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

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of Luo Lih-Fen Holding Co., Ltd. and subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Rule No. 10903600805 issued by the Financial Supervisory Commission on February 25, 2020" and generally accepted auditing standards in the Republic of China (ROC GAAS), and in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS) for our audit of the consolidated financial statements as of and for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained

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is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Existence and occurrence of sales revenue arising from distributors

Description

For accounting policy applied on revenue recognition and related details of revenue, refer to Notes 4(27) and 6(17).

The Group's revenue is derived from the sales of goods and the rendering of skin-care consulting services, of which 95% of total sales arise from the sales of goods. Given that revenue is the Group's main operating activity and has significant risk, the Group's goods are sold by distributors, and a significant amount of resources is required in performing the audit through the testing of occurrence of sales transactions, we identified existence and occurrence of sales revenue from distributors a key audit matter.

How our audit addressed the matter

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

1. Tested internal control procedures on sales revenue, including orders processing, delivery, revenue recognition and write-off of advance collections, and assessed the effectiveness of control procedures.
2. Examined general information of main distributors, including the distributors' registration documents, name of representatives, list of major shareholders, registered address, amount of registered capital, main operating activities, and assessed the reasonableness of the existence of counterparties.

3. Performed confirmation with main distributors on the ending balance of advance collections and total sales revenue in order to confirm the rights of advance collections and the existence and occurrence of sales revenue.
4. Selected a sample of sales transactions during current year, and inspected related sales orders, delivery notes, delivery orders, waybills and invoices in order to assess the reasonableness of sale revenue recognition.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

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the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Weng, Shih-Jung　　　　　　　　　　Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2020

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 843,142	38	$ 1,782,992	84
1110	Current financial assets at fair value through profit or loss	6(2)	391,079	18	-	-
1136	Current financial assets at amortised cost	6(3)	299,800	14	2,900	-
1170	Accounts receivable, net	6(4)	10,696	1	1,530	-
1180	Accounts receivable - related parties	7	1,697	-	-	-
1199	Finance lease receivable due from related parties, net	6(9)	959	-	-	-
1200	Other receivables		8,580	-	4,909	-
130X	Inventories	6(5)	77,728	4	53,724	3
1410	Prepayments		39,742	2	22,178	1
1479	Other current assets, others		7,603	-	18,440	1
11XX	**Current Assets**		1,681,026	77	1,886,673	89
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(3)	193,725	9	-	-
1550	Investments accounted for using equity method	6(6)	8,028	-	-	-
1600	Property, plant and equipment	6(7) and 7	214,906	10	197,647	9
1755	Right-of-use assets	6(8)	26,348	1	-	-
1780	Intangible assets	6(10)	9,449	-	1,603	-
1840	Deferred income tax assets	6(23)	14,389	1	9,211	1
194K	Long-term finance lease receivable due from related parties, net	6(9)	3,919	-	-	-
1990	Other non-current assets, others	6(8), 8 and 11	43,689	2	25,972	1
15XX	**Non-current assets**		514,453	23	234,433	11
1XXX	**Total assets**		$ 2,195,479	100	$ 2,121,106	100

(Continued)

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(11) and 7	$ 73,189	3	$ 161,061	8
2170	Accounts payable		23,298	1	44,498	2
2180	Accounts payable - related parties	7	6,725	-	-	-
2219	Other payables, others	6(12)	186,903	9	132,400	6
2230	Current income tax liabilities		20,411	1	58,562	3
2280	Current lease liabilities	7	3,814	-	-	-
2399	Other current liabilities, others		21,922	1	19,706	1
21XX	**Current Liabilities**		336,262	15	416,227	20
	Non-current liabilities					
2570	Deferred income tax liabilities	6(23)	4,604	-	7,441	-
2580	Non-current lease liabilities	7	6,063	1	-	-
2670	Other non-current liabilities, others		450	-	35	-
25XX	**Non-current liabilities**		11,117	1	7,476	-
2XXX	**Total Liabilities**		347,379	16	423,703	20
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Share capital - common stock		473,880	21	430,800	20
	Capital surplus	6(15)				
3200	Capital surplus		829,495	38	829,495	39
	Retained earnings	6(16)				
3310	Legal reserve		43,125	2	-	-
3320	Special reserve		2,064	-	-	-
3350	Unappropriated retained earnings		547,083	25	439,172	21
	Other equity interest					
3400	Other equity interest		(47,547)	(2)	(2,064)	-
3XXX	**Total equity**		1,848,100	84	1,697,403	80
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,195,479	100	$ 2,121,106	100

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
4000	**Sales revenue**	6(17) and 7	$ 1,445,695	100	$ 1,358,184	100
5000	**Operating costs**	6(5)(21)(22) and 7	(465,906)	(32)	(447,660)	(33)
5900	**Net operating margin**		979,789	68	910,524	67
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		(232,657)	(16)	(158,008)	(12)
6200	General and administrative expenses		(152,623)	(11)	(140,206)	(10)
6300	Research and development expenses		(67,273)	(5)	(40,144)	(3)
6000	**Total operating expenses**		(452,553)	(32)	(338,358)	(25)
6900	**Operating profit**		527,236	36	572,166	42
	Non-operating income and expenses					
7010	Other income	6(18) and 7	49,440	3	13,296	1
7020	Other gains and losses	6(19)	(7,527)	-	(2,022)	-
7050	Finance costs	6(20) and 7	(99)	-	-	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	290	-	-	-
7000	**Total non-operating income and expenses**		42,104	3	11,274	1
7900	**Profit before income tax**		569,340	39	583,440	43
7950	Income tax expense	6(23)	(71,600)	(5)	(152,193)	(11)
8200	**Profit for the year**		$ 497,740	34	$ 431,247	32
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		($ 45,391)	(3)	($ 2,148)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(92)	-	-	-
8500	**Total comprehensive income for the year**		$ 452,257	31	$ 429,099	32
	Basic earnings per share (in dollars)	6(24)				
9750	**Basic earnings per share**		$ 10.50		$ 10.08	
	Diluted earnings per share (in dollars)	6(24)				
9850	**Diluted earnings per share**		$ 10.50		$ 10.08	

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						
				Retained Earnings				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
For the year ended December 31, 2018								
Balance at January 1, 2018		$ 330,000	$ 379,160	$ -	$ -	$ 205,925	$ 84	$ 915,169
Profit for 2018		-	-	-	-	431,247	-	431,247
Other comprehensive loss for 2018		-	-	-	-	-	(2,148)	(2,148)
Total comprehensive income (loss)		-	-	-	-	431,247	(2,148)	429,099
Appropriation of 2017 earnings:	6(16)							
Cash dividends		-	-	-	-	(145,200)	-	(145,200)
Stock dividends		52,800	-	-	-	(52,800)	-	-
Issuance of common stock		48,000	450,335	-	-	-	-	498,335
Balance at December 31, 2018		$ 430,800	$ 829,495	$ -	$ -	$ 439,172	($ 2,064)	$ 1,697,403
For the year ended December 31, 2019								
Balance at January 1, 2019		$ 430,800	$ 829,495	$ -	$ -	$ 439,172	($ 2,064)	$ 1,697,403
Profit for 2019		-	-	-	-	497,740	-	497,740
Other comprehensive loss for 2019		-	-	-	-	-	(45,483)	(45,483)
Total comprehensive income (loss)		-	-	-	-	497,740	(45,483)	452,257
Appropriation of 2018 earnings:	6(16)							
Legal reserve		-	-	43,125	-	(43,125)	-	-
Special reserve		-	-	-	2,064	(2,064)	-	-
Cash dividends		-	-	-	-	(301,560)	-	(301,560)
Stock dividends		43,080	-	-	-	(43,080)	-	-
Balance at December 31, 2019		$ 473,880	$ 829,495	$ 43,125	$ 2,064	$ 547,083	($ 47,547)	$ 1,848,100

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 569,340	$ 583,440
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss		(8,081)	-
Depreciation expense	6(7)(21)	31,392	19,707
Depreciation expense on right-of-use assets	6(8)(21)	2,569	-
Amortization expense	6(10)(21)	1,366	532
Long-term prepaid rents recognised as expenses		-	680
Interest income	6(18)	(36,314)	(11,739)
Interest expense on lease liabilities	6(8)(20)	99	-
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(290)	-
Loss on disposal of property, plant and equipment	6(19)	11,127	491
Gain on lease modifications	6(8)	(25)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(397,217)	-
Accounts receivable, net		(9,166)	(1,103)
Accounts receivable - related parties		(1,697)	-
Other receivables		3,172	1,464
Inventories		(24,004)	(2,682)
Prepayments		(17,564)	(1,877)
Other current assets, others		10,837	(14,802)
Other non-current assets		(1,455)	(1,807)
Changes in operating liabilities			
Current contract liabilities		(85,034)	36,540
Accounts payable		(21,200)	16,020
Accounts payable - related parties		6,725	-
Other payables		68,430	21,070
Other current liabilities, others		2,216	1,035
Other non-current liabilities, others		415	35
Cash inflow generated from operations		105,641	647,004
Interest received		29,090	7,643
Income tax paid		(117,234)	(148,687)
Net cash flows from operating activities		17,497	505,960
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in current financial assets at amortised cost		(296,900)	(2,900)
Increase in non-current financial assets at amortised cost		(193,725)	-
Acquisition of investments accounted for using equity method		(7,830)	-
Acquisition of property, plant and equipment	6(25)	(73,041)	(64,784)
Proceeds from disposal of property, plant and equipment		292	-
Acquisition of intangible assets	6(25)	(8,718)	(393)
Net cash flows used in investing activities		(579,922)	(68,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Other non-current assets		(38,940)	-
Return of principal of lease liabilities		(2,244)	-
Proceeds from issuance of common stock	6(14)	-	498,335
Cash dividends paid	6(16)	(301,560)	(145,200)
Net cash flows (used in) from financing activities		(342,744)	353,135
Effect of exchange rate changes on cash and cash equivalents		(34,681)	(3,953)
Net (decrease) increase in cash and cash equivalents		(939,850)	787,065
Cash and cash equivalents at beginning of year		1,782,992	995,927
Cash and cash equivalents at end of year		$ 843,142	$ 1,782,992

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were reported to the Board of Directors on March 9, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendment to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' and 'lease liability' by \$28,089 and \$5,790 and decreased other non-current assets by \$22,299 with respect to the lease contracts of lessees on January 1, 2019.

C. The Group calculated the present value of lease liabilities by using the lessee's incremental borrowing interest rate of 1.41%.

D. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	2,900
Add: Adjustments of a reasonable assessment of extension and termination options		3,100
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	6,000
Incremental borrowing interest rate at the date of initial application		1.41%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	5,790

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments IAS 1, ‘Classification of liabilities as current or non-current ’	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of Investor	Name of Subsidiary	Main Business Activities	December 31, 2019	December 31, 2018	Description
The Company	Luo Lih-Fen Group Limited	Holding company	100%	100%	
The Company	Luo Lih-Fen Enterprise Limited	General investment	100%	100%	Note 1
The Company	Lever Guide Biotech Co., Ltd.	Manufacturing and sales of beauty and skin care products	100%	-	Note 3
Luo Lih-Fen Group Limited	Juwenlee (Fujian) Cosmetics Co., Ltd.	Manufacturing and sales of beauty and skin care products	100%	100%	
Luo Lih-Fen Group Limited	Huiwenli (Fujian) Enterprise Management Co.,Ltd.	General investment	100%	-	Note 2
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Luo Lih-Fen Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Sunlily Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Glingluo Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Draise Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
Juwenlee (Fujian) Cosmetics Co., Ltd.	LiChuang (FuJian) Bio-Technology Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 6
Juwenlee (Fujian) Cosmetics Co., Ltd.	Zhangzhou Kangqili Health Management Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 7
Huiwenli (Fujian) Enterprise Management Co., Ltd.	Zhangzhou Healthy Skin Clinic Co., Ltd.	Consulting service of beauty and skin care	100%	-	Note 4
Huiwenli (Fujian) Enterprise Management Co., Ltd	Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Consulting service of beauty and skin care	100%	-	Note 5

Note 1: To develop business and provide services for investors in Taiwan, the Company established Luo Lih-Fen Enterprise Limited in June 2018 in Taiwan.

Note 2: For the purpose of expanding the scope of operations in the Mainland China market, the Group's subsidiary, Luo Lih-Fen Group Limited, as resolved at the shareholders' meeting, proposed to invest $182,600 (RMB 40 million) and establish Huiwenli (Fujian) Enterprise Management Co., Ltd. on March 10, 2018. As of March 9, 2020, the actual capital injection was $182,144 (RMB 39.90 million).

Note 3: For the purpose of expanding the scope of operations in the Taiwan market, the Company invested $210,000 and established Lever Guide Biotech Co., Ltd. in June 2019.

Note 4: For the purpose of expanding customised products market for high-end customers, the second-tier subsidiary, Huiwenli (Fujian) Enterprise Management Co.,Ltd., as resolved at the shareholders' meeting, invested $13,566 (RMB 3 million) and established Zhangzhou Healthy Skin Clinic Co., Ltd. on May 9, 2019.

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

Note 6: For the purpose of expanding the sales of skin care products, the second-tier subsidiary, Juwenlee (Fujian) Cosmetics Co., Ltd., as resolved at the shareholders' meeting, invested $60,718 (RMB 14 million) and established LiChuang (FuJian) Bio-Technology Co., Ltd. on November 11, 2019.

Note 7: For the purpose of expanding the sales of health-preserving skin care products, the second-tier subsidiary, Juwenlee (Fujian) Cosmetics Co., Ltd., as resolved at the shareholders' meeting, invested $21,680 (RMB 5 million) and established Zhangzhou Kangqili Health Management Co., Ltd. on December 6, 2019. As of March 9, 2020, the capital injection has not yet been completed.

C. Subsidiaries not included in the consolidated financial statements: None.
D. Adjustments for subsidiaries with different balance sheet dates: None.
E. Significant restrictions: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.
(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

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

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20~40 years
Machinery and equipment	3~10 years
Transportation equipment	4~10 years
Office equipment	3~5 years

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

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

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

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

(17) Leased assets/ operating leases (lessee)

Prior to 2019

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(18) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 to 10 years.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and those resulting from operating and non-operating activities.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions - defined contribution plans

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

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

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

(24) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells a range of skin care products. Sales are recognised when control of the products has been transferred, being when the products are delivered to the distributor, and there is no unfulfilled obligation that could affect the distributor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Skin care consulting service

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

(28) Government grants

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

(29) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 1,348	$ 221
Checking accounts and demand deposits	706,885	159,279
Time deposits	134,909	1,623,492
	$ 843,142	$ 1,782,992

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

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

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

	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	$ 23,631	$ -
Structured deposits	365,925	-
	389,556	-
Valuation adjustment	1,523	-
	$ 391,079	$ -

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

	Years ended December 31,	
	2019	2018
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	$ 1,280	$ -
Structured deposits	6,801	-
	$ 8,081	$ -

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

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

(3) Financial assets at amortised cost

	December 31, 2019	December 31, 2018
Current items:		
Time deposits maturing in excess of three months	$ 299,800	$ 2,900
Non-current items:		
Time deposits maturing in excess of one year	$ 193,725	$ -

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

	Years ended December 31,	
	2019	2018
Interest income	$ 22,742	$ -

B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's financial assets at amortised cost were both the book value at the end of the year.

C. The Group has no financial assets at amortised cost pledged to others as collateral.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	$ 10,696	$ 1,530

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

	December 31, 2019	December 31, 2018
Not past due	$ 10,696	$ 1,530

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, accounts receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $427.

C. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were both the book value at the end of the year.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

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

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 14,273	($ 70)	$ 14,203
Work in progress	4,298	-	4,298
Finished goods	35,667	(444)	35,223
	$ 54,238	($ 514)	$ 53,724

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2019	2018
Cost of goods sold	$ 401,825	$ 358,930
(Gain on reversal of) loss on decline in market value	(6)	381
Loss on disposal of inventory	1,039	75
Cost of goods sold in relation to inventories	402,858	359,386
Cost in relation to skin care consulting service	63,048	88,274
	$ 465,906	$ 447,660

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

(6) Investments accounted for using equity method

	December 31, 2019
Associates:	
Xiamen Senlinhai Industry & Trade Co., Ltd.	$ 8,028

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

B. As of December 31, 2019, the carrying amount of the Group's interests in all individually immaterial associates was $8,028 and the Group's share of the operating results are summarised below:

	Year ended December 31, 2019
Profit for the year from continuing operations	$ 290
Other comprehensive income, net of tax	(92)
Total comprehensive income	$ 198

(7) Property, plant and equipment

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

	Buildings and structures	Machinery and equipment	Leased equipment	Office equipment	Transportation equipment	Construction in progress	Total
At January 1, 2018							
Cost	$ 144,275	$ 27,809	$ -	$ 2,338	$ 2,767	$ -	$ 177,189
Accumulated depreciation	(11,194)	(11,564)	-	(584)	(1,217)	-	(24,559)
	$ 133,081	$ 16,245	$ -	$ 1,754	$ 1,550	$ -	$ 152,630
2018							
Opening net book amount as at January 1	$ 133,081	$ 16,245	$ -	$ 1,754	$ 1,550	$ -	$ 152,630
Additions	14,055	38,626	-	1,032	1,723	7,006	62,442
Transfers	1,312	788	-	4,699	-	-	6,799
Disposals	-	(317)	-	(174)	-	-	(491)
Depreciation charges	(13,883)	(4,165)	-	(1,237)	(422)	-	(19,707)
Net exchange differences	(2,740)	(1,007)	-	(118)	(26)	(135)	(4,026)
At December 31	$ 131,825	$ 50,170	$ -	$ 5,956	$ 2,825	$ 6,871	$ 197,647
At December 31, 2018							
Cost	$ 154,177	$ 64,661	$ -	$ 7,335	$ 4,431	$ 6,871	$ 237,475
Accumulated depreciation	(22,352)	(14,491)	-	(1,379)	(1,606)	-	(39,828)
	$ 131,825	$ 50,170	$ -	$ 5,956	$ 2,825	$ 6,871	$ 197,647

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

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

(8) Leasing arrangements - lessee

Effective 2019

A. The Group leases various assets including buildings and land use right. Rental contracts are typically made for periods of 1 to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise leasing of buildings and parking spaces, which were excluded from the right-of-use assets.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	Year ended December 31, 2019
	Carrying amount	Depreciation charge
Buildings	$ 5,525	$ 1,902
Land use right	20,823	667
	$ 26,348	$ 2,569

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

The carrying amount of the abovementioned land use right on December 31, 2018 was $22,299, and was shown as ‘Other non-current assets’.

D. For the year ended December 31, 2019, the addition to right-of-use assets was $14,054.

E. For the year ended December 31, 2019, the disposal of right-of-use assets was $12,417 and gain arising from lease modifications was $25 (shown as ‘Other gains and losses’).

F. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 99
Expense on short-term lease contracts	340
Gain on sublease of right-of-use assets	639

G. For the year ended December 31, 2019, the Group’s total cash outflow for leases was $2,584.

(9) Leasing arrangements - lessor

Effective 2019

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

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

	Year ended December 31, 2019
Finance income from the net investment in the finance lease	$ 639

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

	December 31, 2019
2020	$ 4,571
2021	4,571
2022	2,286
	$ 11,428

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

	December 31, 2019	
	Current	Non-Current
Undiscounted lease payments	$ 4,571	$ 6,857
Unearned finance income	(3,612)	(2,938)
Net investment in the lease	$ 959	$ 3,919

E. For the year ended December 31, 2019, the Group recognised rent income in the amount of $477, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2019
2020	$ 2,594

(10) Intangible assets

	2019	2018
Cost	$ 2,595	$ 2,256
Accumulated amortisation	(992)	(481)
	$ 1,603	$ 1,775
At January 1	$ 1,603	$ 1,775
Additions－acquired separately	9,579	393
Amortisation charge	(1,366)	(532)
Net exchange differences	(367)	(33)
At December 31	$ 9,449	$ 1,603
Cost	$ 11,720	$ 2,595
Accumulated amortisation	(2,271)	(992)
	$ 9,449	$ 1,603

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

	Years ended December 31,	
	2019	2018
General and administrative expenses	$ 1,366	$ 532

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

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

(11) Contract liabilities

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities	$ 73,189	$ 161,061	$ 127,831

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

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

	Years ended December 31,	
	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 159,426	$ 127,689

(12) Other payables

	December 31, 2019	December 31, 2018
Accrued commission	$ 77,986	$ 39,749
Insurance payable	50,321	34,585
Tax payable	26,194	21,671
Wages and salaries payable	18,192	12,997
Directors' remuneration payable	7,200	7,200
Payable on constructions	733	8,629
Other payables	6,277	7,569
	$ 186,903	$ 132,400

(13) Pensions

A. The Company's Taiwanese subsidiary has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2019 and 2018 ranged between 12%~18% and 14%~18%, respectively. Other than the monthly contributions, the Group has no further obligations.

C. The pension cost under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $21,566 and $16,347, respectively.

(14) Share capital

A. On May 3, 2018, the shareholders resolved to distribute stock dividends from the earnings of year 2017 amounting to $52,800, equivalent to 5,280 thousand shares, and the record date was May 7, 2018. The registration for the distribution of stock dividends had been completed.

B. In accordance with the Securities and Exchange Act Article 28-1, on March 23, 2018, the Board of Directors resolved to increase capital by issuing common stock of 4.8 million shares with par value of $10, at an issue price of NT$105 per share. The capital increase was effective from October 2, 2018, and the Company's chairperson has been authorised to determine the record date, being November 15, 2018. The registration for the capital increase had been completed.

C. On June 18, 2019, the shareholders resolved to distribute stock dividends from the earnings of year 2018 amounting to $43,080, equivalent to 4,308 thousand shares, and the record date was July 17, 2019. The registration for the distribution of stock dividends had been completed.

D. As of December 31, 2019, the Company's paid-in capital was $473,880 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

(15) Capital surplus

A. Unless otherwise provided in the Companies Law of the Cayman Islands, listed companies' regulations, and the company's Articles of Incorporation, neither the statutory reserve nor the capital reserve shall be used except for offsetting the losses of the Company. The Company shall not use the capital reserve to offset its capital losses unless the statutory reserve and special reserve set aside for purposes of loss offset is insufficient to offset such losses.

B. During the listing period, subject to the Companies Law of the Cayman Islands, where the Company incurs no loss, it may, by a special resolution, distribute its statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital reserve which are available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its shareholders.

(16) Retained earnings

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

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

C. Appropriation of earnings

(a) The appropriation of 2018 and 2017 earnings had been resolved at the annual shareholders' meeting on June 18, 2019 and May 3, 2018, respectively. Details are summarized below:

	Years ended December 31,							
	2018				2017			
	Amount		Dividends per share (in dollars)		Amount		Dividends per share (in dollars)	
Legal reserve	$	43,125			$	-		
Special reserve		2,064				-		
Cash dividends		301,560	$	7.00		145,200	$	4.40
Stock dividends		43,080		1.00		52,800		1.60
	$	389,829			$	198,000		

(b) Subsequent event: The appropriation of 2019 earnings had been proposed at the Board of Directors' meeting on March 9, 2020. Details are summarized below:

	Year ended December 31, 2019			
	Amount		Dividends per share (in dollars)	
Legal reserve	$	49,774		
Special reserve		45,483		
Cash dividends		331,716	$	7.00
	$	426,973		

As of March 9, 2020, the aforementioned appropriation of 2019 earnings has not yet been resolved at the shareholders' meeting.

D. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(17) Operating revenue

	Years ended December 31,			
	2019		2018	
Revenue from contracts with customers:				
Sales revenue	$	1,371,691	$	1,242,858
Skin care consulting service		74,004		115,326
	$	1,445,695	$	1,358,184

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

(18) Other income

	Years ended December 31,	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 12,933	$ 11,739
Interest income from financial assets at amortised cost	22,742	-
Interest income from finance leases	639	-
Rental income	477	133
Other income	12,649	1,424
	$ 49,440	$ 13,296

(19) Other gains and losses

	Years ended December 31,	
	2019	2018
Loss on disposal of property, plant and equipment	($ 11,127)	($ 491)
Foreign exchange losses	(2,650)	(161)
Gain on financial assets at fair value through profit or loss	8,081	-
Miscellaneous disbursements	(1,831)	(1,370)
	($ 7,527)	($ 2,022)

(20) Finance costs

	Years ended December 31,	
	2019	2018
Interest expense on lease liabilities	$ 99	$ -

(21) Expenses by nature

	Years ended December 31,	
	2019	2018
Employee benefit expense	$ 347,949	$ 223,848
Event planning expense	58,577	81,496
Advertising costs	35,239	45,074
Depreciation charges on property, plant and equipment	31,392	19,707
Depreciation charges on right-of-use assets	2,569	-
Amortisation charges on intangible assets	1,366	1,212

(22) Employee benefit expense

	Years ended December 31,	
	2019	2018
Salary expenses	$ 284,792	$ 184,025
Labour and health insurance fees	984	223
Pension costs	21,566	16,347
Other personnel expenses	40,607	23,253
	$ 347,949	$ 223,848

A. Except as otherwise set forth by the Companies Law of the Cayman Islands, listed companies' regulations, and the Company's Articles of Incorporation, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the directors present at a meeting attended by at least two-thirds or more of the total number of the directors, the Company may distribute not less than 1% of the profits for such year to the employees as the employees' compensation in the form of shares and/or in cash and may distribute not more than 3% thereof to the directors as the directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and directors in the proportion set out above.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $5,000 and $4,500, respectively; while directors' remuneration was accrued at $7,200 and $9,120, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 1.4% of distributable profit of current year for the year ended December 31, 2019. The employees' compensation and directors' remuneration resolved by the Board of Directors were $5,000 and $7,200, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2018 as resolved by the Board of Directors amounted to $4,500 and $9,120, respectively, and were in agreement with those amounts recognised in the 2018 financial statements.

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

(23) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 93,564	$ 163,983
Prior year income tax (over estimation) under estimation	(13,949)	404
Total current tax	79,615	164,387
Deferred tax:		
Origination and reversal of temporary differences	(8,015)	(12,194)
Income tax expense	$ 71,600	$ 152,193

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate (note)	$ 86,370	$ 154,313
Effects from items disallowed by tax regulation	(821)	(2,524)
Prior year income tax (over estimation) under estimation	(13,949)	404
Income tax expense	$ 71,600	$ 152,193

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

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

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

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

	2018		
Temporary differences:	January 1	Recognised in profit or loss	December 31
-Deferred tax assets:			
Inventory valuation loss	$ 36	$ 93	$ 129
Unrealised accrued expenses	6,147	2,499	8,646
Others	607	(171)	436
Subtotal	$ 6,790	$ 2,421	$ 9,211
-Deferred tax liabilities:			
Book-tax difference on revenue recognition	(17,214)	9,773	(7,441)
Subtotal	($ 17,214)	$ 9,773	($ 7,441)
Total	($ 10,424)	$ 12,194	$ 1,770

(24) Earnings per share

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

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 431,247	42,774	$ 10.08
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 431,247	42,774	
Assumed conversion of all dilutive potential ordinary shares employees' compensation	-	25	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 431,247	42,799	$ 10.08

(25) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31, 2019	Years ended December 31, 2018
Purchase of property, plant and equipment	$ 65,145	$ 62,442
Add: Opening balance of payable on constructions	8,629	10,971
Less: Ending balance of payable on constructions	(733)	(8,629)
Cash paid during the year	$ 73,041	$ 64,784
Purchase of intangible assets	$ 9,579	$ 393
Less: Ending balance of payable on intangible assets	(861)	-
Cash paid during the year	$ 8,718	$ 393

B. Financing activities with no cash flow effects

	Years ended December 31, 2019	Years ended December 31, 2018
Stock dividends paid	$ 43,080	$ 52,800

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name of related parties	Relationship with the Company
Xiamen Senlinhai Industry & Trade Co., Ltd.	Associate (After August 13, 2019)
Xiamen Jiadai Beauty Co., Ltd. (Formerly Xiamen Beili Ya Trading Co., Ltd.)	Other related party
Xiamen Jiabi Beauty Co., Ltd.	Other related party
Zhangzhou Care-pro Biologic Technology Co., Ltd.	Other related party
Xin Kang Mei (Fujian) Cosmetics Co., Ltd.	Other related party (Before April 2, 2018)
Zhangzhou Weidi Electronic Technology Co., Ltd.	Other related party
Zhangzhou Crown Moko Health Management Co., Ltd.	Other related party
Luo Li Fen International Beauty Care Ltd.	Other related party
Kang Jing Biologic Technology Co., Ltd.	Other related party
Realbio Care Health Beauty Clinic	Strategic alliance partner
Luo Li-Fen	Legal representative of the Company's chairman
Jackie Rao	The Company's general manager

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31, 2019	Years ended December 31, 2018
Sales of goods:		
Other related parties	$ 5,129	$ -

B. Purchases:

	Years ended December 31, 2019	Years ended December 31, 2018
Purchases of goods:		
Associate	$ 12,992	$ -
Other related parties	9,754	710
	$ 22,746	$ 710

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

C. Receivables from related parties:

	December 31, 2019	December 31, 2018
Accounts receivable:		
Associate	$ 1,697	$ -

D. Payables to related parties:

	December 31, 2019	December 31, 2018
Accounts payable:		
Associate	$ 4,084	$ -
Other related parties	2,641	-
	$ 6,725	$ -

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

E. Operating expenses:

	Years ended December 31, 2019	Years ended December 31, 2018
Advertising costs:		
Other related parties	$ -	$ 78

F. Contract liabilities:

	December 31, 2019	December 31, 2018
Other related parties	$ 7	$ -

G. Property transactions:

Acquisition of property, plant and equipment

	Years ended December 31,	
	2019	2018
Jackie Rao	$ 24,302	$ 2,107

H. Lease transactions – lessee:

(a) The Group leases buildings from Ms. Luo Li-Fen. Rental contracts are typically made for periods of 2 to 3 years. Rents are paid monthly.

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

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

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

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

(d) Rent expense

	Year ended December 31, 2019
Luo Li-Fen	$ 103

(e) Lease liabilities

(i) Outstanding balance

	December 31, 2019	December 31, 2018
Luo Li-Fen	$ 5,541	$ -

(ii) Interest expense

	Years ended December 31,	
	2019	2018
Luo Li-Fen	$ 80	$ -

(iii) For the year ended December 31, 2019, the Group's total cash outflow for leases was $1,703.

I. Lease transactions – lessor

(a) The Company leases various assets including buildings and machinery and equipment to related parties. Rental contracts are typically made for periods of 1 to 3 years.

(b) Net lease payments receivable under finance lease

	December 31, 2019	
	Current	Non-current
Lever Guide Biotech Co., Ltd.	$ 599	$ 2,449
Kang Jing Biologic Technology Co., Ltd.	360	1,470
	$ 959	$ 3,919

Information on profit or loss in relation to lease contracts is provided in Note 6(9).

J. Transfer of trademark

(a) For the year ended December 31, 2018, the Company paid the considerations to the related parties, Luo Li Fen and Luo Li Fen International Beauty Care Ltd. for acquiring trademarks amounting to NT$1,450 (RMB 3 and USD 49).

(b) For the year ended December 31, 2018, the Company's second-tier subsidiary, Juwenlee (Fujian), sells trademarks to other related parties, Xiamen Jiabi Beauty Co., Ltd., Zhangzhou Care-pro Biologic Technology Co., Ltd. and Zhangzhou Crown Moko Health Management Co., Ltd., for a total consideration of NT$157 (RMB 6, RMB 2 and RMB 26). Juwenlee (Fujian) acquired trademarks from another related party, Xiamen Jiadai Beauty Co., Ltd., for a total consideration of NT$23 (RMB 5).

(3) Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and short-term employee benefits	$ 42,783	$ 28,165
Post-employment benefits	739	845
	$ 43,522	$ 29,010

8. PLEDGED ASSETS

	Book value	
Pledged asset	December 31, 2019	Purpose
Guarantee deposits paid	$ 309	Rental deposits

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	December 31, 2019	December 31, 2018
Property, plant and equipment	$ 82,907	$ 6,871

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Please refer to Note 6(16) C for further information.

(2) In November and December 2019, the Company's subsidiary entered into contracts to purchase land and buildings as laboratory for a total consideration amounting to $56,400 and $54,400, respectively. As of December 31, 2019, the Group has prepaid $33,640 and the hand over would be in January and March 2020, respectively. The details of capital expenditure not yet incurred are provided in Note 9.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019		December 31, 2018	
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$	391,079	$	-
Financial assets at amortised cost				
Cash and cash equivalents		843,142		1,782,992
Current financial assets at amortised cost		299,800		2,900
Accounts receivable (including related parties)		12,393		1,530
Net lease payments receivable under finance lease - related parties		959		-
Other receivables (including related parties)		8,580		4,909
Non-current financial assets at amortised cost		193,725		-
Long-term net lease payments receivable under finance lease - related parties		3,919		-
Guarantee deposits paid (shown as 'other non-current assets')		309		15
	$	1,753,906	$	1,792,346
Financial liabilities				
Financial liabilities at amortised cost				
Accounts payable (including related parties)	$	30,023	$	44,498
Other payables		186,903		132,400
Guarantee deposits received		20,912		19,741
Lease liability		9,877		-
	$	247,715	$	196,639

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: USD; certain subsidiaries' functional currency: RMB or NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

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

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:RMB	$ 188	6.6174	$ 4,839

iii. The total exchange loss arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to $2,650 and $161, respectively.

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

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

	Year ended December 31, 2018			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:RMB	1%	$	48	$ -

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

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

iv. The Group classifies customers' accounts receivable in accordance with credit rating of customer and customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vi. The Group uses historical and timely information to individually assess the default possibility of accounts receivable. On December 31, 2019 and 2018, the Group had no loss allowance.

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

	Not past due
December 31, 2018	
Expected loss rate	0%-0.03%
Total book value	$ 1,530
Loss allowance	$ -

(c) Liquidity risk

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

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

Non-derivative financial assets December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable (including related parties)	$ 30,023	$ -	$ -
Other payables	186,903	-	-
Lease liability	3,924	3,924	2,202

Non-derivative financial liabilities December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable	$ 44,498	$ -	$ -
Other payables	132,400	-	-

(3) Fair value information

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

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

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

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

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

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

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Debt securities	$ -	$ 24,538	$ -	$ 24,538
Structured deposits	-	-	366,541	366,541

As of December 31, 2018, the Group has no financial assets at fair value through profit or loss.

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

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

D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	Years ended December 31,	
	2019	2018
	Structured deposits	Structured deposits
At January 1	$ -	$ -
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	6,801	-
Acquired during the year	1,715,012	-
Settled during the year	(1,341,053)	-
Effect of exchange rate changes	(14,219)	-
At December 31	$ 366,541	$ -

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

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

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

(3) Information about segment profit or loss

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

	Years ended December 31,	
	2019	2018
Total segment revenue	$ 1,445,695	$ 1,358,184
Segment income	$ 569,340	$ 583,440

(4) Reconciliation for segment income (loss)

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

(5) Information on products and services

Revenue from external customers is mainly from sales of skin care products. Analysis of revenue is provided in Note 6(17).

(6) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 5,197	$ 22,050	$ -	$ 1,565
Mainland China	1,440,498	492,403	1,358,184	232,868
	$ 1,445,695	$ 514,453	$ 1,358,184	$ 234,433

(7) Major customer information

For the years ended December 31, 2019 and 2018, the Group’s sales to a single party are lower than 10% of the Group’s operating revenue, therefore, no additional disclosure was needed.

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

Provision of endorsements and guarantees to others

Year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number （Note 1）	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Party being endorsed/guaranteed Relationship with the endorser/ guarantor （Note 2）	Limit on endorsements/ guarantees provided for a single party （Note 3）	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019 （Note 4）	Outstanding endorsement/ guarantee amount at December 31, 2019 （Note 5）	Actual amount drawn down （Note 6）	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided （Note 3）	Provision of endorsements/ guarantees by parent company to subsidiary （Note 7）	Provision of endorsements/ guarantees by subsidiary to parent company （Note 7）	Provision of endorsements/ guarantees to the party in Mainland China （Note 7）	Footnote
0	The Company	Lever Guide Biotech Co., Ltd.	4	$ 369,620	$ 150,000	$ 150,000	$ -	None	8.12%	$ 739,240	Y	N	N	-

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

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

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

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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

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

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

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

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

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

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

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

Year ended December 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities （Note 1）	Relationship with the securities issuer （Note 2）	General ledger account	As of December 31, 2019 Number of shares	Book value （Note 3）	Ownership (%)	Fair value	Footnote （Note 4）
LUO LIH-FEN Holding Co., Ltd.	HSBC Corporate Bond	-	Financial assets at fair value through profit or loss	-	$ 6,030	-	$ 6,030	-
LUO LIH-FEN Holding Co., Ltd.	AT&T Corporate Bond	-	Financial assets at fair value through profit or loss	-	9,281	-	9,281	-
LUO LIH-FEN Holding Co., Ltd.	Anheuser-Busch InBev Corporate Bond	-	Financial assets at fair value through profit or loss	-	9,227	-	9,227	-
Juwenlee (Fujian) Cosmetics Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	310,491	-	310,491	-
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Bank Structured deposits	-	Financial assets at fair value through profit or loss	-	56,050	-	56,050	-

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

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

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

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

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

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

Year ended December 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities （Note 1）	General ledger account	Counterparty （Note 2）	Relationship with the investor （Note 2）	Balance as at January 1, 2019		Addition （Note 3）		Disposal （Note 3）				Balance as at December	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Juwenlee (Fujian) Cosmetics Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	Financial assets at fair value through profit or loss	-	-	-	$ -	-	$ 1,527,188	-	$ 1,210,955	$ 1,205,204	$ 5,751	-	$ 310,491
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Bank Structured deposits	Financial assets at fair value through profit or loss	-	-	-	-	-	187,824	-	130,098	129,688	410	-	56,050

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.
Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.
Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital should be replaced by 10% of equity attributable to owners of the parent in the calculation.

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries
Information on investees
Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership	Book value			
LUO LIH-FEN Holding Co., Ltd.	Luo Lih-Fen Group Limited	Hong Kong	Holding company	$ 47,968	$ 49,152	1,600 thousand	100%	$ 1,175,429	$ 513,749	$ 513,749	Subsidiary (original investment for the years ended December 31, 2019 and 2018 was US$1.6 million)
"	Luo Lih-Fen Enterprise Limited	R.O.C	General investments	25,000	25,000	-	100%	9,863	(10,997)	(10,997)	Subsidiary
"	Lever Guide Biotech Co., Ltd.	R.O.C	Manufacturing and sales of skin care products	210,000	-	21,000 thousand	100%	197,412	(12,588)	(12,588)	Subsidiary

Note 1: Ending balance of original investment was translated based on the exchange rate prevailing at December 31, 2019.

Note 2: The carrying amount of investees at end of year was translated based on the exchange rate prevailing at December 31, 2019, and investees' profit or loss was translated based on the average exchange rate for the year ended December 31, 2019.

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Juwenlee (Fujian) Cosmetics Co., Ltd.	Sales of beauty and skin care products	$ 47,266	Note 1 (2)	-	-	-	-	$ 514,071	100%	$ 514,071	$ 1,001,037	-	Note 2(2)B
Xiamen Luo Lih-Fen Cosmetics Co., Ltd.	Sales of beauty and skin care products	27,983	"	-	-	-	-	(966)	100%	(966)	18,762	-	"
Xiamen Sunlily Cosmetics Co., Ltd.	Sales of beauty and skin care products	2,153	"	-	-	-	-	3,276	100%	3,276	12,118	-	"
Xiamen Glingluo Cosmetics Co., Ltd.	Sales of beauty and skin care products	2,153	"	-	-	-	-	1,478	100%	1,478	7,162	-	"
Xiamen Draise Cosmetics Co., Ltd.	Sales of beauty and skin care products	4,305	"	-	-	-	-	(1,130)	100%	(1,130)	3,749	-	"
Huiwenli (Fujian) Enterprise Management Co., Ltd.	General investment	172,200	"	-	-	-	-	(303)	100%	(303)	171,909	-	"
Zhangzhou Healthy Skin Clinic Co., Ltd.	Consulting service of beauty and skin care	12,915	"	-	-	-	-	(343)	100%	(343)	12,585	-	"
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Consulting service of beauty and skin care	21,525	"	-	-	-	-	(4)	100%	(4)	21,521	-	"
LiChuang (FuJian) Bio-Technology Co., Ltd.	Sales of beauty and skin care products	60,270	"	-	-	-	-	(3,498)	100%	(3,498)	56,903	-	"
Zhangzhou Kangqili Health Management Co., Ltd.	Sales of beauty and skin care products	21,525	"	-	-	-	-	-	100%	-	21,525	-	"
Xiamen Senlinhai Industry & Trade Co., Ltd.	Manufacturing of plastic packaging and container	25,830	"	-	-	-	-	967	30%	290	8,028	-	"

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China..
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.(Investee in the third area: Luo Lih-Fen Group Limited)
(3) Others

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2019’ column:
(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B. The financial statements were audited and attested by R.O.C. parent company’s CPA.
C. Others.

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