

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

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated balance sheets of Luo Lih-Fen Holding Co., Ltd. and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2021 consolidated financial statements is stated as follows:

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Sales revenue recognition

Description

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

The Group's revenue is derived from the sales of goods and the rendering of skin-care consulting services, of which 96% of total sales arise from the sales of goods. Given that revenue is the Group's main operating activity and has significant risk, the Group's goods are sold mainly by distributors, and a significant amount of resources is required in performing the audit through the testing of occurrence of sales transactions, we identified existence and occurrence of sales revenue from main distributors a key audit matter.

How our audit addressed the matter

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

1. Tested internal control procedures on sales revenue, including orders processing, delivery, revenue recognition and write-off of advance collections, and assessed the effectiveness of control procedures.
2. Examined general information of main distributors, including the distributors' registration documents, name of representatives, list of major shareholders, registered address, amount of registered capital, main operating activities, interviewed certain main distributors, and assessed the reasonableness of the existence of counterparties.
3. Performed confirmation with main distributors on the ending balance of contract liabilities and total sales revenue in order to confirm the rights of contract liabilities and the existence and occurrence of sales revenue.
4. Selected a sample of sales transactions during current year, and inspected related sales orders, delivery notes, delivery orders, waybills and invoices in order to assess the reasonableness of sale revenue recognition.

Additions to buildings and construction in progress

Description

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

For the year ended December 31, 2021, the additions to property, plant and equipment for the Group was \$343,485, the additions arise mainly from the following transitions: 1. Acquisition of buildings for establishing flagship store in Xiamen City, Mainland China; 2. Construction of factory and warehouse with automation system for Juvenile(Fujian)Cosmetics Co., Ltd.. Since the above-mentioned transitions are considered significant for the audit, we identified additions to buildings and construction in progress a key audit matter.

How our audit addressed the matter

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

1. Inspected the minutes of Board of Directors meetings and assessed that resolutions have been made for relevant transactions.
2. Inspected the property ownership certificate and validated the rights of the property.
3. Examined the property valuation report and price comparison related documentation for buildings acquired in Xiamen City, Mainland China.
4. Inspected the acquisition and construction contracts and validated the occurrence of the transactions.
5. Compared the employee list and the list of major shareholders with the transaction parties and evaluated that counterparties are not related parties.
6. Inspected related documentation for payment and assessed the payees are in conformity of the counterparties of the transactions.
7. Observed the construction progress of the factory and warehouse.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Weng, Shih-Jung



Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 15, 2022

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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

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

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

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

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

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

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

			Year ended December 31			
	Items	Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18) and 7	\$ 916,866	100	\$ 844,885	100
5000	Operating costs	6(5)(23)(24) and 7	(382,979)	(42)	(327,060)	(39)
5900	Net operating margin		533,887	58	517,825	61
	Operating expenses	6(23)(24) and 7				
6100	Selling expenses		(220,832)	(24)	(211,295)	(25)
6200	General and administrative expenses		(199,737)	(22)	(177,859)	(21)
6300	Research and development expenses		(60,173)	(6)	(69,453)	(8)
6000	Total operating expenses		(480,742)	(52)	(458,607)	(54)
6900	Operating profit		53,145	6	59,218	7
	Non-operating income and expenses					
7100	Interest income	6(19) and 7	12,530	1	22,058	2
7010	Other income	6(20) and 7	20,876	2	31,905	4
7020	Other gains and losses	6(21)	7,434	1	542	-
7050	Finance costs	6(22) and 7	(1,479)	-	(1,448)	-
7060	Share of loss of associates and joint ventures accounted for using equity method		-	-	(22)	-
7000	Total non-operating income and expenses		39,361	4	53,035	6
7900	Profit before income tax		92,506	10	112,253	13
7950	Income tax expense	6(25)	(23,220)	(3)	(8,337)	(1)
8200	Profit for the year		\$ 69,286	7	\$ 103,916	12
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		(\$ 12,753)	(1)	\$ 15,698	2
8500	Total comprehensive income for the year		\$ 56,533	6	\$ 119,614	14
	Profit attributable to					
8610	Owners of parent		\$ 70,240	7	\$ 104,147	12
8620	Non-controlling interests		(954)	-	(231)	-
			\$ 69,286	7	\$ 103,916	12
	Comprehensive income attributable to					
8710	Owners of parent		\$ 57,487	6	\$ 119,845	14
8720	Non-controlling interests		(954)	-	(231)	-
			\$ 56,533	6	\$ 119,614	14
	Basic earnings per share (in dollars)	6(26)				
9750	Basic earnings per share		\$ 1.48		\$ 2.20	
9850	Diluted earnings per share		\$ 1.48		\$ 2.20	

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent									
		Capital Reserves			Retained Earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Capital surplus, others	Legal reserve	Special reserve	Total unappropriated retained earnings					
<u>For the year ended December 31, 2020</u>											
	Balance at January 1, 2020	\$ 473,880	\$ 829,495	\$ -	\$ 43,125	\$ 2,064	\$ 547,083	(\$ 47,547)	\$ 1,848,100	\$ -	\$ 1,848,100
	Profit for 2020	-	-	-	-	-	104,147	-	104,147	(231)	103,916
	Other comprehensive income for 2020	-	-	-	-	-	-	15,698	15,698	-	15,698
	Total comprehensive income(loss)	-	-	-	-	-	104,147	15,698	119,845	(231)	119,614
Appropriation of 2019 earnings:	6(17)										
	Legal reserve	-	-	-	49,774	-	(49,774)	-	-	-	-
	Special reserve	-	-	-	-	45,483	(45,483)	-	-	-	-
	Cash dividends	-	-	-	-	-	(331,716)	-	(331,716)	-	(331,716)
	Changes in other capital surplus	-	-	1,080	-	-	-	-	1,080	-	1,080
	Changes in non-controlling interest	-	-	-	-	-	-	-	-	6,000	6,000
	Balance at December 31, 2020	\$ 473,880	\$ 829,495	\$ 1,080	\$ 92,899	\$ 47,547	\$ 224,257	(\$ 31,849)	\$ 1,637,309	\$ 5,769	\$ 1,643,078
<u>For the year ended December 31, 2021</u>											
	Balance at January 1, 2021	\$ 473,880	\$ 829,495	\$ 1,080	\$ 92,899	\$ 47,547	\$ 224,257	(\$ 31,849)	\$ 1,637,309	\$ 5,769	\$ 1,643,078
	Profit for 2021	-	-	-	-	-	70,240	-	70,240	(954)	69,286
	Other comprehensive loss for 2021	-	-	-	-	-	-	(12,753)	(12,753)	-	(12,753)
	Total comprehensive income(loss)	-	-	-	-	-	70,240	(12,753)	57,487	(954)	56,533
Appropriation of 2020 earnings:	6(17)										
	Legal reserve	-	-	-	10,415	-	(10,415)	-	-	-	-
	Special reserve	-	-	-	-	(15,698)	15,698	-	-	-	-
	Cash dividends	-	-	-	-	-	(94,776)	-	(94,776)	-	(94,776)
	Balance at December 31, 2021	\$ 473,880	\$ 829,495	\$ 1,080	\$ 103,314	\$ 31,849	\$ 205,004	(\$ 44,602)	\$ 1,600,020	\$ 4,815	\$ 1,604,835

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

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

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

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 92,506	\$ 112,253
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)	(1,444)	(3,439)
Depreciation expense on property, plant and equipment	6(7)(23)	43,908	38,352
Depreciation expense on right-of-use assets	6(8)(23)	12,073	7,914
Amortization expense	6(10)(23)	3,802	2,439
Interest income	6(19)	(12,530)	(22,058)
Interest expense	6(22)	1,479	1,448
Share of loss of associates and joint ventures accounted for using equity method		-	22
Loss on disposal of property, plant and equipment	6(21)	227	(341)
Loss arising from lease modifications	6(21)	674	1,201
Gain on disposal of investments	6(6)(21)	-	(272)
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		127,875	(87,743)
Notes receivable, net		(1,219)	-
Accounts receivable, net		7,611	8,217
Accounts receivable - related parties		(926)	618
Other receivables		1,659	(2,925)
Other receivables - related parties		(2,013)	-
Inventories		31,701	(14,036)
Prepayments		9,583	8,625
Other current assets		4,012	(8,277)
Changes in operating liabilities			
Current contract liabilities		(47,329)	18,783
Notes payable		30	-
Accounts payable		2,493	(13,117)
Accounts payable - related parties		(988)	(4,466)
Other payables		(14,595)	(20,947)
Other payables - related parties		(440)	1,062
Other current liabilities, others		(6,361)	9,469
Other non-current liabilities, others		(181)	(450)
Cash inflow generated from operations		251,607	32,332
Interest received		3,754	18,466
Interest paid		(938)	(750)
Income tax paid		(28,778)	(32,996)
Net cash flows from operating activities		225,645	17,052

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

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

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

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

LUO LIH-FEN HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 15, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts-cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
The Company	Luo Lih-Fen Group Limited	Holding company	100%	100%	
The Company	Luo Lih-Fen Enterprise Limited	General investment	100%	100%	
The Company	Lever Guide Biotech Co., Ltd.	Manufacturing and sales of beauty and skin care products	100%	100%	
Luo Lih-Fen Group Limited	Juwenlee (Fujian) Cosmetics Co., Ltd.	Manufacturing and sales of beauty and skin care products	100%	100%	
Luo Lih-Fen Group Limited	Huiwenli (Fujian) Enterprise Management Co., Ltd.	General investment	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Luo Lih-Fen Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Sunlily Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Glingluo Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Draise Cosmetics Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	LiChuang (FuJian) Bio-Technology Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Zhangzhou Kangqili Health Management Co., Ltd.	Sales of beauty and skin care products	100%	100%	
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Manfenli Enterprise Management Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 2
Juwenlee (Fujian) Cosmetics Co., Ltd.	Xiamen Yimeili Enterprise Management Co., Ltd.	Sales of beauty and skin care products	100%	-	Note 2

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

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

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

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

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

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

E. Significant restrictions: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

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

(5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

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

(6) Cash equivalents

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

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

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

(8) Financial assets at amortised cost

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

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

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

(13) Inventories

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

(14) Investments accounted for using equity method / associates

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

(15) Property, plant and equipment

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

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20~50 years
Machinery and equipment	3~10 years
Leasehold equipment	7 years
Transportation equipment	4~10 years
Office equipment	3~10 years

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

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

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

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

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

(17) Intangible assets

A. Computer software

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

B. Goodwill

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

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

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions - defined contribution plans

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

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

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

(24) Income taxes

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

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

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

B. Skin care consulting service

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

(28) Government grants

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

(29) Business combinations

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

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

(30) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 284	\$ 369
Checking accounts and demand deposits	361,568	453,956
Time deposits	106,428	135,687
	<u>\$ 468,280</u>	<u>\$ 590,012</u>

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

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Structured deposits	\$ 362,724	\$ 487,160
Valuation adjustment	<u>1,444</u>	<u>3,439</u>
	<u>\$ 364,168</u>	<u>\$ 490,599</u>

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss	\$ 11,713	\$ 11,922
Structured deposits	<u>-</u>	<u>2,464</u>
Corporate bonds	<u>\$ 11,713</u>	<u>\$ 14,386</u>

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

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

(3) Financial assets at amortised cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Time deposits maturing in excess of three months	<u>\$ 250,840</u>	<u>\$ 142,400</u>
Non-current items:		
Time deposits maturing in excess of one year	<u>\$ -</u>	<u>\$ 196,965</u>

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

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

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's financial assets at amortised cost was the book value at the end of the year.

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

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

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 2,784	\$ 1,565
Accounts receivable	\$ 3,829	\$ 11,440

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

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

The above ageing analysis was based on past due date.

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

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts and notes receivable was both the book value at the end of the year.

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

(5) Inventories

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

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

The cost of inventories recognised as expense for the year:

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

(6) Investments accounted for using equity method

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

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Leased equipment	Office equipment	Transportation equipment	Construction in progress	Total
<u>At January 1, 2021</u>								
Cost	\$ 49,045	\$ 222,862	\$ 86,793	\$ 13,500	\$ 10,989	\$ 31,513	\$ 34,094	\$ 448,796
Accumulated depreciation	-	(45,460)	(31,076)	(1,161)	(4,656)	(5,471)	-	(87,824)
	<u>\$ 49,045</u>	<u>\$ 177,402</u>	<u>\$ 55,717</u>	<u>\$ 12,339</u>	<u>\$ 6,333</u>	<u>\$ 26,042</u>	<u>\$ 34,094</u>	<u>\$ 360,972</u>
<u>2021</u>								
Opening net book amount as at January 1	\$ 49,045	\$ 177,402	\$ 55,717	\$ 12,339	\$ 6,333	\$ 26,042	\$ 34,094	\$ 360,972
Additions	-	246,100	7,027	210	1,698	81	88,369	343,485
Transfers	-	-	6,775	-	-	-	(801)	5,974
Disposals	-	-	(227)	-	-	-	-	(227)
Depreciation charges	-	(25,735)	(10,845)	(2,203)	(2,061)	(3,064)	-	(43,908)
Net exchange differences	-	(716)	(389)	-	(28)	(190)	(145)	(1,468)
At December 31	<u>\$ 49,045</u>	<u>\$ 397,051</u>	<u>\$ 58,058</u>	<u>\$ 10,346</u>	<u>\$ 5,942</u>	<u>\$ 22,869</u>	<u>\$ 121,517</u>	<u>\$ 664,828</u>
<u>At December 31, 2021</u>								
Cost	\$ 49,045	\$ 450,129	\$ 98,955	\$ 13,709	\$ 12,627	\$ 31,367	\$ 121,517	\$ 777,349
Accumulated depreciation	-	(53,078)	(40,897)	(3,363)	(6,685)	(8,498)	-	(112,521)
	<u>\$ 49,045</u>	<u>\$ 397,051</u>	<u>\$ 58,058</u>	<u>\$ 10,346</u>	<u>\$ 5,942</u>	<u>\$ 22,869</u>	<u>\$ 121,517</u>	<u>\$ 664,828</u>

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

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

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

(8) Leasing arrangements - lessee

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

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

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

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

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$13,285 and \$16,709, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 541	\$ 698
Expense on short-term lease contracts	2,621	575
Gain on sublease of right-of-use assets	125	2,871
Gains arising from lease modifications	1	-

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

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

(9) Leasing arrangements - lessor

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

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

	Years ended December 31,	
	2021	2020
Finance income from the net investment in the finance lease	\$ <u>125</u>	\$ <u>2,871</u>

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

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

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

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

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

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

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

(10) Intangible assets

	2021			
	Software	Customer relationship	Goodwill	Total
At January 1				
Cost	\$ 19,107	\$ 7,322	\$ 21,362	\$ 47,791
Accumulated amortisation	(4,801)	-	-	(4,801)
	<u>\$ 14,306</u>	<u>\$ 7,322</u>	<u>\$ 21,362</u>	<u>\$ 42,990</u>
Opening net book amount as at January 1	\$ 14,306	\$ 7,322	\$ 21,362	\$ 42,990
Additions — acquired separately	1,087	-	-	1,087
Amortisation charge	(3,070)	(732)	-	(3,802)
Net exchange differences	(107)	-	-	(107)
Closing net book amount as at December 31	<u>\$ 12,216</u>	<u>\$ 6,590</u>	<u>\$ 21,362</u>	<u>\$ 40,168</u>
At December 31				
Cost	\$ 20,055	\$ 7,322	\$ 21,362	\$ 48,739
Accumulated amortisation	(7,839)	(732)	-	(8,571)
	<u>\$ 12,216</u>	<u>\$ 6,590</u>	<u>\$ 21,362</u>	<u>\$ 40,168</u>

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

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

December 31, 2021

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

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

- B. The Group's subsidiary - Lever Guide Biotech Co., Ltd. acquired 100% of the share capital of Kang Jing Biologic Technology Co., Ltd. for \$37,800 on December 31, 2020. The following table summarises the consideration paid for Kang Jing Biologic Technology Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

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

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

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

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

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

(11) Contract liabilities

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

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

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

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

(12) Other payables

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

(13) Long-term borrowings

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

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2020
Secured borrowings	Borrowing period is from January 14, 2020 to January 14, 2035	1.33% ~ 1.50%	Land and structures (Note 1)	\$ 28,200
Secured borrowings	Borrowing period is from March 6, 2020 to February 24, 2035	0.00 ~ 1.49% (Note 3)	Land and structures (Note 1, 2)	64,000
				<u>\$ 92,200</u>

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

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

Note 3: The interest rate of the borrowings is calculated based on the floating interest rate on a 2-year time deposit with the Directorate General of the Postal Remittances and Savings Bank on the preceding consecutive trading days of the borrowing less the annual interest rate of 1%. The floating interest rate on a 2-year time deposit as posted by the Chunghwa Post Co. Ltd. was 0.12% since September 25, 2020, therefore, the interest rate is 0% after the deduction.

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

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

As of December 31, 2021, the Group did not violate the above restrictions.

(14) Pensions

- A. The Company's Taiwanese subsidiary has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of the employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2021 and 2020 ranged between 12%~16% and 12%~18%, respectively. Other than the monthly contributions, the Group has no further obligations.
- C. The pension cost under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$20,501 and \$2,865, respectively.

(15) Share capital

As of December 31, 2021, the Company's paid-in capital was \$473,880 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

(16) Capital surplus

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

(17) Retained earnings

- A. During the listing period, subject to the Companies Law of the Cayman Islands, listed companies' regulations, and the Company's Articles of Incorporation, and except as otherwise provided by the rights attaching to any shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the statutory reserve of the remaining profits in accordance with the listed companies' regulations (provided that the setting aside of the statutory

reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company's total issued capital), and setting aside the special reserve (if any), the Company may distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an ordinary resolution passed at an annual general meeting of the Company duly convened and held in accordance with the Company's Articles to the shareholders as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Company's Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to shareholders.

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

C. Appropriation of earnings

(a) The appropriations of 2020 and 2019 earnings had been resolved at the annual shareholders' meeting on August 24, 2021 and June 3, 2020, respectively. Details are summarized below:

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

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

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

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

(18) Operating revenue

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

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

(19) Interest income

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

(20) Other income

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

(21) Other gains and losses

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

(22) Finance costs

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

(23) Expenses by nature

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

(24) Employee benefit expense

	Years ended December 31,	
	2021	2020
Salary expenses	\$ 280,532	\$ 279,187
Labour and health insurance fees	2,643	1,587
Pension costs	20,501	2,865
Other personnel expenses	40,198	32,863
	<u>\$ 343,874</u>	<u>\$ 316,502</u>

- A. Except as otherwise set forth by the Companies Law of the Cayman Islands, listed companies' regulations, and the Company's Articles of Incorporation, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the directors present at a meeting attended by at least two-thirds or more of the total number of the directors, the Company may distribute not less than 1% of the profits for such year to the employees as the employees' compensation in the form of shares and/or in cash and may distribute not more than 3% thereof to the directors as the directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and directors in the proportion set out above.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$1,000 and \$1,200, respectively; while directors' remuneration was accrued at \$1,500 and \$2,400, respectively. The aforementioned amounts were recognised in salary expenses.

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

Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors amounting to \$1,200 and \$2,400, respectively, were in agreement with those amounts recognised in the 2020 financial statements.

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

(25) Income tax

- A. Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 20,179	\$ 18,093
Prior year income tax under (over) estimation	13,199	(1,820)
Total current tax	<u>33,378</u>	<u>16,273</u>
Deferred tax:		
Origination and reversal of temporary differences	(10,158)	(7,936)
Income tax expense	<u>\$ 23,220</u>	<u>\$ 8,337</u>

B. Reconciliation between income tax expense and accounting profit

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

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

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

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

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

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

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

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

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

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

(26) Earnings per share

Year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 70,240	47,388	\$ 1.48
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 70,240	47,388	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	14	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 70,240	47,402	\$ 1.48
Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 104,147	47,388	\$ 2.20
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 104,147	47,388	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	12	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 104,147	47,400	\$ 2.20

(27) Supplemental cash flow information

Investing activities with partial cash payments

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

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

(2) Significant related party transactions

A. Operating revenue:

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

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

B. Purchases:

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

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

C. Receivables from related parties:

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

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

D. Payables to related parties:

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

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

E. Lease transactions – lessee:

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

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

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

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

(c) Lease liabilities

(i) Outstanding balance

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

(ii) Interest expense

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

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

(d) Rental expenses from operating leases

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

F. Lease transactions – lessor

(a) The Company leases various assets including buildings and machinery and equipment to related parties. Please refer to Note 6(9) for details.

(b) Net lease payments receivables under finance lease is as follows:

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

(3) Key management compensation

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

8. PLEDGED ASSETS

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

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

B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

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

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

- iii. The total exchange loss arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to \$640 and \$11,328, respectively.

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

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

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

Cash flow and fair value Interest rate risk

If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$1,252 and \$922, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

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

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

- iv. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 30 days.
- v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vi. The Group classifies customers' accounts receivable in accordance with credit rating of customer and customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group uses historical and timely information to individually assess the default possibility of accounts receivable. As of December 31, 2021 and 2020, the Group had no loss allowance.

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

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

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

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

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

(c) Liquidity risk

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

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

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

<u>Non-derivative financial assets</u>	Less than	Between 1	Between 2
December 31, 2021	1 year	and 2 years	and 5 years
Notes payable	\$ 140	\$ -	\$ -
Accounts payable (including related parties)	15,771	-	-
Other payables (including related parties)	152,967	-	-
Lease liability	10,028	2,400	5,000
Long-term borrowings	20,505	25,171	91,570
<u>Non-derivative financial liabilities</u>	Less than	Between 1	Between 2
December 31, 2020	1 year	and 2 years	and 5 years
Notes payable	\$ 110	\$ -	\$ -
Accounts payable (including related parties)	14,266	-	-
Other payables (including related parties)	171,176	-	-
Lease liability	9,648	6,944	-
Long-term borrowings	949	949	103,691

(3) Fair value information

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

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

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

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

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

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 is as follows:

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

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Structured deposits	\$ -	\$ -	\$ 364,168	\$ 364,168
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Structured deposits	\$ -	\$ -	\$ 490,599	\$ 490,599

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

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

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

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

F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

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

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

(4) Other

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

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

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

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

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

(3) Information about segment profit or loss

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

	Years ended December 31,	
	2021	2020
Total segment revenue	\$ 916,866	\$ 844,885
Segment income	\$ 92,506	\$ 112,253

(4) Reconciliation for segment income (loss)

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

(5) Information on products and services

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

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

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

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

(7) Major customer information

For the years ended December 31, 2021 and 2020, the Group's sales to a single party did not account for more than 10% of the Group's operating revenue, therefore, no additional disclosure was needed.

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

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

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

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

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

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

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

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

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

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

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

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing

Loan of Funds and Making of Endorsements/Guarantees by Public Companies.

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

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

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2021				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Juvenile (Fujian) Cosmetics Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	\$ 261,508	-	\$ 261,508	-
Juvenile (Fujian) Cosmetics Co., Ltd.	Xiamen Bank Structured deposits	-	Financial assets at fair value through profit or loss	-	65,616	-	65,616	-
Zhangzhou Healthy Skin Clinic Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	6,563	-	6,563	-
Zhangzhou Kangqili Health Management Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	13,048	-	13,048	-
Zhangzhou Kangbaoli Biologic Technology Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	-	Financial assets at fair value through profit or loss	-	17,433	-	17,433	-

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

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

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

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

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

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2021		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value		Number of shares	Amount
Juvenile (Fujian) Cosmetics Co., Ltd.	Bank of Communications Win-to-Fortune Fixed terms Structured deposits	Financial assets at fair value through profit or loss	-	-	-	\$ 414,412	-	\$ 846,495	-	\$ 1,005,521	\$ 994,089	\$ 11,432	-	\$ 261,508

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

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

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

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

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

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

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

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

Information on investees

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

LUO LIH-FEN Holding Co., Ltd. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2021’ column:
(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B. The financial statements were audited and attested by R.O.C. parent company’s CPA.
C. Others.

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

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

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

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

Major shareholders information

December 31, 2021

Table 8

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

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

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