance professional competence in the meantime of improving general skills.

Upgrade learning platform

In 2020, Shanghai Jahwa accelerate mobile teaching. Especially during the epidemic period, employees had a huge demand for online learning. Thus, Shanghai Jahwa increased the proportion of mobile learning and upgraded the courses. It even used an upgraded convenient, fast and efficient mobile learning platform and adopted brand-new live learning, independent register for offline courses, learning record for online courses, and the other learning means through the brand-new platform to improve employees' learning efficiency and ability of tracking background training data so as to realize the goal of customize training plans for different groups and let each training be accurately projected to the employees in need. At present, the proportion of online courses is over 70% and Shanghai Jahwa will continue enhance the effect of mobile learning and help employees make full use of fragmented time to enrich their own capabilities.



Upgrade training form

As more and more Generation Z employees enter the workplace, Jahwa's training style has been keeping pace with the times. In addition to live training, mobile teaching and other novel forms, among training programs for team leaders, Shanghai Jahwa also innovatively introduces the game-based teaching approach to fully mobilize the enthusiasm of the team leaders for independent learning. Through the game-based learning style, real scenes are 100% restore to let team leaders train and intensify constantly in a virtual but safe environment to put what they learn into action. In the meantime, team leader training program also wins the GCA Award for Best Practices in Game-based Learning, which is a good beginning for Shanghai Jahwa on the road of game-based learning.

○ Give Family-Like Care to Employees

Guarantee employees' rights and interests and strive for incentive policies

Shanghai Jahwa strictly complies with *Labor Law* and other relevant laws and regulations to pay salaries to employees. In addition to salaries, Shanghai Jahwa also actively implemented various benefits to employees, including various subsidies and allowances, commercial insurances, welfare products and physical examinations in 2020. Human Resource Department will pay a visit to Labor Bureau, Human Resource Center and other relevant government sectors regularly to grasp policy trends and strive for various incentive preferential policies for company talents activity; in addition to various social security for employees in accordance with laws and regulations, Shanghai Jahwa actively liaise with relevant government departments to implement talent apartments, scientific and technological innovation awards and other incentive measures to attract talents, retain talents, and encourage innovations.

Serve employees well and set up special consultation channels

To better serve employees, Shanghai Jahwa sets up special mailbox, special hotline, and employee service center to provide 7*24-hour service and break the limits of time and place to make employees able to consult the policy and system anytime and anywhere and prevent labor use conflicts effectively.

Create a warm atmosphere and enhance information sharing

Shanghai Jahwa creates a warm and harmonious workplace atmosphere, trying to build the Company as a big family with tender feelings, goals and centripetal force. We listen to employees through the "voice survey" program, organize birthday parties, summer cooling activity, flexible work at the first day of school, festival greeting activity and other activities to care Jahwa's employees from many dimensions, and pop up the news column of "home words express" online to realize information sharing.

Inherit Jahwa's culture and keep the retired employees honored

To better inherit the cultural spirit, Shanghai Jahwa holds the honorable retirement ceremony for retired employees regularly to recognize the past achievements of retired employees, encourage retired employees to enjoy the life after retirement, and guide retired employees to inherit their successful experience and Jahwa's spirit to new employees, and also encourage the promising young people to inherit Jahwa's fine traditions.

Strengthen employee care and labor union is playing a role

In 2020, under the correct guidance and strong support of the Company, trade union closely focused on the enterprise development goals, strengthened self-construction, played the role of bridge and tie, received the letters of employees, did a good job in the ideological stability of employees in all aspects, and safeguarded employees' legal interests reasonably and compliantly; trade union cared employee life, condoled with the employees in hospital due to severe illness, female employees in reproductive period and employees donating blood, condoled with employees in Wuhan during the epidemic period, and sent organizational care to employees to make them truly feel the warmth from the big family; trade union activity organized employees to take part in various spare time activities to enrich their spare time life.

Jahwa's trade union will combine with its own characteristics to fully mobilize employees' intelligence and wisdom to forge ahead, promote enterprise cultural construction, promote company development, and enhance enterprise cohesion and fighting power.



Mutual Benefit and Win-win Cooperation to Build a Community

Shanghai Jahwa emphasizes the favorable relations with suppliers, dealers and other commercial partners all the time. Not only mutual benefit and win-win cooperation are reached with partners but also a community of shared benefits, values and fates is formed through concerted efforts and close communication with these partners, and the sustainability of such relationship is jointly promoted.

○ Promote the Common Development of Upstream Suppliers

| Perfect supplier management mechanism

Shanghai Jahwa has a strict and perfect supplier management system to ensure the quality of suppliers. In 2020, it strengthened the supplier management and evaluation.

Introduction of new suppliers: introduction demand is defined, Research and Development Department, Quality Department and Purchase Department conduct the appraisal review of alternative suppliers, and qualified suppliers come out after passing evaluations in all aspects.

Annual supplier evaluation system: performance of a supplier in one year is evaluated from 4 dimensions including development, quality, purchase commerce, and delivery schedule, and survival of the fittest is implemented.

Dynamic supplier management system: in addition to all-round evaluation towards existing suppliers from 4 departments (Purchase, Research and Development, Quality Management, and Planning), timely responses and actions (yellow card warning for serious problems and green commendation for excellent performance) will also be made towards suppliers' instant performance and changes in the aspects of quality, price and service to make rewards and punishments clear and promote the response speed and service level of our suppliers continuously.

| Build a community of suppliers

Shanghai Jahwa has achieved positive results in win-win cooperation by strengthening communication and collaboration with suppliers. Cooperation degree in new product development is remarkably promoted, cost optimization and quality improvement effects are obvious, plan responsiveness is optimized continuously, and win-win cooperation is promoted by information and resource sharing with suppliers from many forms.

Supplier conference: supplier conference held once a year is carried out with main suppliers to communicate company situation and related policy requirements, interact with suppliers actively, achieve mutual benefit and win-win result, and promote corporate social responsibilities mutually. In 2020, supplier conference failed to be held offline due to the epidemic but company situation and related policy requirements were still communicated with suppliers by phone and email to interact with suppliers, achieve mutual benefit and win-win result, and promote corporate social responsibilities mutually.

Communication with suppliers: in response to national and industrial changes and emergencies, Shanghai Jahwa keeps close communication with suppliers to safeguard raw material supplier, continue to optimize supply cost, improve service level, and make constant improvement in the aspects of green and environmental protection and sustainable development.

After the epidemic outbreak at the beginning of 2020, according to the requirements of Shanghai Economy and Information Technology Commission, Shanghai Jahwa, as a manufacturing plant of disinfection materials for epidemic prevention and control, had an urgent communication with suppliers to resume work and production, arrange production lines and also improve productive capacity. In spite of failure in operation due to labor shortage and material shortage, under the support of local government, Jahwa's suppliers fully cooperated to ensure that anti-epidemic disinfection products including floral water, anti-bacteria hand soap, antibacterial disinfection soap and antibacterial laundry detergent were produced at the first time and delivered to national designated plates. Shanghai Jahwa and main suppliers carries out efficient cooperation and coordination to form a "community of shared duty" during the epidemic period.

○ Promote Mutual Benefit and Win-win Situation of Downstream Dealers

| Standardized dealer management mechanism

- Strictly execute the contract clauses clarified in the distributorship agreement (main contract + trade terms) signed by both parties, and fulfill the responsibilities and obligations of both parties.
- Designate management blocks by combing the regions in the charge of dealers with channels and plan the overall market layout. Dealers shall not sell across regions or channels to maintain good market order.
- Continue to promote order automation, store management intellectualization, and many other digitized programs through systematic construction to help the improvement of business management levels of brands and dealers.

| Build a community with dealers

Promotion of dealer business level: functional departments of the Company formulate relevant policies regularly to guide, help and support dealers to improve regional retail outlet coverage, strengthen channel mastery, enlarge sales volume, and make continuous enhancement of profitability through regional sales teams. In the meantime, the Company pays attention to clients' gross profits and sustainable development and gives suggestions for improving operation management in time through regular communication of professional teams.

Dealer personnel training: sales business team of the Company follows the system of "mentoring" to train and teach DSR personnel to complete stock distribution and help dealers improve DSR personnel's sales skills and cultivate business backbones. Under the background of the impact of new channels on traditional channels, the Company assists dealers in overall arrangement of local business and optimization of personnel allocation and in maintaining reasonable gross profits of dealers.

National dealers conference: the total number of initial dealers and secondary dealers in offline channels of the Company exceeds 2000. To better serve dealers, Shanghai Jahwa convokes a national dealers conference in the first half and the second half of each year respectively, and holds regional dealers club meeting in each season irregularly to have a face-to-face communication of company strategies with dealers, share industry development trends, and convey channel strategies and brand strategies to dealers in time.

Support the Government and Maintain Industrial Order

As a domestic leading enterprise in beauty & daily chemical, Shanghai Jahwa supports the government in all its work with the sense of responsibility of a national enterprise and takes an active part in the construction of laws, regulations, rules and standards to promote well-ordered development of the industry.

○ Participate in Construction of Laws and Regulations and Reflect Company Influence

In 2020, Shanghai Jahwa actively followed the opinion summary and feedback of exposure drafts of laws and regulations matched with *Regulation on the Supervision and Administration of Cosmetics* through many channels to reflect professional image of a benchmarking national enterprise, and took the lead to actively promote healthy and well-ordered sustainable development of the industry.

○ Advance Standard Construction and Promote Industrial Development

In 2020, Shanghai Jahwa coordinated with relevant supervision department and industrial association to promote standard construction actively to contribute to the industry development.

- Initiate the revision project of a national standard called *Massage Base Oil & Massage Oil*.
- Participate in revision of a regional standard called *Evaluation of Casual Relationship between Cosmetics and Skin Disease* of Shanghai City and formulation of three group standards including *Ethanol Antibacterial Non-washing Hand Sanitizer & Hand Gel* of Shanghai Daily Chemistry Trade Associations a main drafter.
- Participate in standard formulation work of Industry Standards Committee and participate in drafting work of a national standard called *Validation Criteria for Analytical Results of Cosmetics Using Chromatographic Techniques*.
- Participate in drafting and auditing work of a group standard called *Guidance of Life Cycle Management for Cosmetic Raw Materials* and have an accurate description of some terms such as "Shelf life", "service life", "reinspection period" and "reinspection date" that frequently occur the industry together with some large-scale transnational enterprises.
- Define the responsibility requirements of cosmetic product companies and raw material manufacturers on raw material quality through establishment of group standards, and also standardize routine raw material management of all upstream and downstream companies to completely eradicate the chaotic phenomena that some companies use expired raw materials in terms of law.

○ Strengthen Protection of Intellectual Property Rights and Safeguard Legal Rights and Interests

In 2020, Shanghai Jahwa combined with changes in laws and regulations to update and optimize existing intellectual property management system in time. It established and optimized electronic data of intellectual property rights, continuously optimized the safety and convenience of intellectual property utilization and maintenance in virtue of intellectual property maintenance institutions and other external forces. It combined regular business training and irregular risk warning to enhance employees' awareness of intellectual property protection. It strictly audited and grasped the legality and rationality of intellectual property utilization, and tried to maintain intellectual property research and development results in virtue of administration and litigation ways.

In 2020, Shanghai Jahwa applied for a total of 47 patents. Among them, there were 14 applications for invention patent and 33 applications for appearance design. At the same time, Shanghai Jahwa obtained 9 patents for invention.

○ Spread Chinese Traditional Culture to the World

| Let historic culture go outside the circle and let traditional culture shine in the world

As the flag and benchmark of domestic cosmetics brands, Herborist stays true to the mission and devotes itself to making continuous innovation of Chinese traditional culture to let the historical inherited Chinese art go outside the circle in the way that young people like, which closely fits the brand aesthetics that Herborist insists on to let Chinese traditional culture shine in the world.

Dunhuang is the cultural treasure house of the Chinese nation and Mogao Caves are highly praised as the “Louvre of the East”. In August of 2019, General Secretary Xi Jinping inspected Mogao Caves in Dunhuang, watched display of cultural relics and academic achievements in Dunhuang Academy China, and had an informal discussion with relevant experts, scholars and representatives of cultural units. During the visit, General Secretary Xi Jinping gave an important instruction on protecting cultural heritage and carrying traditional culture forward. He stressed that help and support shall be given to inheritance and development of excellent traditional culture, and Chinese national treasure shall be well preserved. Following the pace of General Secretary, Herborist, a high-end beauty brand subordinate to Shanghai Jahwa, officially signed a contract with a cultural IP called “Everlasting Beauty of Dunhuang” in “Chang Shana Dunhuang Pattern Design & Research Studio” to carry out cross-border cooperation and spread Chinese culture mutually so as to comprehensively show the beauty of traditional culture and art of Dunhuang after thousands of years of precipitation to the young generation and show the heritage and charm of Chinese culture worldwide.

In October of 2020, the first domestic Dunhuang culture-exploring celebrity Vlog called “Dunhuang Painting Collections” exclusively sponsored by Herborist came to the end officially. “Dunhuang Painting Collections” was supported by China Cultural Relics Press, Publicity Department of the Municipal Committee of Dunhuang, Dunhuang Museum, and Dunhuang Art Academy. Huo Zun, reputed as a “loverboy of Chinese style music”, took full participation. The Vlog took “restoration” as the direction entry, showed different Dunhuang culture from a unique perspective, and also came out in both landscape mode and portrait mode. “Dunhuang Painting Collections” took “restoration, dance accompanied by music, and science and technology” as the themes respectively to introduce the whole process of repairing and maintaining Dunhuang colored sculptures and frescoes to show craftsmen’s promotion and inheritance of Dunhuang culture. Their sincerity as a pure heart of a newborn baby to traditional culture is admirable. Herborist specialized in skin care with Chinese herbal medicine also creates products deeply loved by consumers with ingenuity and inherit and carry Chinese culture forward in the field of beauty and skin care products from beginning to end.



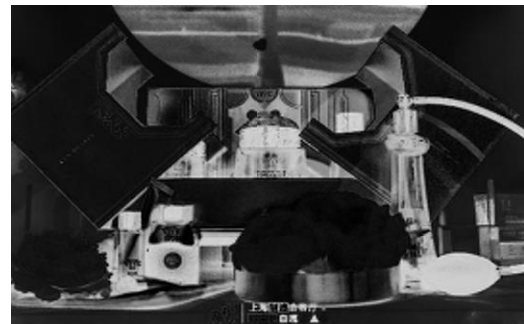
Since November, Herborist's pop-up stores of "witnessing the power of restoration" under the IP called everlasting beauty in Dunhuang had settled in Beijing, Shanghai, Chengdu, Hefei and many other cities. High-tech AI skin test experience area in the venue made modern science and technology have a perfect combination with Chinese traditional aesthetics. The immersive restoration journey made everyone understand Dunhuang frescoes and fresco restoring process without visiting Dunhuang, and created a new Chinese style popular landmark.



Herborist's pop-up stores of "witnessing the power of restoration" under the IP called everlasting beauty in Dunhuang

Support the construction of four brands of Shanghai

During the "May 5 Shopping Festival" in 2020, various brands subordinate to Shanghai Jahwa launched new products, issued discount coupons, and released faddish gift boxes online and offline to make every effort to promote the "Shanghai shopping" brand. In June 2020, to give full play to Shanghai's supply advantages, raise "Made in Shanghai" consumption upsurge again, and support "May 5 Shopping Festival", "treasure collections made in Shanghai 666" carried out by Shanghai Economy and Information Technology Commission, Shanghai Municipal Commission of Commerce and Shanghai Municipal Market Supervision Administration was officially started. Herborist's new products, i.e., Tai Chi Toner and 2nd generation of Tai Chi Riyue Serum, showed the elegant demeanor of the integration of Chinese culture and international trend in catwalks at the opening ceremony. In the performance of the theme song called Made in Shanghai 666, Herborist brand was even praised as the "aesthetics meeting new technology". 9 brands including Liushen, Maxam, Herborist, Dr.Yu, VIVE, Herborist Herborist Derma, GF, Giving, and HomeAegis subordinate to Shanghai Jahwa appeared in the exhibition hall called "Made in Shanghai Parlor" to immersively present a picture of beautiful life created by Shanghai brands and assist in polishing "Made in Shanghai" brand.



Product display of "treasure collections made in Shanghai 666" in reception room



"Calorie Marathon" 2020

In September of 2020, as the cooperative partner of "Calorie Marathon", a brand-new IP activity of 2020 Shanghai Tourism Festival, Shanghai Jahwa assisted the sponsor in creating a "carefree fete" marketplace integrating cultural exhibition, tourism, food and makeup to bring about brand-new online and offline experience of "collecting calorie and enjoying tourism festival" to the citizens and unlock more new playing methods for the tourism festival.

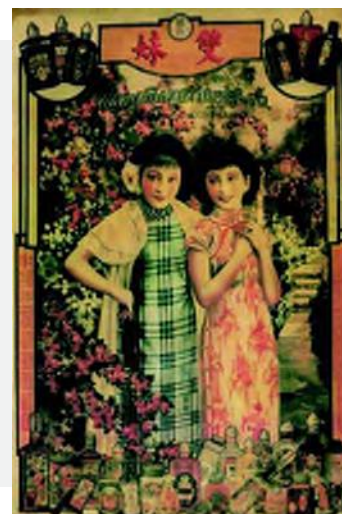
Show domestic brands to the world

In November of 2020, the 3rd China International Import Expo officially opened. Tai Chi active micro essence of Herborist and limited edition of floral water for 30th anniversary of Liushen subordinate to Shanghai Jahwa had amazing appearance in Shanghai comprehensive image exhibition area. As gorgeous China-made products loved by consumers in the exhibition area, products from these two brands inherited Chinese traditional culture, manifested cultural core of Shanghai and also led fashion trend of the industry, showed the city image of a modern shopping paradise to the world, and drew the attention of many visitors.



VIVE got listed On the “Hurun China Top 50 Brands with the Most Historical and Cultural Heritage 2020”

At the end of 2020, Hurun Research Institute issued “Hurun China Top 50 Brands with the Most Historical and Cultural Heritage 2020” for the first time. Survey scope of the chart covered the brands that had a history of more than 60 years and provided consumers with products or services in Chinese mainland. Three dimensions including brand history, value and cultural connotation were comprehensively considered, and ranking was based on total points of each brand (hundred-mark system). VIVE became the only brand in cosmetics industry to rank on the chart by virtue of its long brand history, value and cultural connotation.



Repay the Society and Move towards Goodness

Shanghai Jahwa actively responds to the national call for targeted poverty alleviation, takes practical actions to deliver beauty, health and happiness to the people in need in poverty-stricken areas, and supports educational poverty alleviation.

○ Targeted assistance will help win the battle against poverty

In November of 2020, Shanghai Jahwa donated nearly 7000 articles of daily use including antimicrobial body wash and antimicrobial soap to more than 3000 students in four schools in Guoluochuan Prefecture, Qinghai Province through China Youth Development Foundation, assisted local government in epidemic prevention and echinococcosis prevention and treatment, helped teachers and students improve the sanitary environment.

Liangshan “Youth Poverty Relief Supermarket” was the public welfare poverty relief platform with dynamic integration party policy assistance promoted by Liangshan Prefectural Committee of Communist Youth League and social donation under the guidance of Sichuan Provincial Committee of Communist Youth League. For two consecutive years, the Company donated over 76,000 wash products to “Youth Poverty Relief Supermarket” in Liangshan, Sichuan Province, helped people in Liangshan develop healthy and civilized living habits, and helped win the battle against poverty.

For many consecutive years, Shanghai Jahwa donated schoolbags and school uniforms to the students in poverty-stricken areas in Shaanxi, Gansu and Guizhou together with China Association of Fragrance Flavor and Cosmetic Industries, cared numerous students in poverty-stricken areas, and helped educational poverty alleviation.



Donation to Guolu Prefecture, Qinghai



Walk into Guizhou - Donation from China Association of Fragrance Flavor and Cosmetic Industries

In the activity of Tencent “99 public welfare day”, the Company mobilized all staff and consumers to participate in various activities initiated by Jahwa’s public welfare partners, such as the activity of “realization of micro wishes with the help of organizations” that was initiated by the Central Committee of the Communist Young League and China Youth Development Foundation mutually and offered new assistance to the life and learning conditions of rural teenagers through “accurate support” and the project of “Mutian parent-child reading” that was initiated by Guangzhou Mutian Youth Education Development Service Center to let rural children cultivate the reading habit from the childhood.

In 2020, Giving and Tommee Tippee actively participated in “B&U Companion Plan”, a public welfare program held by “China Toy & Juvenile Products Association”. Giving cooperated with education bureau of poverty-stricken area to donate 500 bottles of “curious baby hair & body shampoo of sense enlightenment series” to children in poor primary schools in Guizhou Province, which not only upgraded wash products of the children but also let the children on barren land feel the warmth and encouraged them to see and perceive the larger world. Tommee Tippee brought badly needed goods and materials to the children in Congjiang County, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province to let the children feel the warmth, perceive the help and care to them from all sectors of society and grow healthily and happily.



B&U accompany plan

Corporate Citizenship Day. Let's care for the disadvantaged

“Corporate Citizenship Day” has become a glorious traditional activity of Shanghai Jahwa that continues to care for the disadvantaged and call on the community to spread love and warmth together.

“Corporate Citizenship Day” activity of Shanghai Jahwa in 2020 took “dedication to beauty” as the theme. The Company organized caring families to go to Shanghai Zhanyi Child Intelligence-Training Service Center specialized in rehabilitation training of autistic children to make handmade essential oil soaps together with autistic children and donated a batch of products to Zhanyi. Besides, the Company also held Jahwa love bazaar with rich activities to exhibit and sell paintings and handiworks of autistic children for charity, and united two public welfare partners including Guangzhou Mutian Youth Education Development Service Center and Shanghai Zhanyi Network Technology Co., Ltd to raise donations of books and clothes to the children in poverty-stricken areas, care for the socially disadvantaged groups and transmit love and warmth.

During the term-beginning season in September, Shanghai Jahwa also donated a batch of computers to Zhanyi for helping teachers and students have better teaching and rehabilitation training.



Series activities of “corporate citizen day” 2020



Donation of computers to Zhanyi

part of Governance responsibility

Shanghai Jahwa pursues high-quality and sustainable performance promotion in the meantime of implementing the requirements of supervision level on further improving the quality of listed company. Shanghai Jahwa adheres to the path of continuous optimization in practice to continue optimization of company governance system, improvement of internal control system, promotion of information disclosure and stockholder reward mechanism, implementation of share incentive mechanism, and advancement of strategic innovation reform so as to build the most solid foundation for long-term sustainable development of the Company.

Sustainable Development Goals (SDGs)



Our Actions

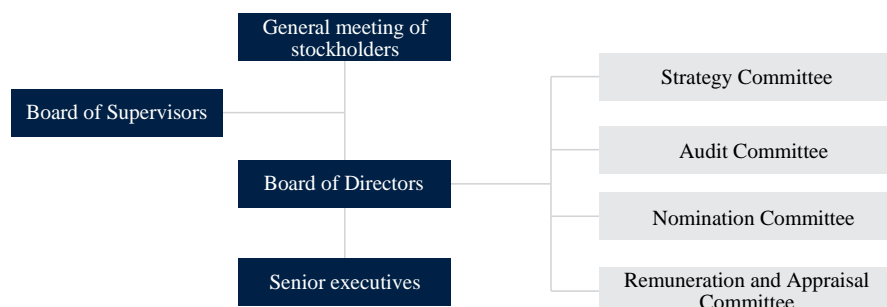
- Optimize corporate governance system and establish independent and effective governance framework
- Pay attention to information disclosure quality and improve fairness and transparency of information disclosure
- Implement share incentive mechanism
- Establish effective and responsible governance mechanism

Optimize Company Governance System

○ Governance framework

Shanghai Jahwa strictly abides by *Company Law*, *Securities Law*, *Governance Rules of Listed Companies*, *Rules for Listing Stocks on the Shanghai Stock Exchange* and other laws, regulations, rules and normative documents, constantly optimizes legal person governance structure, and standardizes company operation. The actual situation of company governance meets the requirements of *Governance Rules of Listed Companies* issued by China Securities Regulatory Commission and other normative documents.

The Company establishes General Meeting of Stockholders, Board of Directors and subordinate special committees (including Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee), Boards of Supervisors, and well-ordered legal person governance structure composed of senior executives to form a governance mechanism with clear rights and responsibilities, mutual coordination and mutual balance between authority, decision-making, supervision and enforcement agencies so as to ensure legal interests of the Company and stockholders.



About stockholders and General Meeting of Stockholders: the Company formulates procedural rules for general meeting of stockholders, it is able to call stockholders together to hold a stockholders' meeting strictly according to requirements of standard opinions on general meeting of stockholders, and it tries the best to make more stockholders to attend the meeting when choosing the meeting place; the Company is able to treat all stockholder equally and ensure that they can exercise their rights.

About the relationship between controlling stockholders and listed company: controlling stockholders have standard behaviors without decision-making and operating activities intervening with the Company beyond general meeting of stockholders. The Company and controlling stockholders achieve "five independences" in five aspects including personnel, asset, finance, organization and business. Board of Directors, Board of Supervisors and internal organization has independent operation. Connected transaction of the Company has the legal procedure and fair price, and information disclosure obligation is fulfilled.

About directors and Board of Directors: the Company elects directors in strict accordance with the director recruiting and selecting procedure regulated by *Articles of Association*, and adheres to the multivariate policy. Current Board of Directors has seven directors with respective professional background or broad professional knowledge of company business. Number of people and staff composition of Board of Directors meets the requirements of laws and regulations. Board of Directors is composed of seven directors. Among them, three members are independent directors. One board chairman is set up. Board of Directors establishes procedural rules of the Board. Directors of the Company are able to attend directors' meeting and stockholders' meeting with responsible attitude, are familiar with relevant laws and regulations, and understand their rights, obligations and duties. The Board of Director sets up Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee according to relevant rules of *Articles of Association*.

About supervisors and Board of Supervisors: Board of Supervisors will strictly execute relevant rules of *Company Law* and *Articles of Association*. The number of people and staff composition of the Board of Supervisors meets the requirements of laws and regulations. Board of Supervisors is composed of three supervisors. Among them, one supervisor is elected by congress of workers and staff. One board chairman is set up. Board of Supervisors establishes procedural rules of the Board. Supervisors of the Company are able to fulfill their own duties earnestly and able to supervise the legal compliance of company treasurer, directors, and senior executives in execution of duties with the spirit of being responsible to stockholders.

About senior executives: recruitment of senior executives is open and transparent and meets the rules of laws and regulations. Senior executives of the Company include chief executive officer, general manager, deputy general manager, financial administrator, and secretary of the board. The Company sets up one chief executive officer and one general manager who are recruited or dismissed by the Board of Directors. The Company sets up deputy general managers who are recruited or dismissed by the Board of Directors.

About performance appraisal standard and incentive and restraint mechanism: the Company formulates fair and transparent performance appraisal standard and incentive and restraint mechanism for directors, supervisors and senior executives, and gives salary and performance awards according to the economic benefits and performance of appraisal indicators issued.

○ Operation Condition in 2020

In 2020, Shanghai Jahwa convened three general meetings of stockholders and implemented the resolutions of the general meetings of stockholders. Proposal of 2020 Restricted Share Incentive Plan (Draft) and Its Abstract and the relevant proposals were passed and the first incentive grant of restricted share was completed; proposals about connected transaction were passed, general business principles of reciprocity based on equality and compensation of equal value were followed in day-to-day connected transaction, price was determined by market value, pricing was fair and reasonable, there was no circumstance that damaged the interests of the Company and its stockholders, especially the interests of medium and minority stockholders, but overall interests of the Company and its stockholders were met.

In 2020, Shanghai Jahwa convened 10 directors' meeting, 8 supervisors' meetings, 1 strategy committee meeting, 6 audit committee meetings, 1 nomination committee meeting, and 5 remuneration and appraisal committee meetings, and independent directors were all present in person or by proxy. Annual function-performing emphases of independent directors cover the following things: external guarantee and capital occupation, cash dividends and other investor reports, execution of information disclosure, connected transaction, and execution of internal control. Independent directors, in the spirit of responsibility for all stockholders, earnestly fulfill duty of honestly and duty of diligence to the listed company and all stockholders and strive to maintain overall interests of the Company and legal interests of medium and small stockholders without being influenced by main stockholders, actual controllers or other units or individuals having interest relations with the listed company during execution of duty.

In the meantime, the Company has liability insurance for the directors, supervisors and senior executives in order to lower the personal losses caused by possible misconduct in performance of duties.

Improve the Internal Control System

Shanghai Jahwa strictly complies with the latest requirements of laws and regulations formulated by China Securities Regulatory Commission (CSRC) and various ministries and commissions to conduct internal control management, establish and improve internal control system of the Company and promote internal control management level of the Company. Shanghai Jahwa revises and supplements the system and improve the internal control system in time according to the changes in business processes. In the meantime, the Company organizes business processes to find problems in internal control design, and each department will discuss to get a feasible plan for improvement. Internal control management department establishes the tracking mechanism to track the plan completion condition in time.

Shanghai Jahwa combines with its actual situation to perform daily risk control well based on listing regulatory requirements and in accordance with *Audit Law* and *Basic Internal Control Norms for Enterprises* as guidelines of regulatory agencies, *Shanghai Jahwa Internal Audit System* and other relevant laws, regulations and systems.

In 2020, Shanghai Jahwa evaluated the internal control effectiveness of 38 subordinate units, and the proportion of total assets brought into the evaluation scope in company assets in combined financial statement was over 90%. In 2020, the Company completed 25 internal audit programs with content covering financial revenues, economic responsibility and other aspects. Board of Directors held that internal control system of the Company was sound and effective without great defect in internal control design or execution. Price Waterhouse Coopers Zhongtian LLP (special general partnership) held that Shanghai Jahwa maintained effective internal control over financial reports in all major aspects according to *Basic Internal Control Norms for Enterprises* and relevant regulations. Internal control audit report issued by Price Waterhouse Coopers Zhongtian LLP (special general partnership) was in agreement with self-evaluation report of the Board of Directors.

Promote the Information Disclosure and Stockholder Reward Mechanism

○ Promote the quality and transparency of information disclosure

Shanghai Jahwa pays high attention to information disclosure work and devotes itself to promoting the quality and transparency of information disclosure so as to fully protect investors' legal interests. It formulates the information disclosure management system and appoints secretary of the board to take charge of relevant work. To ensure the quality and fairness of information disclosure, Shanghai Jahwa formulates the accountability system for major errors in annual report information disclosure and external information user management system so that it is able to disclose relevant information truly, accurately, completely and timely in strict accordance with the stipulations of laws, regulations and *Articles of Association*.

Shanghai Jahwa has won A grade for SSE information disclosure evaluation for two consecutive years.

| Treat all types of investors fairly

Shanghai Jahwa pays high attention to the relationship with investors and has formulated the investor relations management system to ensure that all stockholders have equal access to information. In terms of all stockholders, Shanghai Jahwa has field communication and exchange with more than a hundred stockholders in three stockholders' meetings during the report period and answered the questions concerned by all stockholders; in terms of institutional stockholders, Shanghai Jahwa participates more than a hundred broker exchange meetings and has telephone and video communication with institutional stockholders more actively under the epidemic environment to ensure that the investors can learn the up-to-date state of the Company timely and accurately; in terms of medium and small stockholders, Shanghai Jahwa answers calls on a regular basis to answer the questions raised by medium and small stockholders patiently to sure that all types of investors are treated fairly.



| Distribute dividends in cash to repay investors

Shanghai Jahwa defines in *Articles of Association* that the Company can distribute dividends in cash under the condition that the ending balance of earnings and undistributed profits in the current year is positive and the cash flow can meet the normal operation and sustainable development of the Company. Cash dividends distributed by the Company in each year are no less than 30% of net profits belonging to stockholders of the listed company in the current year. Since 2019, cash dividends distributed by the Company in each year all accounts for more than 30% of net profits of stockholders of the listed company in the current year.

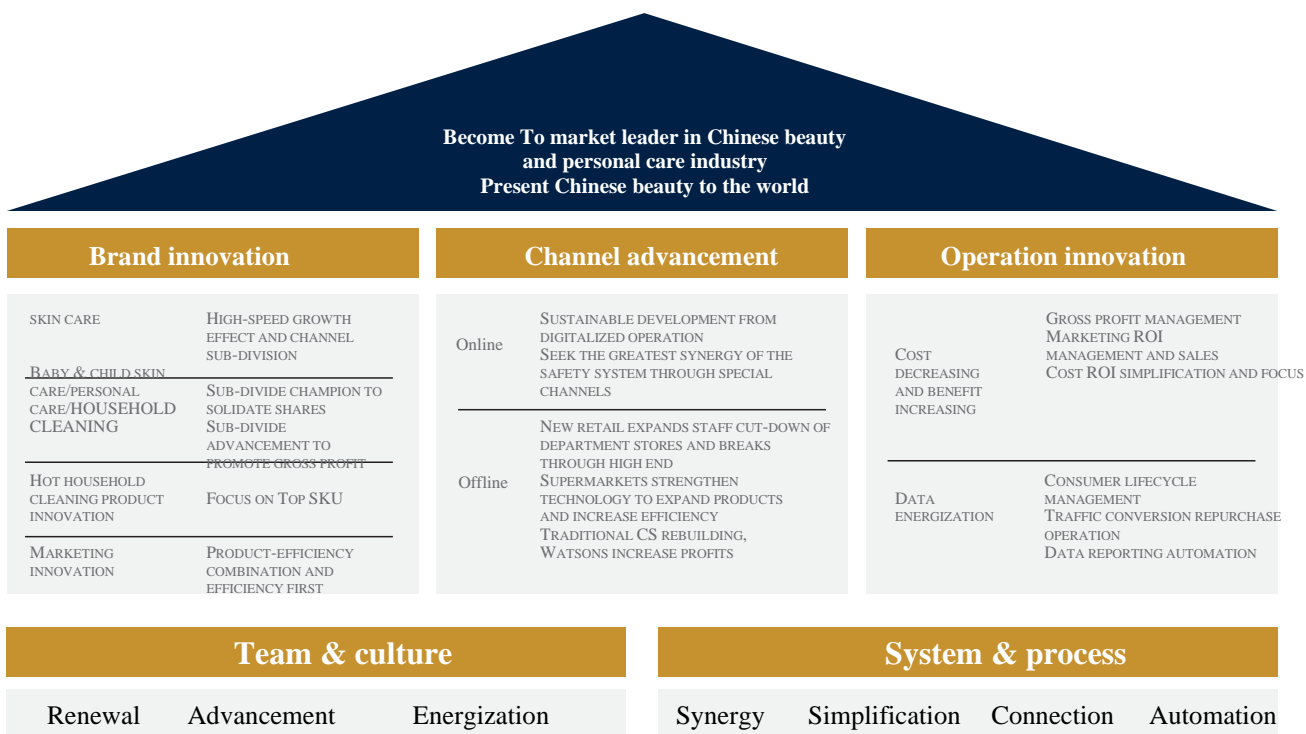
For distribution of rights and interests in 2019, Shanghai Jahwa distributed a cash dividend of 2.50 RMB per 10 shares to all stockholders (tax included).

Implement Share Incentive Mechanism

In November of 2020, Shanghai Jahwa granted restricted shares to a total of 135 persons, including directors, senior executives, middle and senior executives and key employees of the Company (including its subsidiaries and controlling subsidiaries) and also got passed in stockholders' meeting, aiming at further establishment and improvement of long-acting incentive mechanism of the Company, attraction and retention of excellent talents, full mobilization of employees' enthusiasm, and effective combination of stockholders' interests, company interests and personal interests of core team. After full consideration is given to company operation environment, future development plan and other factors, indicators for performance appraisal are set up reasonably. Apart from individual performance appraisal, indicators for performance appraisal on the Company level are operation revenue and cumulative net profit, and also two performance appraisal targets are set up. The lowest target is that company operation revenues in 2021, 2022, and 2023 are no less than 7.6 billion RMB, 8.6 billion RMB, and 9.8 billion RMB respectively, and cumulative net profits are no less than 0.41 billion RMB, 1.11 billion RMB, and 2.1 billion RMB respectively. The highest target is that company operation revenues in 2021, 2022, and 2023 are no less than 8.3 billion RMB, 9.4 billion RMB, and 10.6 billion RMB respectively, and cumulative net profits are no less than 0.48 billion RMB, 1.31 billion RMB, and 2.47 billion RMB respectively.

Promote Strategic Innovation Reform

In May of 2020, Mr. Pan Qiusheng was appointed as the chief executive officer and general manager of Shanghai Jahwa and was elected as the Company director and board chairman in June. Brand-new "123" operation guidelines were implemented. Company strategy house is as follows.



Crack down on Sham and Shoddy Commodities and Regulate Market Order

Shanghai Jahwa adheres to the consistent stand of cracking down on sham and shoddy commodities. It cracks down on production and sale of counterfeit products online and offline through civil tort litigation, administrative reporting, criminal reporting and other ways.

Quantity: 2002 cases of infringement, 1900 cases of civil liability, 75 cases of administrative liability, and 27 cases of criminal liability

Coverage: 27 provincial capital cities, 58 prefecture-level cities, and 151 counties (districts)

Seized: 28 persons under arrest and a total case value of more than 5.08 million RMB (product: 73811 bottles of Liushen floral water, 19614 bottles of Liushen body wash, 1240 bags of Maxam cream, and 47 pieces of Maxam white rabbit lip pomade; semi-finished product and package: 209100 Liushen spray bottles, 7003 outer packaging boxes, and 0.52 million sets of labels).

Anti-corruption

Shanghai Jahwa formulates *Code of Professional Conduct for Employees of Shanghai Jahwa United Co., Ltd.*, and makes arrangements in product quality and safety, fair transaction and fair competition, interest conflict, prohibition of insider trading, environmental safety and health, execution and punishment of discipline violation, and other aspects. In the meantime, it pays high attention to honesty construction, lays a solid foundation through strengthening learning and education, and improve the professional ethics system through organizational guidance. For all kinds of behaviors violating the "Code of Professional Conduct", the report handling process is formulated to effectively control various risks.

Anti-unfair Competition

As a century-old leading enterprise in beauty & daily chemical industry, Shanghai Jahwa sets itself against unfair competition, maintain good business ethics and conduct, obey relevant laws to carry out competition, eliminate cutthroat competition and price war, and sets a good example for maintaining fair competition order and sustainable development of the industry.

**Special
Topic**

Consumer-oriented:

Dedicated to beautiful products and services

Shanghai Jahwa always takes consumers as the center and creates industry-leading craftsmanship and quality with the spirit of originality and the attitude of innovation to prevent consumers with superior products and services continuously. It pays high attention to R&D innovation, product quality, user experience and user access, and repay the trust of consumers with the utmost kindness.

Perfect Product

Shanghai Jahwa pays high attention to R&D innovation and has carried out multi-aspect strategic cooperation with many domestic and overseas scientific research institutions. Investment in scientific research continues to increase and R&D results and patent applications continue to grow rapidly every year.

○ Focus on product safety and effectiveness

In 2020, National Medical Products Administration issued a series of new laws and regulations or exposure drafts about cosmetics, and higher requirements on the safety and effectiveness evaluation of raw materials and products of cosmetics were raised. As a representative of national enterprises, Shanghai Jahwa participated in discussion about formulation of relevant laws and regulations organized by Cosmetics Regulatory Department for many times. In the meantime, technical experts of the Company were also invited to exchange and share experience in the industrial meetings for many times and got recognized and appraised by the industry. To ensure the safety of cosmetics from the source, Shanghai Jahwa studies the raw materials, manufacturing techniques, quality control of other links of all cosmetic raw materials, has key control over some micro risk materials with irritation and harm to human skin, and controls the micro materials that can't be avoided in the process through establishing the raw material detection standard to have a practical control over raw material quality and ensure the safety of consumers from the source.

Brand case

In September of 2020, Ruijin Hospital Affiliated to Shanghai Jiao Tong University published a clinical outcome named *Auxiliary Effect and Safety Evaluation of Linoleic Acid-Ceramide Moisturizer in Light and Moderate Psoriasis Vulgares: A Multi-center Randomized Controlled Trial on Dermatologic Therapy*. The research outcome verified that Dr.Yu was able to repair skin barrier and play a role of adjuvant therapy and recurrence delay in psoriasis once again.

○ Unique Medical Research Co-Creation Model

Shanghai Jahwa carries out broad cooperation with Ruijin Hospital Affiliated to Shanghai Jiaotong University, Huashan Hospital Affiliated to Fudan University, Shanghai Dermatology Hospital, Shanghai Academy of Preventive Medicine, Technical Center of Shanghai Customs, and Shanghai Commodity Association in frontier domains in dermatology, product evaluation, standard formulation and other aspects. Shanghai Jahwa also carries out cooperation with Ruijin Hospital Affiliated to Shanghai Jiaotong University, Shanghai Children's Hospital, Children's Hospital Affiliated to Chongqing Medical University, Shengjing Hospital Affiliated to China Medical University, and Beijing Children's Hospital Shunyi Women's and Children's Hospital in effect study of skin care products for infants and children.

As the practitioner and leader of "medical research co-creation" model, Dr.Yu has paid close attention to the field since 2003. It not only establishes "Dermatology Health Laboratory" and also carries out joint development program against skin barrier damage problems with the team of dermatologists lead by Professor Zheng Jie from Ruijin Hospital Affiliated to School of Medicine of Shanghai Jiao Tong University.

Dr.Yu unites dermatologists in Ruijin Hospital to make innovative research and development. It takes 6 years to create the PBS plant biomimetic lipid technique that effectively supplements loss of lipids between cells through triple biomimicry of composition, structure and ratio, acts on the cell genes, activates human body to generate ceramides automatically, realizes self-repair of skin barrier through accurate adjustment and rebuilds self-repairing power of skin.



More than a hundred dermatologists attended the "China Skin Barrier Summit Forum 2019"

Product research and development Dr.Yu adopt the model of “medical research co-creation” to introduce the science and technology in clinical medicine, preventive medicine, aesthetic medicine, biomedicine and other fields to products, designs and verifications. Research and development are started from the perspective of clinical medicine and go back to clinical verifications and applications at last, and products are released to the market after their safety and effectiveness are guaranteed to truly take consumers as the center and protect skin health of consumers with originality.

This core technology is mainly applied in many products in Dr.Yu skin barrier recovery series to solve and prevent various sub-health skin problems from the source. Dr.Yu skin barrier recovery body lotion, Dr.Yu skin barrier recovery essence lotion, Dr.Yu skin barrier recovery moisturizer and many other products with high reputation are developed in succession. Among them, Dr.Yu skin barrier recovery body lotion is the first skin care product whose adjuvant therapy and prevention effects are verified clinically in the world.

○ Focus on Product Quality Management

In 2020, Shanghai Jahwa raised a new operation guideline of “taking consumers as the center”, and management layer paid high attention to consumers’ feedbacks and appeals for product quality and reported product quality complaints, negative evaluations and recommendations for improvement for various brands through all channels to quality management department. Quality management department established a better feedback and follow-up mechanism for weekly, monthly and annually quality reports to make all relevant departments of the Company pay more attention to consumers’ feedbacks, solve product quality problems in time, and promote product quality so as to better meet the consumers’ requirements.

Perfect Service

○ Focus on after-sale service

Disposal of 434 complaints
With satisfaction rate of 98.5%

2020

Shanghai Jahwa pays high attention to after-sale service and takes “consumer satisfaction” and “efficient consumer problem handling” as the targets of after-sale service. It establishes perfect consumer complaint handling process with complete coverage of all online and offline channels and problems in quality, safety, legislation and other aspects. Product hotline team of the Company solves consumer complaints actively and timely. Main measures are as follows. Front-line staff are authorized by the Company to have immediate processing of complaints about general problems; professional departments of the Company will make rapid and effective analysis and processing, analyze the causes thoroughly and take preventive measures in case of complaints about severe problems and legal and regulatory problems; complaints about batch problems with severe influence shall be reported to company leaders in time for proper disposal, and the products shall be recalled in necessity.

In 2020, to solve consumer complaints about products in the channel more efficiently and accurately, Shanghai Jahwa increased the adverse reaction reporting system for use of consumer products, and the system changed the passive acquisition of feedback information about adverse reactions for use of consumer products into active acquirement and helped the Company to grasp consumer complaints at the first time for convenience of disposal in time.

Events about Brand Care for Consumers



New products in 2020

1. One night in Shanghai timeless regenerating essence mask
2. The legend radiance skincare sunscreen lotion: a high-quality sunscreen product

In 2020, VIVE developed a Tmall Double Eleven timeless magic AR box and led consumers to scan and watch and have an interesting interaction with the brand. During campaign period, VIVE linked online and offline channels to bring about exascale exposure and also cooperated with “T--mall national tide broadcast room” to invite stars, celebrities and CCTV presenters to conduct livestream marketing to bring about 556,000 times of superstrong exposures and 12,200 times of strong attraction; in the meantime, Shanghai Metro Plaza set up the pop-up store with the theme of “VIVE inheritance of timeless magic” offline to show on seven consecutive days for interactive drainage and expansion of brand volume.

In 2020, VIVE comprehensively opened up traditional channels, e-commerce channels, and mobile e-commerce, embraced channel changes, and entered the new era of global retail. In August, VIVE Intime City Store in Hefei and VIVE Metro Plaza Store in Shanghai had grand opening to enter the channel of department stores and further create “new retail” of the brand.

In 2020, VIVE kept expanding publicity and improving operation so that the number of new consumers of VIVE flagship store in T-mall increased by 6 times to set up a new peak. In the meantime, the number of cumulative consumers of the brand also had multiple growths.



New product in 2020

1. Fermented rice refreshing moisturizing series: moisturizing & revitalizing skincare set
2. Natural real face series & natural real effect series with upgrade formulas

In 2020, Maxam invited a star KOL named Lamuyangzi to have an interesting performance of “practice of a grain of rice” to convey the theming contents of “practice for beauty” and “wake-up beauty”. The performance obtained 2.2 million times of play, the creative and interesting content caused the netizen to scramble to forward, and the number of interactions reached up to 40,000. Besides, Maxam adopted many platforms, forms and dimensions to promote products and create product reputation to effectively lead to sales, advertised products on four social platforms including MicroBlog, WeChat, Tik Tok and Little Red Book, and cooperated with more than a hundred masters. Dozens of portal websites scrambled to report the news about new product launching to obtain 0.119 billion times of exposure. Consumers released new product trial experience initiatively and had interaction with the brand for 500,000 times. Fermented rice refreshing moisturizing series were favored by extensive consumers right after being launched, and the sales volume was far beyond expectation and on the rise constantly.

In 2020, to better serve the young consumer and provide convenience for purchase, Maxam made arrangement on O2O platforms and its products settled in Meituan, ELEME and JD Daojia. Under the impact of the epidemic, Maxam carried out private space operation. It set up the mini program and carried out the cloud store program to conduct livestream marketing and delivery from the nearby warehouse so as to bring better purchase and service experience to consumers.



New product in 2020

1. Source-cleaning oil-control series (acne-removal gel and pore cleanser): restrain acnes to get rid of pit and clean the pore with no harm to skin
2. Brand-new watery whitening series: “moisturized whitening” of men’s skin
3. High-end essence “glory bottle”: anti-aging and revitalizing



In 2020, Guo Qilin became a GF brand spokesman. GF took advantage of Tik Tok, Little Red Book and other platforms to make massive essence promotion and master recommendation. Assisted by precise media and large-exposure advertising, GF used bidding information flow and live video streaming by web celebrity to harvest. During the advertising period, GF brand ranked fourth in the men's skin care category and ranked first in China-made goods. Besides, “source-cleaning oil-control three-piece set” as the featured product had deep development cooperation with the IP called Calabash Brothers from Shanghai Animation Film Studio on the product end. New whitening series took advantage of 520 confession season to get launched on T-mall platform, and customized an e-commerce topic product called “GF x Zhongjie” together with a popular Chinese brand called “Zhongjie 1946”.

In 2020, GF had in-depth cooperation with top anchors such as Veiya and Luo Yonghao to help consumers to learn more intuitively about the products. In the meantime, GF opened up O2O platform to make purchase convenient for consumers during the epidemic period. GF Wise multi-care series also entered the Watsons channel, and lotion and cleanser products in the series ranked the top on the sales chart of Watsons similar products and obtained a favorable reception from consumers.

**New product in 2020**

Tai Chi revitalizing micro-essence lotion: repair the skin and improve the skin “immunity”



In 2020, Herborist made Wei Daxun as the brand-new skin care spokesman to promote fan economy; Herborist had in-depth cooperation with Dunhuang IP to derive the powerful repair force of Tai Chi revitalizing micro-essence lotion from restoration of thousand-year Dunhuang frescoes; superhead broadcast room united department store to conduct live streaming to drive online and offline sales; Herborist had circle-breaking cooperation with Mo Yun on Bilibili to talk with Gen Z through creative video.

In 2020, Herborist opened up the official wechat store to make it more convenient for consumers to purchase and make channels more diversified.

**New product in 2020**

1. Anti-blemish oil-control gel, alpha hydroxy acids renew recovery ampoule essence, and nicotinamide anti-blemish frozen essence mask: direct at people with oily acne-prone skin
2. Intensive hydrating alpha hydroxy acids renew recovery body wash and body lotion: a good couple of body care with alpha hydroxy acids renew recovery
3. Intensive hydrating mild makeup remover: Dr.Yu's first makeup remover product



In 2020, Dr.Yu has resource integration to adopt the model of “KOL + content + hard advertisement and further enlarge the input into social platforms. On “Zhihu” platform, Dr.Yu had accurate communication and in-depth education with consumers through co-creating content with different types of professional users. On Bilibili platform, Dr.Yu invited beauty makeup uploaders and dermatologists to have circle-breaking cooperation to lead and educate the consumers and realize production promotion. Besides, Dr.Yu kept exploring the broadcast cooperation model and cooperated with more top anchors and star anchors to drive the brand to break the circle rapidly and improve brand awareness. Dr.Yu sponsored the “3rd China Skin Barrier Summit Forum” and more than a hundred dermatologists attended the forum. More than 60 authoritative media including Wenhui Daily, Xinmin Evening News, and Liberation Daily reported the summit forum, which further improved the recognition and specialization of the brand among doctors and ordinary consumers.

In 2020, Dr.Yu further exploited offline channels and it had covered about 4000 Watsons stores in China and more than 360 stores of Kidswant chain system in infant & mom channel.

To better help consumers learn about the products and usages and also answer the questions about skin care in life, Dr.Yu had united dermatologists from Ruijin Hospital to set up 48-hour one-to-one free expert consultation service since 2018. In the meantime, to benefit more consumers, Dr.Yu united dermatologists to carry out free clinic activities offline irregularly.

**New product in 2020**

Combine innovative technology and hot ingredients to launch frozen ampoule essence series, ampoule mask series, hyaluronic acid series, and nicotinamide series

Herborist Derma unprecedentedly integrates high-effective ingredients with precious plant extracts to have an accurate proportioning and concentration for Chinese women. It is committed to building a scientific skincare brand of greatness in technology, efficiency, mildness, value and trustworthiness and focuses on creating skin care products with high value and high efficacy for the young consumers in second-tier and third-tier cities. At present, Herborist Derma's products are sold in e-commerce, department stores and Watsons stores.

In 2020, Herborist Derma made an excellent actress called Yuan Quan as the spokesperson. Herborist Derma made a popular artist called Duan Aojuan as the brand ambassador and invited her to attend Watsons HWB. In the meantime, Herborist Derma utilized live streaming to connect public space with private space to obtain brand exposure and VIP conversion to the greatest extent.

In 2020, Herborist Derma opened up T-mall flagship store and official WeChat store and put all new products on the shelves rapidly to make it convenient for consumers to purchase.



**New product in 2020**

1. 30th anniversary limited edition of floral water to memorize the original aspiration and wish a beautiful life
2. Floral water of coffee scent: cross-border cooperate with K-coffee, a young and popular coffee brand
3. Tea & plant extraction body wash: fit young consumers' life style of "light health maintenance"
4. Artemisiae argyi antimicrobial hand sanitizer gel: in response to the epidemic and antibacterial rate up to 99.9%



In 2020, Liushen continued the implementation of brand rejuvenation strategy and its rich creative forms reaches more young consumers through comprehensive social media matrix. Liushen also carried out 30-year anniversary marketing program with the theme of "painting a beautiful life and saluting the good". Overall exposure was over 0.57 billion times. Liushen carried out cross-border cooperation with KFC K-coffee and ANTA for many times to precisely attract the consumers in the circle and launch high-quality body wash series aimed at young users for building hot products.

In 2020, Liushen took the three paths of new retail infrastructure, scene fusion expansion and group management through smart cloud store and other digitalized means to realize the creation of new retail format of the brand and mutual energization between online and offline channels. In the meantime, Liushen complied with the sinking trend of offline channels to continue expanding offline e-commerce B2B model so as to reach more small retail terminals.

**New product in 2020**

1. Air purification fragrance series: bacterial eliminating rate up to 99%, and efficiency eliminating rate and benzene eliminating rate to lead the market
2. Air-cleaning antibacterial spray: in response to the epidemic and antibacterial rate up to 99%
3. 3in1 enzyme laundry condensation beads: extraordinary cleaning power, and one bead enough for washing a pail of clothes

In 2020, HomeAegis made a statement with authoritative experts and authoritative media to call on consumers to develop a habit of cleaning and disinfecting the heat sink of air conditioner in summer and pay attention to indoor air health in summer.

In 2020, various product categories of HomeAegis were intensively displayed on the wall of terminal pilot brands to propagate the image of HomeAegis and make it convenient for consumers to buy at once.





New product in 2020

1. "Giving magic hair bottle": two in one shampoo targeted at female babies over 1.5 years old
2. Milk rice moisturizing HA ampoule in water-active hydrating series: the first special ampoule for pregnant period

In 2020, Giving specially invited Mr. Pan Qiusheng, the board director and chief executive officer of Shanghai Jahwa to speak for Giving magic hair bottle, use magic hair bottle to show the role and power of an all-round dad and show the excellent double life of a "CEO" and an "all-round dad". During the new product launching period, integrated marketing that "self-confidence makes magic hair" was started for giving magic hair bottle. Will Liu and his daughter from the program called "Dad, where are we going" were invited to have close interaction to attract fans. The activity got recognized by industrial authority and won the Best Communication Effect Award of China Content Marketing Awards. Besides, Giving cooperated with T-mall on U-Box to dispatch samples and accurately serve more cross-category infant & mom groups; Giving also had cross-border cooperation with X Barbie to launch the limited mystery boxes of magic hair bottles.



In 2020, in the aspect of e-commerce channels, Giving cooperated with top anchors/masters on live streaming and generate more interactive scenes with consumers through short video, store broadcast and other means of content output to upgrade the interactive experience. In the aspect of supermarket channels, Giving took advantage of three online platforms including Daojia, Daodian and Cloud Store to improve the volume of new retail. In the aspect of infant & mom stores, Giving utilized Kidswant's accurate population data to energize itself and brought 0.11 million products of water-active hydrating maternity packages to pregnant mothers. In the aspect of Watsons, Giving carried out in-depth cooperation with Watsons on VIP marketing and ranked on the annual Watsons HWB chart.



New product in 2020

1. Heart-for-love breast pump series: patented technology to simulate baby's natural breast suction model
2. ChinaCup star growth series cup: let babies drink warm hot at any time
3. Upgrade Closer-to-Nature nipple

In 2020, Tommee Tippee focused on cooperation with infant & mom platforms such as Mumsnet and ci123.com. In the meantime, Tommee Tippee combined with big data platforms such as Tik Tok and Peoples Network to gradually establish its popularity and reputation in Chinese market, and create the circle reputation system so as to drive the products by reputation and create the brand by products.

Since 2017, Tommee Tippee had opened and deepened the Chinese market rapidly by relying on Shanghai Jahwa's existing infant & mom operation experience and channel resources and in accordance with hobbies of Chinese moms, and it had covered 29 provincial administrative regions in China.



Corporate Honor

- Top 100 Enterprises in Shanghai
- Top 100 Manufacturing Enterprises in Shanghai
- Top 100 Private Enterprises in Shanghai
- Top 100 Private Manufacturing Enterprises in Shanghai
- “Outstanding Contributor to COVID-19 Donation for Epidemic Prevention and Control” Entitled by Hubei Hope Project Office and Hubei Youth Development Foundation
- Chief Responsibility Officer of *National Business Daily*
- Excellent Brand Management Company 2020, Excellent Socially Responsible Enterprise 2020, and Top 100 Fashion Retailers in China 2019-2020 of *China Investment Network*
- The Best Socially Responsible Listed Company of *Chinese Securities Journal*
- Top 5 in the Household and Personal Goods Industry by Market Value of Listed Companies 2020
- The Best Information Disclosure Award of 2020-2021 4th China Excellent IR
- “Best Investor Relations Award” of p5w.net
- “Advanced Unit of Management Innovation in China Light Industry Enterprises” and “Advanced Unit of Culture in China Light Industry Enterprises” Entitled by China Light Industry Enterprises Management Association.
- Innovation Value List of Brands in Yangtze River Delta 2020 (Top 100)
- Innovation Value List of Brands in Shanghai 2020 (Top 50)
- Science and technology award acceptance projects of China National Light Industry Council in 2020: Technical Innovation Award (development and application of a new type of Chinese herbal medicine moisturizing/anti-drying injury functional additive) and Science & Technology Progress Award (application development and performance study of Chinese herbal medicine biological fermentation technique in the field of skin health)

Awards of subordinate Brands



On the “Hurun China Top 50 Brands with the Most Historical and Cultural Heritage 2020”

VIVE One Night in Shanghai Timeless Regenerating Essence: Rank 3rd in Skin Relax Facial Essence Award in T-mall# Double 11 Good Stuff Recommendation

VIVE One Night in Shanghai Charming Set: Rank 6th in Quality Face Care Set Award in T-mall# Double 11 Good Stuff Recommendation



美加净
maxam

Ferment rice revitalizing & moisturizing cream, the annual moisturizing & revitalizing cream of the year in Rayli Trends List 2020
Excellent partner of “New Guochao·Youth Model”



gf 高夫

GF water-feeling bring series: the choice of stylish men in HWB Award 2020
Men's revitalizing essence of the year in Rayli Trends List 2020



佰草集
HERBORIST

Selected by Shanghai Commercial Association-Shanghai's first economic leading brand recommendation list 2020
Herborist Tai Chi Revitalizing Micro Essence Lotion: High Skin Power Deep Repair Award, the Best Choice of the Year in Green & Beauty Star of ELLE Green Awards
Herborist Tai Chi Day & Night Radiant Dual Repair Essence: included in “Shanghai Designs 100+”
Herborist Jade Whitening Essence: “Best Gloss & Permeability” Award of GRAZIA Lab 2020
Herborist Extra Control Concentrate series: Best Packaging Design for Cosmetics in Science & Technology Conference of China Association of Fragrance Flavor and Cosmetic Industries 2020
Herborist's four high-end essence products: Bronze Award of 1st Chinese Star Cosmetic Packaging Design Competition and “Good Contemporary Designs” 2020



玉泽
Dr. Yu

The most popular brand of the year, the Bluerose Award of China Cosmetic Summit
Dr. Yu Centella Asiatica Repairing Facial Mask: Best New Product Award on the HWB national beauty makeup list



HERBORIST DERMA
—— 典萃 ——

Skin Care Repairing Essence Award from Meiyi Award Top
Refreshing Award of the Year from HWB Award 2020



六神

New domestic products of China Business Network - New domestic national product of the year from
30th anniversary souvenir edition of floral water: golden goods in fast moving consumer goods – Star of Potential (Autumn) 2020
Liushen body wash in tea & plant extraction series: golden goods in fast moving consumer goods – Classical Golden Goods (Autumn) 2020
Golden Mouse Digital Marketing Award – Gold Award of Socialized Marketing



femfresh
INTIMATE SKIN CARE
芳芯 呵护私密肌肤

Femfresh-intimate care moment-integrated marketing program:
Bronze Award of GMTIC Best E-commerce Marketing of the Year 2020
Bronze Award of GMTIC Best Integrated Marketing Award of the Year 2020



Giving
启初

IAI International Advertising Awards – Bronze Infant & Mom Marketing Award of the Year & Excellence Award of Integrated Marketing
Giving Instant Hand-cleaning & Disinfection Gel: Special Award for Innovative Products against Epidemic in Science & Technology Conference of China Association of Fragrance Flavor and Cosmetic Industries 2020
Silver Award of 1st Chinese Star Cosmetic Packaging Design Competition 2020

Feedback

Dear readers,

Thanks for reading this report. For continuous improvement of compilation of *Corporation Social Responsibility & Environmental, Social and Governance (ESG) Report* of Shanghai Jahwa, we sincerely expect your opinions and suggestions.

Please complete the questions proposed in the feedback form and send it back to us by:

Mail address: Floor 7, No. 5 Building, No. 99 Jiangwancheng Road, Yangpu District, Shanghai City, ESG management department of Shanghai Jahwa United Co., Ltd

Tel.: 021-35907000 ext. ESG management department

Email: jahwa-gongyi@jahwa.com.cn

Choice question (put \checkmark in corresponding place)

Options	Very good	Good	Ordinary	Not good	Bad
What's your general opinion for this report?					
Do you think if the performance of sustainable development of the Company is fully disclosed?					
Based on the information disclosed in this report, what's your opinion for the performance of sustainable development of the Company?					
Please rate readability of this report					

Open-ended question:

Your other opinions and suggestions for performance of sustainable development of Shanghai Jawha and this report:



Jahwa
上海家化

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