

**CHLITINA HOLDING LIMITED AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
MARCH 31, 2020 AND 2019**

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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chlitina Holding Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Chlitina Holding Limited and its subsidiaries (the “Group”) as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion for the first quarter of 2020

As explained in Note 6(5), the financial statements of an investment accounted for using equity method included in the consolidated financial statements in the first quarter of 2020 were not reviewed by independent accountants. The balance of this investment accounted for using the equity method was CNY \$23,319 thousand (TWD \$99,222 thousand), constituting 1% of the consolidated total assets as at March 31, 2020, and total comprehensive loss was CNY \$255 thousand (TWD \$1,098 thousand), constituting 1% of the consolidated total comprehensive income for the three months then ended.

Qualified and unqualified conclusion

Except for the adjustments to the consolidated financial statements as of and for the three months ended March 31, 2020, if any, as might have been determined to be necessary had the financial statements of an investment accounted for using the equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Lin, Chun-Yao

Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

May 12, 2020

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

(Expressed in thousands of dollars)

Asset	Notes	March 31, 2020			December 31, 2019			March 31, 2019			
		CNY	TWD	%	CNY	TWD	%	CNY	TWD	%	
Current Assets											
1100	Cash and cash equivalents	6(1)	\$ 1,213,422	\$ 5,163,111	65	\$ 1,267,476	\$ 5,456,484	67	\$ 1,012,836	\$ 4,638,789	65
1136	Financial assets at amortised cost - current	6(1)(2)	1	4	-	1	4	-	1,501	6,875	-
1150	Notes receivable, net		7	30	-	3	13	-	-	-	-
1170	Accounts receivable, net	6(3)	96	408	-	58	250	-	659	3,018	-
1180	Accounts receivable - related parties, net	6(3)and 7	184	783	-	163	704	-	468	2,142	-
1200	Other receivables		3,199	13,612	-	3,333	14,349	-	26,958	123,468	2
1210	Other receivables - related parties	7	202	860	-	198	849	-	208	953	-
130X	Inventories	6(4)	103,584	440,750	6	88,870	382,585	5	100,762	461,490	6
1410	Prepayments	7	31,804	135,326	2	20,596	88,666	1	15,409	70,573	1
1479	Other current assets		-	-	-	123	530	-	72	330	-
11XX	Total current assets		<u>1,352,499</u>	<u>5,754,884</u>	<u>73</u>	<u>1,380,821</u>	<u>5,944,434</u>	<u>73</u>	<u>1,158,873</u>	<u>5,307,638</u>	<u>74</u>
Non-current assets											
1550	Investments accounted for using the equity method	6(5)	27,262	116,000	1	4,543	19,558	1	4,575	20,954	-
1600	Property, plant and equipment, net	6(6)	323,076	1,374,688	17	317,705	1,367,720	17	293,865	1,345,902	19
1755	Right-of-use assets	6(7)	107,032	455,421	6	114,688	493,732	6	60,373	276,508	4
1760	Investment property, net		18,476	78,615	1	18,725	80,611	1	19,470	89,173	1
1780	Intangible assets, net	6(8)	22,016	93,678	1	23,088	99,394	1	17,134	78,474	1
1840	Deferred income tax assets		6,060	25,785	-	6,987	30,079	-	7,422	33,993	-
1990	Other non-current assets		21,495	91,461	1	27,511	118,435	1	14,401	65,957	1
15XX	Total non-current assets		<u>525,417</u>	<u>2,235,648</u>	<u>27</u>	<u>513,247</u>	<u>2,209,529</u>	<u>27</u>	<u>417,240</u>	<u>1,910,961</u>	<u>26</u>
1XXX	Total assets		<u>\$ 1,877,916</u>	<u>\$ 7,990,532</u>	<u>100</u>	<u>\$ 1,894,068</u>	<u>\$ 8,153,963</u>	<u>100</u>	<u>\$ 1,576,113</u>	<u>\$ 7,218,599</u>	<u>100</u>

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CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

(Expressed in thousands of dollars)

	Liabilities and Equity	Notes	March 31, 2020			December 31, 2019			March 31, 2019		
			CNY	TWD	%	CNY	TWD	%	CNY	TWD	%
Current liabilities											
2100	Short-term loans	6(9)	\$ 396,020	\$ 1,685,065	20	\$ 388,162	\$ 1,671,037	20	\$ 218,710	\$ 1,001,692	14
2130	Current contract liabilities	6(16)	66,271	281,983	4	56,007	241,110	3	75,993	348,048	5
2170	Accounts payable		21,038	89,517	1	15,307	65,897	1	17,550	80,379	1
2180	Accounts payable - related parties	7	7,944	33,801	-	5,864	25,244	-	635	2,909	-
2219	Other payables	6(10)	84,647	360,173	5	125,202	538,995	7	95,163	435,847	5
2220	Other payables - related parties	7	2,059	8,761	-	2,796	12,036	-	1,462	6,695	-
2230	Current income tax liabilities		21,325	90,738	1	30,674	132,052	2	33,663	154,177	2
2280	Lease liabilities - current	7	24,946	106,145	1	28,228	121,522	1	18,542	84,922	1
2645	Guarantee deposits		68,674	292,208	4	70,346	302,840	4	68,656	314,444	4
21XX	Total current liabilities		<u>692,924</u>	<u>2,948,391</u>	<u>36</u>	<u>722,586</u>	<u>3,110,733</u>	<u>38</u>	<u>530,374</u>	<u>2,429,113</u>	<u>32</u>
Non-current liabilities											
2540	Long-term borrowings	6(11)	63,931	272,026	3	62,676	269,820	3	-	-	-
2570	Deferred income tax liabilities		9,451	40,214	1	6,415	27,617	-	1,313	6,014	-
2580	Non-current lease liabilities	7	80,191	341,213	4	83,502	359,476	5	39,363	180,283	2
2640	Net defined benefit liabilities		1,061	4,515	-	1,049	4,516	-	1,036	4,744	-
25XX	Total non-current liabilities		<u>154,634</u>	<u>657,968</u>	<u>8</u>	<u>153,642</u>	<u>661,429</u>	<u>8</u>	<u>41,712</u>	<u>191,041</u>	<u>2</u>
2XXX	Total liabilities		<u>847,558</u>	<u>3,606,359</u>	<u>44</u>	<u>876,228</u>	<u>3,772,162</u>	<u>46</u>	<u>572,086</u>	<u>2,620,154</u>	<u>34</u>
Equity attributable to shareholders of the parent											
Share capital											
3110	Common stock	6(13)	161,772	794,924	10	161,772	794,924	10	161,772	794,924	11
Capital surplus											
3200	Capital surplus	6(14)	271,792	1,351,934	18	271,792	1,351,932	17	271,792	1,351,932	20
Retained earnings											
3310	Legal reserve	6(15)	116,727	548,377	7	116,727	548,377	7	89,826	426,489	6
3320	Special reserve		73,482	340,039	4	73,482	340,039	4	55,390	258,063	4
3350	Unappropriated retained earnings		412,070	1,992,920	25	389,684	1,896,488	23	407,899	2,001,727	28
Other equity											
3410	Financial statements translation differences of foreign operations		3,313	(606,585)	(8)	4,383	(549,959)	(7)	17,348	(234,690)	(3)
Treasury stocks											
3500	Treasury stocks	6(13)	(8,798)	(37,436)	-	-	-	-	-	-	-
3XXX	Total Equity		<u>1,030,358</u>	<u>4,384,173</u>	<u>56</u>	<u>1,017,840</u>	<u>4,381,801</u>	<u>54</u>	<u>1,004,027</u>	<u>4,598,445</u>	<u>66</u>
Significant contingent liabilities and unrecognised contract commitments											
3X2X	Total liabilities and equity	9	<u>\$ 1,877,916</u>	<u>\$ 7,990,532</u>	<u>100</u>	<u>\$ 1,894,068</u>	<u>\$ 8,153,963</u>	<u>100</u>	<u>\$ 1,576,113</u>	<u>\$ 7,218,599</u>	<u>100</u>

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended March 31, 2020			Three months ended March 31, 2019		
		CNY	TWD	%	CNY	TWD	%
4000 Operating revenue	6(16)and 7	\$ 152,095	\$ 655,179	100	\$ 255,541	\$ 1,166,187	100
5000 Operating costs	6(4)(20)and 7	(27,759)	(119,577)	(18)	(42,054)	(191,918)	(16)
5900 Gross profit		124,336	535,602	82	213,487	974,269	84
Operating expenses	6(20)and 7						
6100 Selling expenses		(62,002)	(267,086)	(41)	(89,773)	(409,688)	(35)
6200 Administrative expenses		(31,807)	(137,015)	(21)	(29,138)	(132,974)	(12)
6000 Total operating expenses		(93,809)	(404,101)	(62)	(118,911)	(542,662)	(47)
6900 Operating profit		30,527	131,501	20	94,576	431,607	37
Non-operating income and expenses							
7010 Other income	6(17)	31,016	133,608	20	25,544	116,573	10
7020 Other gains and losses	6(18)	(4,994)	(21,513)	(3)	1,665	7,600	1
7050 Finance costs	6(19)and 7	(3,966)	(17,084)	(3)	(2,327)	(10,619)	(1)
7060 Share of loss of associates and joint ventures accounted for using the equity method	6(5)	(855)	(3,683)	(1)	(544)	(2,485)	-
7000 Total non-operating income and expenses		21,201	91,328	13	24,338	111,069	10
7900 Profit before tax		51,728	222,829	33	118,914	542,676	47
7950 Income tax expense	6(21)	(29,342)	(126,397)	(19)	(35,746)	(163,131)	(14)
8200 Profit for the period		\$ 22,386	\$ 96,432	14	\$ 83,168	\$ 379,545	33
Other comprehensive income (loss)							
Components of other comprehensive income (loss) that will be reclassified to profit or loss							
8361 Financial statements translation differences of foreign operations		(1,070)	(56,626)	(9)	1,013	105,349	9
8360 Total comprehensive income (loss) that will be reclassified to profit or loss		(1,070)	(56,626)	(9)	1,013	105,349	9
Other comprehensive income (loss) for the period		(1,070)	(56,626)	(9)	1,013	105,349	9
8500 Total comprehensive income (loss) for the period		\$ 21,316	\$ 39,806	5	\$ 84,181	\$ 484,894	42
Earnings per share (in dollars)	6(22)						
9750 Basic earnings per share		\$ 0.28	\$ 1.21		\$ 1.05	\$ 4.77	
9850 Diluted earnings per share		\$ 0.28	\$ 1.21		\$ 1.04	\$ 4.77	

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of dollars)
(REVIEWED, NOT AUDITED)

Notes	Equity attributable to shareholders of the parent															
	Retained earnings										Financial statements translation differences of foreign operations		Treasury stocks		Total equity	
	Common stock		Capital surplus		Legal reserve		Special reserve		Unappropriated retained earnings							
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
<u>Three months ended March 31, 2019</u>																
Balance at January 1, 2019	\$ 161,772	\$ 794,924	\$ 271,792	\$ 1,351,932	\$ 89,826	\$ 426,489	\$ 55,390	\$ 258,063	\$ 324,731	\$ 1,622,182	\$ 16,335	(\$ 340,039)	\$ -	\$ -	\$ 919,846	\$ 4,113,551
Profit for the period	-	-	-	-	-	-	-	-	83,168	379,545	-	-	-	-	83,168	379,545
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	1,013	105,349	-	-	1,013	105,349
Total comprehensive income for the period	-	-	-	-	-	-	-	-	83,168	379,545	1,013	105,349	-	-	84,181	484,894
Balance at March 31, 2019	<u>\$ 161,772</u>	<u>\$ 794,924</u>	<u>\$ 271,792</u>	<u>\$ 1,351,932</u>	<u>\$ 89,826</u>	<u>\$ 426,489</u>	<u>\$ 55,390</u>	<u>\$ 258,063</u>	<u>\$ 407,899</u>	<u>\$ 2,001,727</u>	<u>\$ 17,348</u>	<u>(\$ 234,690)</u>	<u>-</u>	<u>-</u>	<u>\$ 1,004,027</u>	<u>\$ 4,598,445</u>
<u>Three months ended March 31, 2020</u>																
Balance at January 1, 2020	\$ 161,772	\$ 794,924	\$ 271,792	\$ 1,351,932	\$ 116,727	\$ 548,377	\$ 73,482	\$ 340,039	\$ 389,684	\$ 1,896,488	\$ 4,383	(\$ 549,959)	\$ -	\$ -	\$ 1,017,840	\$ 4,381,801
Profit for the period	-	-	-	-	-	-	-	-	22,386	96,432	-	-	-	-	22,386	96,432
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	(1,070)	(56,626)	-	-	(1,070)	(56,626)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	22,386	96,432	(1,070)	(56,626)	-	-	21,316	39,806
Other changes in capital surplus	6(14)	-	-	2	-	-	-	-	-	-	-	-	-	-	-	2
Purchase of treasury stocks	6(13)	-	-	-	-	-	-	-	-	-	-	-	(8,798)	(37,436)	(8,798)	(37,436)
Balance at March 31, 2020	<u>\$ 161,772</u>	<u>\$ 794,924</u>	<u>\$ 271,792</u>	<u>\$ 1,351,934</u>	<u>\$ 116,727</u>	<u>\$ 548,377</u>	<u>\$ 73,482</u>	<u>\$ 340,039</u>	<u>\$ 412,070</u>	<u>\$ 1,992,920</u>	<u>\$ 3,313</u>	<u>(\$ 606,585)</u>	<u>(\$ 8,798)</u>	<u>(\$ 37,436)</u>	<u>\$ 1,030,358</u>	<u>\$ 4,384,173</u>

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of dollars)
(REVIEWED, NOT AUDITED)

	Notes	Three months ended March 31, 2020		Three months ended March 31, 2019	
		CNY	TWD	CNY	TWD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Profit before tax		\$ 51,728	\$ 222,829	\$ 118,914	\$ 542,676
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation	6(6)(7)(20)	15,171	65,352	10,796	49,269
Amortization	6(8)(20)	1,133	4,880	1,404	6,407
Net gain on financial assets at fair value through profit or loss	6(18)	(821)	(3,537)	(1,438)	(6,562)
Interest expense	6(19)	3,966	17,084	2,327	10,619
Interest income	6(17)	(4,666)	(20,099)	(2,968)	(13,545)
Share of profit of associates and joint venture accounted for using the equity method	6(5)	855	3,683	544	2,485
(Gain) losses on disposal of property, plant and equipment	6(18)	(39)	(168)	24	110
Loss from lease modifications	6(18)	60	258	-	-
Changes in operating assets and liabilities relating to operating activities					
Changes in operating assets					
Financial assets and liabilities at fair value through profit or loss		821	3,537	1,438	6,562
Notes receivable		(4)	(17)	-	-
Accounts receivable		(38)	(164)	(68)	(310)
Accounts receivable - related parties		(21)	(90)	18	82
Other receivables		751	3,235	(24,327)	(111,019)
Other receivables - related parties		(4)	(17)	(8)	(37)
Inventories		(14,714)	(63,383)	6,819	31,119
Prepayments		(10,593)	(45,631)	2,053	9,369
Changes in operating liabilities					
Accounts payable		5,731	24,687	4,328	19,751
Accounts payable - related parties		2,080	8,960	(2,524)	(11,519)
Other payables		(40,465)	(174,311)	(29,363)	(134,001)
Other payables - related parties		(737)	(3,175)	(517)	(2,359)
Contract liabilities		10,264	44,214	29,202	133,266
Guarantee deposits		(1,672)	(7,202)	4,863	22,193
Cash provided by operating activities		18,786	80,925	121,517	554,556
Interest paid		(4,056)	(17,472)	(2,407)	(10,985)
Income tax paid		(34,728)	(149,598)	(23,477)	(107,140)
Net cash (used in) provided by operating activities		(19,998)	(86,145)	95,633	436,431

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CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of dollars)
(REVIEWED, NOT AUDITED)

	Notes	Three months ended March 31, 2020		Three months ended March 31, 2019	
		CNY	TWD	CNY	TWD
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of financial assets at amortised cost		\$ -	\$ -	\$ 50,000	\$ 228,180
Decrease in other current assets		123	530	-	-
Increase in investments accounted for using the equity method		(23,574)	(100,000)	-	-
Acquisition of property, plant and equipment	6(6)	(6,253)	(26,935)	(3,497)	(15,959)
Proceeds from disposal of property, plant and equipment		47	202	-	-
Acquisition of intangible assets	6(8)	(36)	(155)	-	-
Decrease in other non-current assets		188	810	512	2,337
Interest received		4,049	17,442	3,751	17,118
Net cash (used in) provided by investing activities		(25,456)	(108,106)	50,766	231,676
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of the principal portion of lease liabilities	6(23)	(7,440)	(32,049)	(4,957)	(22,621)
Increase (decrease) in short-term borrowings	6(23)	314	1,351	(8,023)	(36,479)
Purchase of treasury stocks	6(13)	(8,798)	(37,436)	-	-
Net cash flows used in financing activities		(15,924)	(68,134)	(12,980)	(59,100)
Effects due to changes in exchange rates		7,324	(30,988)	(2,963)	83,779
(Decrease) increase in cash and cash equivalents		(54,054)	(293,373)	130,456	692,786
Cash and cash equivalents at beginning of period		1,267,476	5,456,484	882,380	3,946,003
Cash and cash equivalents at end of period		\$ 1,213,422	\$ 5,163,111	\$ 1,012,836	\$ 4,638,789

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020 AND 2019

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

(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANISATION

Chlitina Holding Limited (the “Company”) was incorporated in the Cayman Islands on July 3, 2012, as a company limited by shares in accordance with Article 22 of the Company Act of the Cayman Islands. In order to issue the Company’s common stock in the Taiwan Stock Exchange, the subsidiaries were reorganised by share exchange. The Company is a holding company which is not subject to corporate income tax under the local laws and has limited liability. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in the development, manufacture and sale of cosmetics. On November 27, 2013, the Company was approved and listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were reported to the Board of Directors on May 12, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020

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

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

None.

(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:

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement 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:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2019.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Chlitina Group Limited (Chlitina Group)	Investing	100.00	100.00	100.00	
Chlitina Group	Chlitina International Limited (Chlitina International)	Investing	100.00	100.00	100.00	
Chlitina Group	Chlitina Intelligence Limited (Chlitina Intelligence)	Investing	100.00	100.00	100.00	Note 1
Chlitina Group	W-Amber International Limited (W-Amber International)	Investing	100.00	100.00	100.00	
Chlitina Group	W-Champion International Limited (W-Champion International)	Investing	100.00	100.00	100.00	
Chlitina Group	C-Asia International Limited (C-Asia International)	Investing	100.00	100.00	100.00	
Chlitina International	Hong Kong Chlitina International Limited (Hong Kong Chlitina)	Investing and trading of skincare products	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Chlitina International	Chlitina Marketing Limited (Chlitina Marketing)	Investing	100.00	100.00	100.00	Note 2
Chlitina International	Centre de Recherche et de Developpement de CHLITINA FRANCE EURL (Chlitina France EURL)	Research and development center	100.00	100.00	100.00	
Hong Kong Chlitina	Chlitina (China) Trade Limited (Chlitina China)	Dealer of skincare products and supplementary health care products	100.00	100.00	100.00	
Hong Kong Chlitina	Weishuo (Shanghai) Daily Product Limited (Weishuo)	Production and trading of skincare products	100.00	100.00	100.00	
Hong Kong Chlitina	Yong Li Trading Company Limited (Yong Li)	Dealer of skincare products	100.00	100.00	-	Note 3
Hong Kong Chlitina	Hong Kong W-Amber International Limited (Hong Kong W-Amber)	Investing	100.00	100.00	100.00	
Hong Kong Chlitina	Hong Kong W-Champion International Limited (Hong Kong W-Champion)	Investing	100.00	100.00	100.00	
Hong Kong Chlitina	Hong Kong Crystal Asia International Limited (Hong Kong Crystal Asia)	Investing	100.00	100.00	100.00	
Hong Kong Chlitina	Hua Pao Sdn. Bhd. (Hua Pao)	Dealer of skincare products	100.00	100.00	-	
Hong Kong W-Amber	Weihu (Shanghai) Trade Limited (Weihu Shanghai)	Investing, dealer of skincare products and supplementary health care products	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Hong Kong W-Amber	Crystal Asia (Shanghai) Limited (Crystal Asia Shanghai)	Dealer of skincare products and supplementary health care products	100.00	100.00	100.00	
Hong Kong W-Amber	Hong Kong Crystal International Services Limited (Hong Kong Crystal International)	Investing, dealer of skincare products and supplementary health care products	100.00	100.00	-	
Hong Kong Crystal Asia	Cui Jie (Shanghai) Trading Co. Ltd. (Cui Jie Shanghai)	Dealer of health food and daily necessities	100.00	100.00	100.00	
Hong Kong W-Champion	Wuguan (Shanghai) Trade Limited (Wuguan Shanghai)	Dealer of skincare products and supplementary health care products	100.00	100.00	100.00	
Chlitina China	Shanghai Zhe Mei Technology Training Co., Ltd. (Shanghai Zhe Mei)	Cosmetology training services	100.00	100.00	-	Note 4
Shanghai Li Shuo	He Deng Clinic (Shanghai) Co., Ltd. (He Deng Shanghai)	Dealer of general practice and foods	100.00	100.00	-	
Shanghai Yuanshuo	Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd. (Formerly: Beijing Aobaojia Medical Cosmetology Clinic Limited) (Beijing YaPulide)	Medical cosmetology services	100.00	100.00	100.00	
Shanghai Yuanshuo	Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd. (Shanghai Yapu)	Medical cosmetology services	100.00	100.00	-	
Shanghai Yuanshuo	Shanghai Lunxin Medical Beauty Clinic Co., Ltd. (Shanghai Lunxin)	Medical cosmetology services	100.00	100.00	-	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Shanghai Yuanshuo	Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd. (Nanjing Yapu Lide)	Medical cosmetology services	100.00	100.00	-	
Shanghai Yuanshuo	Jinghe Clinic (Nanjing) Co., Ltd. (Nanjing Jinghe)	Dealer of general practice and foods	100.00	100.00	-	
W-Amber International	W-Amber Marketing Limited (W-Amber Marketing)	Investing	100.00	100.00	100.00	
Weihu Shanghai	Shanghai Yuanshuo Management Consulting Limited (Shanghai Yuanshuo)	Enterprise management consulting and investing	100.00	100.00	100.00	
Crystal Asia Shanghai	Li Shuo Biotechnology (Shanghai) Co., Ltd. (Shanghai Li Shuo)	Enterprise management consulting and investing	100.00	100.00	-	
W-Champion International	W-Champion Marketing Limited (W-Champion Marketing)	Investing	100.00	100.00	100.00	

Note 1 : Chlitina Intelligence established British Virgin Is. Chlitina Intelligence Limited Taiwan Branch (Chlitina Intelligence Taiwan Branch) which is primarily engaged in the management of intellectual property and functions as a research and development center.

Note 2 : Chlitina Marketing established British Virgin Is. Chlitina Marketing Limited Taiwan Branch (Chlitina Marketing Taiwan Branch) which is primarily engaged in the trading of skincare products.

Note 3 : On April 23, 2019, Hong Kong Chlitina International Limited acquired a 100% equity interest in Yong Li Trading Company Limited by cash amounting to VND \$226,000 (CNY \$65).

Note 4 : On September 2, 2019, Chlitina (China) Trade Limited acquired a 100% equity interest in Shanghai Zhe Mei Technology Training Co., Ltd. by cash amounting to CNY \$4,000.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: 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"). Both of the Company's functional and presentation currency are TWD, however, the functional currency of the significant operating components of the Group is CNY, thus the consolidated financial statements are presented in CNY.

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 retranslated 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 and associates 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.

C. On March 31, 2020 and 2019, the spot exchange rates of CNY to TWD were CNY \$1=TWD \$4.2550 and CNY \$1=TWD \$4.5800, respectively, and for the three months ended March 31, 2020 and 2019, the average exchange rates of CNY to TWD were CNY \$1=TWD \$4.3077 and CNY \$1=TWD \$4.5636, respectively. Additionally, on December 31, 2019, the spot exchange rate of CYN to TWD was CNY \$1=TWD \$4.3050.

(5) Share capital

Where the Group repurchases the Group's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2020</u>		<u>December 31, 2019</u>		<u>March 31, 2019</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Cash on hand	\$ 341	\$ 1,451	\$ 362	\$ 1,558	\$ 402	\$ 1,841
Check deposits and demand deposits	566,918	2,412,236	494,603	2,129,266	565,917	2,591,900
Time deposits	145,771	620,256	146,146	629,159	120,000	549,600
Cash equivalents	500,392	2,129,168	626,365	2,696,501	326,517	1,495,448
	<u>\$ 1,213,422</u>	<u>\$ 5,163,111</u>	<u>\$ 1,267,476</u>	<u>\$ 5,456,484</u>	<u>\$ 1,012,836</u>	<u>\$ 4,638,789</u>

A. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's cash equivalents pertain to fixed rate financial instruments registered with the Shanghai Stock Exchange with maturities of 7 to 28 days.

B. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's time deposits with maturity term of over three months amounted to CNY \$1 (TWD \$4), CNY \$1 (TWD \$4) and CNY \$1,501 (TWD \$6,875), respectively, which were reclassified as financial assets at amortised cost-current.

C. 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.

(2) Financial assets at amortised cost

Items	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Current items:						
Time deposits with maturity term of over three months	\$ <u>1</u>	\$ <u>4</u>	\$ <u>1</u>	\$ <u>4</u>	\$ <u>1,501</u>	\$ <u>6,875</u>

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

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest income	\$ -	\$ -	\$ 366	\$ 1,670

B. As at March 31, 2020, December 31, 2019 and March 31, 2019, 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 financial assets at amortised cost held by the Group was CNY \$1 (TWD \$4), CNY \$1 (TWD \$4) and CNY \$1,501 (TWD \$6,875), respectively.

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).

(3) Accounts receivable

	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Accounts receivable	\$ 96	\$ 408	\$ 58	\$ 250	\$ 659	\$ 3,018
Accounts receivable - related parties	184	783	163	704	468	2,142
	\$ <u>280</u>	\$ <u>1,191</u>	\$ <u>221</u>	\$ <u>954</u>	\$ <u>1,127</u>	\$ <u>5,160</u>

A. As of March 31, 2020, December 31, 2019 and March 31, 2019, all the Group's accounts receivable arose from contracts with customers. In addition, on January 1, 2019, accounts receivable arising from contracts with customers amounted to CNY \$1,077 (TWD \$4,818).

B. The Group does not hold any collateral as security and has no accounts receivable pledged to others.

C. As at March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was CNY \$280 (TWD \$1,191),

CNY \$221 (TWD \$954) and CNY \$1,127 (TWD \$5,160), respectively.

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

(4) Inventories

	March 31, 2020					
	Cost		Allowance for inventory valuation losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	\$ 52,751	\$ 224,456	(\$ 363)	(\$ 1,545)	\$ 52,388	\$ 222,911
Work in progress	18,306	77,892	(1,470)	(6,255)	16,836	71,637
Raw materials	37,085	157,797	(2,725)	(11,595)	34,360	146,202
	<u>\$ 108,142</u>	<u>\$ 460,145</u>	<u>(\$ 4,558)</u>	<u>(\$ 19,395)</u>	<u>\$ 103,584</u>	<u>\$ 440,750</u>

	December 31, 2019					
	Cost		Allowance for inventory valuation losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	\$ 47,923	\$ 206,309	(\$ 993)	(\$ 4,275)	\$ 46,930	\$ 202,034
Work in progress	14,858	63,964	(1,363)	(5,868)	13,495	58,096
Raw materials	30,650	131,948	(2,205)	(9,493)	28,445	122,455
	<u>\$ 93,431</u>	<u>\$ 402,221</u>	<u>(\$ 4,561)</u>	<u>(\$ 19,636)</u>	<u>\$ 88,870</u>	<u>\$ 382,585</u>

	March 31, 2019					
	Cost		Allowance for inventory valuation losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	\$ 59,147	\$ 270,893	(\$ 3,444)	(\$ 15,774)	\$ 55,703	\$ 255,119
Work in progress	14,269	65,352	(1,512)	(6,925)	12,757	58,427
Raw materials	35,435	162,293	(3,133)	(14,349)	32,302	147,944
	<u>\$ 108,851</u>	<u>\$ 498,538</u>	<u>(\$ 8,089)</u>	<u>(\$ 37,048)</u>	<u>\$ 100,762</u>	<u>\$ 461,490</u>

A. For the three months ended March 31, 2020 and 2019, the cost of inventories recognised as expenses are as follows:

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Cost of goods sold	\$ 27,043	\$ 116,493	\$ 39,310	\$ 179,395
Loss on decline in market value	716	3,084	2,744	12,523
	<u>\$ 27,759</u>	<u>\$ 119,577</u>	<u>\$ 42,054</u>	<u>\$ 191,918</u>

B. The Group has no inventories pledged to others.

(5) Investments accounted for using equity method

	<u>March 31, 2020</u>		<u>December 31, 2019</u>		<u>March 31, 2019</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Associates						
General Biologicals Corp.	\$ 23,319	\$ 99,222	\$ -	\$ -	\$ -	\$ -
Shanghai Zhongye Trade Co., Ltd.	<u>3,943</u>	<u>16,778</u>	<u>4,543</u>	<u>19,558</u>	<u>4,575</u>	<u>20,954</u>
	<u>\$ 27,262</u>	<u>\$ 116,000</u>	<u>\$ 4,543</u>	<u>\$ 19,558</u>	<u>\$ 4,575</u>	<u>\$ 20,954</u>

A. Associates using the equity method are all individually immaterial and the Group's share of the operating results are summarised below:

	<u>Three months ended March 31</u>			
	<u>2020</u>		<u>2019</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Loss for the period	(\$ 855)	(\$ 3,683)	(\$ 544)	(\$ 2,485)
Other comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>(\$ 855)</u>	<u>(\$ 3,683)</u>	<u>(\$ 544)</u>	<u>(\$ 2,485)</u>

B. The Group has no investments accounted for using the equity method pledged to others.

C. The financial statements of an investment accounted for using the equity method were not reviewed by independent accountants. The balance of this investment accounted for using the equity method was CNY \$23,319 (TWD \$99,222) as at March 31, 2020, and total comprehensive loss was CNY \$255 (TWD \$1,098) for the three months then ended.

(6) Property, plant and equipment

(In thousands of CNY)

	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2020</u>							
Cost	\$ 24,552	\$ 294,166	\$ 5,975	\$ 16,107	\$ 108,668	\$ 4,299	\$ 453,767
Accumulated depreciation and impairment	-	(70,311)	(4,411)	(7,919)	(53,421)	-	(136,062)
	<u>\$ 24,552</u>	<u>\$ 223,855</u>	<u>\$ 1,564</u>	<u>\$ 8,188</u>	<u>\$ 55,247</u>	<u>\$ 4,299</u>	<u>\$ 317,705</u>
<u>2020</u>							
Balance at January 1	\$ 24,552	\$ 223,855	\$ 1,564	\$ 8,188	\$ 55,247	\$ 4,299	\$ 317,705
Additions	-	-	-	11	5,737	505	6,253
Disposals	-	-	-	-	(8)	-	(8)
Reclassifications	-	-	-	-	9,883	(4,055)	5,828
Depreciation charge	-	(3,339)	(79)	(309)	(3,371)	-	(7,098)
Net exchange differences	288	-	5	-	329	(226)	396
Balance at March 31	<u>\$ 24,840</u>	<u>\$ 220,516</u>	<u>\$ 1,490</u>	<u>\$ 7,890</u>	<u>\$ 67,817</u>	<u>\$ 523</u>	<u>\$ 323,076</u>
<u>At March 31, 2020</u>							
Cost	\$ 24,840	\$ 294,166	\$ 5,985	\$ 16,118	\$ 124,325	\$ 523	\$ 465,957
Accumulated depreciation and impairment	-	(73,650)	(4,495)	(8,228)	(56,508)	-	(142,881)
	<u>\$ 24,840</u>	<u>\$ 220,516</u>	<u>\$ 1,490</u>	<u>\$ 7,890</u>	<u>\$ 67,817</u>	<u>\$ 523</u>	<u>\$ 323,076</u>

	(In thousands of CNY)						
	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2019</u>							
Cost	\$ 23,635	\$ 300,573	\$ 5,577	\$ 14,498	\$ 69,853	\$ 3,596	\$ 417,732
Accumulated depreciation and impairment	-	(57,054)	(4,234)	(6,697)	(44,835)	-	(112,820)
	<u>\$ 23,635</u>	<u>\$ 243,519</u>	<u>\$ 1,343</u>	<u>\$ 7,801</u>	<u>\$ 25,018</u>	<u>\$ 3,596</u>	<u>\$ 304,912</u>
<u>2019</u>							
Balance at January 1	\$ 23,635	\$ 243,519	\$ 1,343	\$ 7,801	\$ 25,018	\$ 3,596	\$ 304,912
Additions	-	-	676	1,468	564	789	3,497
Disposals	-	-	-	-	(24)	-	(24)
Reclassifications	-	(6,061)	-	117	479	(2,349)	(7,814)
Depreciation charge	-	(3,587)	(133)	(281)	(2,029)	-	(6,030)
Net exchange differences	(557)	-	(15)	-	(99)	(5)	(676)
Balance at March 31	<u>\$ 23,078</u>	<u>\$ 233,871</u>	<u>\$ 1,871</u>	<u>\$ 9,105</u>	<u>\$ 23,909</u>	<u>\$ 2,031</u>	<u>\$ 293,865</u>
<u>At March 31, 2019</u>							
Cost	\$ 23,078	\$ 294,166	\$ 6,235	\$ 16,082	\$ 70,387	\$ 2,031	\$ 411,979
Accumulated depreciation and impairment	-	(60,295)	(4,364)	(6,977)	(46,478)	-	(118,114)
	<u>\$ 23,078</u>	<u>\$ 233,871</u>	<u>\$ 1,871</u>	<u>\$ 9,105</u>	<u>\$ 23,909</u>	<u>\$ 2,031</u>	<u>\$ 293,865</u>

	(In thousands of TWD)						
	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2020</u>							
Cost	\$ 105,696	\$ 1,266,385	\$ 25,722	\$ 69,341	\$ 467,816	\$ 18,507	\$ 1,953,467
Accumulated depreciation and impairment	-	(302,689)	(18,989)	(34,092)	(229,977)	-	(585,747)
	<u>\$ 105,696</u>	<u>\$ 963,696</u>	<u>\$ 6,733</u>	<u>\$ 35,249</u>	<u>\$ 237,839</u>	<u>\$ 18,507</u>	<u>\$ 1,367,720</u>
<u>2020</u>							
Balance at January 1	\$ 105,696	\$ 963,696	\$ 6,733	\$ 35,249	\$ 237,839	\$ 18,507	\$ 1,367,720
Additions	-	-	-	47	24,713	2,175	26,935
Disposals	-	-	-	-	(34)	-	(34)
Reclassifications	-	-	-	-	42,573	(17,468)	25,105
Depreciation charge	-	(14,383)	(340)	(1,331)	(14,521)	-	(30,575)
Net exchange differences	(2)	(11,017)	(53)	(393)	(2,009)	(989)	(14,463)
Balance at March 31	<u>\$ 105,694</u>	<u>\$ 938,296</u>	<u>\$ 6,340</u>	<u>\$ 33,572</u>	<u>\$ 288,561</u>	<u>\$ 2,225</u>	<u>\$ 1,374,688</u>
<u>At March 31, 2020</u>							
Cost	\$ 105,694	\$ 1,251,676	\$ 25,466	\$ 68,582	\$ 529,003	\$ 2,225	\$ 1,982,646
Accumulated depreciation and impairment	-	(313,380)	(19,126)	(35,010)	(240,442)	-	(607,958)
	<u>\$ 105,694</u>	<u>\$ 938,296</u>	<u>\$ 6,340</u>	<u>\$ 33,572</u>	<u>\$ 288,561</u>	<u>\$ 2,225</u>	<u>\$ 1,374,688</u>

	(In thousands of TWD)						
	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2019</u>							
Cost	\$ 105,696	\$ 1,344,162	\$ 24,940	\$ 64,835	\$ 312,383	\$ 16,081	\$ 1,868,097
Accumulated depreciation and impairment	-	(255,145)	(18,934)	(29,949)	(200,503)	-	(504,531)
	<u>\$ 105,696</u>	<u>\$ 1,089,017</u>	<u>\$ 6,006</u>	<u>\$ 34,886</u>	<u>\$ 111,880</u>	<u>\$ 16,081</u>	<u>\$ 1,363,566</u>
<u>2019</u>							
Balance at January 1	\$ 105,696	\$ 1,089,017	\$ 6,006	\$ 34,886	\$ 111,880	\$ 16,081	\$ 1,363,566
Additions	-	-	3,085	6,699	2,574	3,601	15,959
Disposals	-	-	-	-	(110)	-	(110)
Reclassifications	-	(27,660)	-	534	2,186	(10,720)	(35,660)
Depreciation charge	-	(16,370)	(607)	(1,282)	(9,260)	-	(27,519)
Net exchange differences	1	26,143	85	864	2,233	340	29,666
Balance at March 31	<u>\$ 105,697</u>	<u>\$ 1,071,130</u>	<u>\$ 8,569</u>	<u>\$ 41,701</u>	<u>\$ 109,503</u>	<u>\$ 9,302</u>	<u>\$ 1,345,902</u>
<u>At March 31, 2019</u>							
Cost	\$ 105,697	\$ 1,347,280	\$ 28,556	\$ 73,656	\$ 322,372	\$ 9,302	\$ 1,886,863
Accumulated depreciation and impairment	-	(276,150)	(19,987)	(31,955)	(212,869)	-	(540,961)
	<u>\$ 105,697</u>	<u>\$ 1,071,130</u>	<u>\$ 8,569</u>	<u>\$ 41,701</u>	<u>\$ 109,503</u>	<u>\$ 9,302</u>	<u>\$ 1,345,902</u>

- A. The aforementioned property, plant and equipment is for the Group's own use.
 B. The Group has no property, plant and equipment pledged to others.

(7) Leasing arrangements - lessee

- A. The Group leases various assets including buildings and office equipment. Rental contracts are typically made for periods of 1 to 14 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 parking lots. Low-value assets comprise copying machines.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	March 31, 2020		December 31, 2019		March 31, 2019	
	Carrying amount		Carrying amount		Carrying amount	
	CNY	TWD	CNY	TWD	CNY	TWD
Buildings	\$ 107,018	\$ 455,361	\$ 114,673	\$ 493,667	\$ 60,356	\$ 276,430
Office equipment	14	60	15	65	17	78
	<u>\$ 107,032</u>	<u>\$ 455,421</u>	<u>\$ 114,688</u>	<u>\$ 493,732</u>	<u>\$ 60,373</u>	<u>\$ 276,508</u>

	Three months ended March 31			
	2020		2019	
	Depreciation charge		Depreciation charge	
	CNY	TWD	CNY	TWD
Buildings	\$ 7,823	\$ 33,699	\$ 4,761	\$ 21,727
Office equipment	1	4	5	23
	<u>\$ 7,824</u>	<u>\$ 33,703</u>	<u>\$ 4,766</u>	<u>\$ 21,750</u>

- D. For the three months ended March 31, 2020 and 2019, the additions to right-of-use assets were CNY \$6,280 (TWD \$27,052) and CNY \$15,874 (TWD \$72,444), respectively.
- E. Information on income and expense relating to lease contracts is as follows:

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$ 1,001	\$ 4,312	\$ 414	\$ 1,889
Expense on short-term lease contracts	442	1,904	1,211	5,526
Expense on leases of low-value assets	1	4	1	6

- F. For the three months ended March 31, 2020 and 2019, the Group's total cash outflow for leases

were CNY \$8,884 (TWD \$38,269) and CNY \$6,169 (TWD \$28,153), respectively.

G. Leases contracted for at the balance sheet date but not yet incurred pertain to office and operating spaces. As of March 31, 2020, the undiscounted lease liabilities amounted to CNY \$10,637 (TWD \$45,260).

(8) Intangible assets

	2020							
	Goodwill		Licences		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1								
Cost	\$ 3,213	\$ 13,832	\$ 10,162	\$ 43,748	\$ 37,848	\$ 162,935	\$ 51,223	\$ 220,515
Accumulated amortisation and impairment	-	-	(1,216)	(5,235)	(26,919)	(115,886)	(28,135)	(121,121)
	<u>\$ 3,213</u>	<u>\$ 13,832</u>	<u>\$ 8,946</u>	<u>\$ 38,513</u>	<u>\$ 10,929</u>	<u>\$ 47,049</u>	<u>\$ 23,088</u>	<u>\$ 99,394</u>
Balance at January 1	\$ 3,213	\$ 13,832	\$ 8,946	\$ 38,513	\$ 10,929	\$ 47,049	\$ 23,088	99,394
Additions-acquired separately	-	-	-	-	36	155	36	155
Amortisation charge	-	-	(180)	(775)	(953)	(4,105)	(1,133)	(4,880)
Net exchange differences	-	(161)	-	(439)	25	(391)	25	(991)
Balance at March 31	<u>\$ 3,213</u>	<u>\$ 13,671</u>	<u>\$ 8,766</u>	<u>\$ 37,299</u>	<u>\$ 10,037</u>	<u>\$ 42,708</u>	<u>\$ 22,016</u>	<u>\$ 93,678</u>
At March 31								
Cost	\$ 3,213	\$ 13,671	\$ 10,162	\$ 43,239	\$ 37,963	\$ 161,533	\$ 51,338	\$ 218,443
Accumulated amortisation and impairment	-	-	(1,396)	(5,940)	(27,926)	(118,825)	(29,322)	(124,765)
	<u>\$ 3,213</u>	<u>\$ 13,671</u>	<u>\$ 8,766</u>	<u>\$ 37,299</u>	<u>\$ 10,037</u>	<u>\$ 42,708</u>	<u>\$ 22,016</u>	<u>\$ 93,678</u>
	2019							
	Goodwill		Licences		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1								
Cost	\$ 1,684	\$ 7,531	\$ 6,060	\$ 27,100	\$ 30,806	\$ 137,764	\$ 38,550	\$ 172,395
Accumulated amortisation and impairment	-	-	(707)	(3,161)	(20,842)	(93,206)	(21,549)	(96,367)
	<u>\$ 1,684</u>	<u>\$ 7,531</u>	<u>\$ 5,353</u>	<u>\$ 23,939</u>	<u>\$ 9,964</u>	<u>\$ 44,558</u>	<u>\$ 17,001</u>	<u>\$ 76,028</u>
Balance at January 1	\$ 1,684	\$ 7,531	\$ 5,353	\$ 23,939	\$ 9,964	\$ 44,558	\$ 17,001	\$ 76,028
Reclassifications	-	-	-	-	1,563	7,133	1,563	7,133
Amortisation charge	-	-	(102)	(465)	(1,302)	(5,942)	(1,404)	(6,407)
Net exchange differences	-	182	-	576	(26)	962	(26)	1,720
Balance at March 31	<u>\$ 1,684</u>	<u>\$ 7,713</u>	<u>\$ 5,251</u>	<u>\$ 24,050</u>	<u>\$ 10,199</u>	<u>\$ 46,711</u>	<u>\$ 17,134</u>	<u>\$ 78,474</u>
At March 31								
Cost	\$ 1,684	\$ 7,713	\$ 6,060	\$ 27,755	\$ 32,270	\$ 147,797	\$ 40,014	\$ 183,265
Accumulated amortisation and impairment	-	-	(809)	(3,705)	(22,071)	(101,086)	(22,880)	(104,791)
	<u>\$ 1,684</u>	<u>\$ 7,713</u>	<u>\$ 5,251</u>	<u>\$ 24,050</u>	<u>\$ 10,199</u>	<u>\$ 46,711</u>	<u>\$ 17,134</u>	<u>\$ 78,474</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 pre-tax cash flow projections based on financial

budgets approved by the management.

- B. 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 risk relating to the relevant operating segments.

(9) Short-term borrowings

Type of borrowings	March 31, 2020		Interest rate range	Collateral
	CNY	TWD		
Bank borrowings				
Unsecured borrowings	\$ 396,020	\$ 1,685,065	2.56%~2.90%	-

Type of borrowings	December 31, 2019		Interest rate range	Collateral
	CNY	TWD		
Bank borrowings				
Unsecured borrowings	\$ 388,162	\$ 1,671,037	2.56%~2.90%	-

Type of borrowings	March 31, 2019		Interest rate range	Collateral
	CNY	TWD		
Bank borrowings				
Unsecured borrowings	\$ 218,710	\$ 1,001,692	3.13%~3.68%	-

- A. The Group recognised interest expense in profit or loss for the three months ended March 31, 2020 and 2019, from long-term and short-term borrowings, amounting to CNY \$2,965 (TWD \$12,772) and CNY \$1,913 (TWD \$8,730), respectively.
- B. The bank borrowing agreement indicates that the consolidated financial statements of the Group need to meet the criteria as agreed. During the period of the borrowings, the agreed criteria needs to be reviewed and maintained quarterly and semiannually and the bank will audit the criteria at any time when necessary. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group has not violated the borrowings agreement.

(10) Other payables

	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Wages and salaries payable	\$ 11,651	\$ 49,575	\$ 29,595	\$ 127,406	\$ 11,214	\$ 51,360
Tax payable	8,350	35,529	12,528	53,933	12,506	52,277
Others	64,646	275,069	83,079	357,656	71,443	327,210
	\$ 84,647	\$ 360,173	\$ 125,202	\$ 538,995	\$ 95,163	\$ 430,847

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>March 31, 2020</u>	
				<u>CNY</u>	<u>TWD</u>
Unsecured borrowings					
CTBC BANK	Borrowing period is from November 19, 2019 to August 19, 2021; interest is payable monthly; principal is payable at maturity	2.42%~2.48%	None	\$ 63,931	\$ 272,026
Less: Current portion				-	-
				<u>\$ 63,931</u>	<u>\$ 272,026</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2019</u>	
				<u>CNY</u>	<u>TWD</u>
Unsecured borrowings					
CTBC BANK	Borrowing period is from November 19, 2019 to August 19, 2021; interest is payable monthly;	2.91%	None	\$ 62,676	\$ 269,820
Less: Current portion				-	-
				<u>\$ 62,676</u>	<u>\$ 269,820</u>

As of March 31, 2019: None.

The bank borrowing agreement indicates that the Group is required to meet certain criteria based on its consolidated financial statements. During the period of the borrowings, the agreed criteria needs to be reviewed and maintained quarterly and the bank will audit the criteria at any time when necessary. As of March 31, 2020 and December 31, 2019, the Group has not violated the borrowings agreement.

(12) Pensions

- A. (a) Taiwan branches have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. For employees eligible under the Labor Standards Law, pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.
- (b) No pension cost was recognised under the defined benefit pension plan of the Group for the three months ended March 31, 2020 and 2019.
- B. (a) Effective July 1, 2005, Taiwan branches 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, Taiwan branches contribute monthly an amount based on not less than 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 subsidiaries in Mainland China 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. Other than the monthly contributions, the Group has no further obligations. The details of the defined contribution plans are as follows:

<u>Administration</u>	<u>Beneficiary</u>	<u>Pension appropriation</u>
Each municipal government in Mainland China	Employees of all subsidiaries in Mainland China	16%~20%

- (c) The subsidiary-Hong Kong Chlitina established a compulsory pension program, which allocates a fixed amount of money for pension benefit, and is managed by an independent trustee based on Hong Kong Employee Act. In addition, according to the regulations of that program, both the employer and the employee have to contribute 5% of the employees' salary. From June 2014, the maximum relevant salary per month increased from HKD \$25,000 to HKD \$30,000. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2020 and 2019 were CNY \$3,199 (TWD \$13,781) and CNY \$3,095 (TWD \$14,124), respectively.

(13) Share capital

A. As of March 31, 2020, the Company's authorized capital was TWD \$2,000,000, and the paid-in capital was CNY \$161,772 (TWD \$794,924), consisting of 79,492 thousand shares of ordinary stock, with a par value of TWD \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares (thousand shares) outstanding are as follows:

	<u>2020</u>	<u>2019</u>
At January 1	79,492	79,492
Purchase of treasury shares	(231)	-
At March 31	<u>79,261</u>	<u>79,492</u>

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	March 31, 2020		
		Number of shares (in thousands)	CNY	TWD
The Company	To be reissued to employees	<u>231</u>	<u>\$ 8,798</u>	<u>\$ 37,436</u>

As of December 31, 2019 and March 31, 2019: None.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(14) Capital surplus

Summary of the Company's capital surplus is as follows:

	2020									
	Share premium		Employee stock options		Stock options		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 7,408	\$ 59,862	\$ 271,792	\$ 1,351,932
Other changes in capital surplus	-	-	-	-	-	-	-	2	-	2
At March 31	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 7,408	\$ 59,864	\$ 271,792	\$ 1,351,934

	2019									
	Share premium		Employee stock options		Stock options		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1 (March 31)	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 7,408	\$ 59,862	\$ 271,792	\$ 1,351,932

(15) Retained earnings

- A. The Company's Articles of Incorporation require that the Company's net earnings from the current year shall be used to offset prior years' deficit, pay income tax, provide 10% as legal reserve, and provide or reverse a special reserve in accordance with applicable laws. After the abovementioned appropriations, the distribution of the remaining earnings, if any, should be proposed by the Board of Directors and is subject to the stockholders' approval.
- B. The Company's business cycle is in the constant growth stage. In consideration of the Company's future capital requirements, its long-term financial plan and shareholders' satisfaction as to cash inflow, the Company's Articles of Incorporation stipulate that the Board of Directors may propose 10% or more of the distributable earnings as dividends, of which at least 10% should be distributed as cash dividends. However, such distribution depends on the current earnings and the capital condition, and is subject to the approval of stockholders.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2019 and 2018 as proposed by the Board of Directors and resolved by the shareholders at their meetings on March 12, 2020 and June 5, 2019, respectively, are as follows:

	2019			2018		
	CNY	TWD	Dividends per share (New Taiwan dollars)	CNY	TWD	Dividends per share (New Taiwan dollars)
	Special reserve	\$ 49,335	\$ 209,920		\$ 18,092	\$ 81,976
Legal reserve	33,658	143,216		26,901	121,888	
Cash dividends	242,867	1,033,401	\$ 13.00	210,529	953,908	\$ 12.00
	<u>\$ 325,860</u>	<u>\$ 1,386,537</u>		<u>\$ 255,522</u>	<u>\$ 1,157,772</u>	

Note: The retained earnings appropriations in relevant amounts of CNY for 2019 were presented at spot exchange rates prevailing at the end of the financial reporting period.

- (a) The abovementioned 2019 earnings appropriation has not yet been approved by the stockholders.
- (b) Information on the earnings distribution as resolved at the meeting of Board of Directors and shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(16) Operating revenue

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Revenue from contracts with customers	<u>\$ 152,095</u>	<u>\$ 655,179</u>	<u>\$ 255,541</u>	<u>\$ 1,166,187</u>

A. Disaggregation of revenue from contracts with customers

The Group’s revenue is disaggregated in the following major product lines:

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Net sales of goods	\$ 149,122	\$ 642,373	\$ 246,431	\$ 1,124,612
Special affiliate income	1,885	8,120	7,106	32,429
OEM income	-	-	48	220
Skincare service from company-operated salon and other income	1,088	4,686	1,956	8,926
	<u>\$ 152,095</u>	<u>\$ 655,179</u>	<u>\$ 255,541</u>	<u>\$ 1,166,187</u>

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

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	March 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Contract liabilities-advance sales receipts from customers	\$ 66,271	\$ 281,983	\$ 56,007	\$ 241,110
	March 31, 2019		January 1, 2019	
	CNY	TWD	CNY	TWD
Contract liabilities-advance sales receipts from customers	\$ 75,993	\$ 348,048	\$ 46,791	\$ 209,249

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Contract liabilities-advance sales receipts from customers at the beginning of the period	\$ 48,201	\$ 207,635	\$ 46,791	\$ 213,535

(17) Other income

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest income				
Interest income from bank deposits	\$ 1,935	\$ 8,335	\$ 975	\$ 4,450
Interest income from financial assets at amortised cost	-	-	366	1,670
Other interest income	2,731	11,764	1,627	7,425
Government grants revenue	25,234	108,701	22,444	102,425
Others	1,116	4,808	132	603
	\$ 31,016	\$ 133,608	\$ 25,544	\$ 116,573

(18) Other gains and losses

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Gains (losses) on disposal of property, plant and equipment	\$ 39	\$ 168	(\$ 24)	(\$ 110)
Foreign exchange (losses) gains	(5,987)	(25,790)	218	995
Net gains on financial assets and financial liabilities at fair value through profit or loss	821	3,537	1,438	6,562
Loss from lease modification	(60)	(258)	-	-
Other gains	193	830	33	153
	<u>(\$ 4,994)</u>	<u>(\$ 21,513)</u>	<u>\$ 1,665</u>	<u>\$ 7,600</u>

(19) Finance cost

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest expense-Bank borrowings	\$ 2,965	\$ 12,772	\$ 1,913	\$ 8,730
Interest expense-Lease liability	1,001	4,312	414	1,889
	<u>\$ 3,966</u>	<u>\$ 17,084</u>	<u>\$ 2,327</u>	<u>\$ 10,619</u>

(20) Employee benefit expense, depreciation and amortisation

	Three months ended March 31, 2020					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 2,228	\$ 9,598	\$ 26,737	\$ 115,175	\$ 28,965	\$ 124,773
Labour and health insurance fees	144	620	2,314	9,968	2,458	10,588
Pension costs	187	806	3,012	12,975	3,199	13,781
Other employee benefit expense	98	422	2,032	8,753	2,130	9,175
Depreciation	947	4,079	14,224	61,273	15,171	65,352
Amortisation	-	-	1,133	4,880	1,133	4,880

	Three months ended March 31, 2019					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 1,215	\$ 5,545	\$ 29,928	\$ 136,579	\$ 31,143	\$ 142,124
Labour and health insurance fees	94	429	1,911	8,721	2,005	9,150
Pension costs	164	748	2,931	13,376	3,095	14,124
Other employee benefit expense	57	260	1,789	8,164	1,846	8,424
Depreciation	295	1,346	10,501	47,923	10,796	49,269
Amortisation	57	260	1,347	6,147	1,404	6,407

A. In accordance with the Company's Articles of Incorporation, the Company should distribute 1%~5% of the profit as employees' compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit. Employees entitled to receive the abovementioned employees' compensation, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

B. For the three months ended March 31, 2020 and 2019, employees' compensation was accrued at CNY \$783 (TWD \$3,373) and CNY \$1,813 (TWD \$8,274), respectively; directors' remuneration was accrued at CNY \$391 (TWD \$1,684) and CNY \$906 (TWD \$4,135), respectively. Those were estimated based on the net income before tax less employees' compensation and directors' remuneration and then multiplied by the distribution ratio as regulated in the Company's Articles of Incorporation, and recognised as salary expenses.

The employees' compensation and directors' remuneration for 2019 as approved by the Board of Directors on March 12, 2020 amounted to CNY \$6,801 (TWD \$30,391) and CNY \$3,401 (TWD \$15,198), respectively, which were in agreement with the amounts recognised in the financial statements for the year ended December 31, 2019. Aforementioned employees' compensation will be distributed in cash. As of May 12, 2020, the aforementioned employees' compensation has not yet been distributed.

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

(21) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended March 31,			
	2020		2019	
	CNY	TWD	CNY	TWD
Current tax:				
Current tax on profits for the period	\$ 25,352	\$ 109,209	\$ 39,870	\$ 181,951
Deferred tax:				
Origination and reversal of temporary differences	3,990	17,188	(4,124)	(18,820)
Income tax expense	<u>\$ 29,342</u>	<u>\$ 126,397</u>	<u>\$ 35,746</u>	<u>\$ 163,131</u>

A. Chlitina Marketing Taiwan Branch's and Chlitina Intelligence Taiwan Branch's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(22) Earnings per share

	Three months ended March 31, 2020				
	Amount after tax (In thousands of CNY)	Amount after tax (In thousands of TWD)	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (CNY dollars)	Earnings per share (TWD dollars)
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 22,386	\$ 96,432	79,473	\$ 0.28	\$ 1.21
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 22,386	\$ 96,432	79,473		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	153		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 22,386</u>	<u>\$ 96,432</u>	<u>79,626</u>	<u>\$ 0.28</u>	<u>\$ 1.21</u>

Three months ended March 31, 2019

	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share	
	(In thousands of CNY)	(In thousands of TWD)		(CNY dollars)	(TWD dollars)
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 83,168	\$ 379,545	79,492	\$ 1.05	\$ 4.77
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 83,168	\$ 379,545	79,492		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	115		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 83,168	\$ 379,545	79,607	\$ 1.04	\$ 4.77

(23) Changes in liabilities from financing activities

	Short-term loans		Lease liabilities		Long-term borrowings	
	CNY	TWD	CNY	TWD	CNY	TWD
At January 1, 2020	\$ 388,162	\$ 1,671,037	\$ 111,730	\$ 480,998	\$ 62,676	\$ 269,820
Changes in cash flow from financing activities	314	1,351	(7,440)	(32,049)	-	-
Increase in lease liabilities	-	-	6,280	27,052	-	-
Decrease in lease liabilities	-	-	(6,272)	(27,018)	-	-
Interest paid on lease liabilities	-	-	(1,001)	(4,312)	-	-
Interest expense on lease liabilities	-	-	1,001	4,312	-	-
Lease liabilities reclassification	-	-	615	2,649	-	-
Impact of changes in foreign exchange rate	7,544	12,677	224	(4,274)	1,255	2,206
At March 31, 2020	\$ 396,020	\$ 1,685,065	\$ 105,137	\$ 447,358	\$ 63,931	\$ 272,026

	Short-term loans		Long-term borrowings	
	CNY	TWD	CNY	TWD
At January 1, 2019	\$ 231,386	\$ 1,034,758	\$ 45,019	\$ 201,325
Changes in cash flow from financing activities	(8,023)	(36,479)	(4,957)	(22,621)
Increase in lease liabilities	-	-	15,874	72,444
Interest paid on lease liabilities	-	-	(414)	(1,889)
Interest expense on lease liabilities	-	-	414	1,889
Lease liabilities reclassification	-	-	1,662	7,585
Impact of changes in foreign exchange rate	(4,653)	3,413	307	6,472
At March 31, 2019	\$ 218,710	\$ 1,001,692	\$ 57,905	\$ 265,205

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group	Notes
Kelti International Trading Corp. (Kelti International)	Other related party	
Kelti (China) Daily Product Co., Ltd. (Kelti China)	Other related party	
Healthmate Biotech Co., Ltd. (Healthmate Biotech)	Other related party	
Charming Biotech Corp., Ltd. (Charming Biotech)	Other related party	
Sagittarius Life Science Corp. (Sagittarius Life)	Other related party	
Lee, Tsai & Partners Attorneys-at-Law (Lee, Tsai & Partners)	Other related party	
Modern Pearl Holdings Limited (Modern Pearl)	Other related party	
Jing Yung Gi Co., Ltd. (Jing Yung Gi)	Other related party	
Shanghai Guangqiao Biosciences Co., Ltd. (Guangqiao Biosciences)	Other related party	
Mc. Reese Co., Ltd. (Mc. Reese)	Other related party	
Kelti International (HK) Limited Taiwan Branch (HK Kelti International)	Other related party	
Chen, Wu-Kang	Other related party	
Kelti International (HK) Limited (HK Kelti)	Other related party	
Hunzas Co., Ltd. (Hunzas)	Other related party	
TI, LI-SHIH Health Corporation (TI, LI-SHIH)	Other related party	
Full Blooming Investment Co., Ltd. (Full Blooming)	Other related party	
Shanghai Zhe Mei Technology Training Co., Ltd. (Shanghai Zhe Mei)	Other related party	Note
Harvest Era Co., Ltd. (Harvest Era)	Other related party	
Zhaocang (Shanghai) Trading Co., Ltd. (Zhaocang Trading)	Other related party	
Shanghai Cheng Yang Trading Co., Ltd. (Cheng Yang)	Other related party	
Long Chuang (Guangzhou) Daily Product Co., Ltd. (Long Chuang Daily)	Other related party	
SHANGHAI ZHONGYE TRADE CO., LTD. (Shanghai Zhongye)	Associate	
General Biologicals Corp.	Associate	
Others (for insignificant related party transactions)	Other related party	

Note: On September 2, 2019, the Group acquired a 100% equity interest in Shanghai Zhe Mei by cash amounting to CNY \$4,000 and the entity was then included in the consolidated financial statements. Consequently, Shanghai Zhe Mei is no longer a related party after the date of acquisition.

(2) Significant related party transactions and balances

A. Operating revenue

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Sales of goods and OEM income:				
Associate	\$ 38	\$ 165	\$ 352	\$ 1,608
Other related parties (Note)	(287)	(1,237)	156	713
	<u>(\$ 249)</u>	<u>(\$ 1,072)</u>	<u>\$ 508</u>	<u>\$ 2,321</u>

There were no significant differences in the price between related parties and other customers. The collection term for related parties is two months. For other customers, advance payment is required.

Note: Operating revenue from other related parties was negative because certain goods sold during the year ended December 31, 2019 were returned in the first quarter of 2020.

B. Purchases

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Associate	\$ 1	\$ 6	\$ 70	\$ 318
Other related parties				
Charming Biotech	3,380	14,560	865	3,945
Others	<u>2,521</u>	<u>10,865</u>	<u>110</u>	<u>506</u>
	<u>\$ 5,902</u>	<u>\$ 25,431</u>	<u>\$ 1,045</u>	<u>\$ 4,769</u>

The purchase price from related parties was based on mutual agreement, and the credit term was 60 days after monthly billings. There was no significant difference when compared to transactions with non-related parties.

C. Receivables from related parties

	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Accounts receivable:						
Associate						
Shanghai Zhongye	\$ 41	\$ 174	\$ 51	\$ 221	\$ 333	\$ 1,525
Other related parties						
Kelti China	64	272	59	254	64	293
Mc.Reene	63	268	45	194	27	124
Others	<u>16</u>	<u>69</u>	<u>8</u>	<u>35</u>	<u>44</u>	<u>200</u>
	<u>\$ 184</u>	<u>\$ 783</u>	<u>\$ 163</u>	<u>\$ 704</u>	<u>\$ 468</u>	<u>\$ 2,142</u>
Other receivables:						
Other related parties	<u>\$ 202</u>	<u>\$ 860</u>	<u>\$ 198</u>	<u>\$ 849</u>	<u>\$ 208</u>	<u>\$ 953</u>

The receivables from related parties are unsecured in nature, bear no interest, and there are no

allowances for receivables.

D. Payables to related parties

	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Accounts payable:						
Associate	\$ 2	\$ 6	\$ -	\$ -	\$ 70	\$ 320
Other related parties						
Charming Biotech	2,906	12,365	2,931	12,615	486	2,224
Others	5,036	21,430	2,933	12,629	79	365
	<u>\$ 7,944</u>	<u>\$ 33,801</u>	<u>\$ 5,864</u>	<u>\$ 25,244</u>	<u>\$ 635</u>	<u>\$ 2,909</u>
Other payables:						
Associate	\$ -	\$ -	\$ 3	\$ 11	\$ 8	\$ 37
Other related parties	2,059	8,761	2,793	12,025	1,454	6,658
	<u>\$ 2,059</u>	<u>\$ 8,761</u>	<u>\$ 2,796</u>	<u>\$ 12,036</u>	<u>\$ 1,462</u>	<u>\$ 6,695</u>

The payables to related parties have no collateral and bear no interest.

E. Leasing arrangements - lessee

(a) The Group leases offices and plant from related parties for periods of 3 to 10 years and rents are payable at the beginning of each month.

(b) Lease liability

i. Balance at end of year

	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Other related parties	<u>\$ 18,405</u>	<u>\$ 78,313</u>	<u>\$ 18,172</u>	<u>\$ 78,230</u>	<u>\$ 14,716</u>	<u>\$ 67,399</u>

ii. Interest expense

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties	<u>\$ 145</u>	<u>\$ 625</u>	<u>\$ 118</u>	<u>\$ 539</u>

F. Prepayments

	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Other related parties	<u>\$ 103</u>	<u>\$ 438</u>	<u>\$ 185</u>	<u>\$ 796</u>	<u>\$ 1,001</u>	<u>\$ 4,585</u>

G. Services expense

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties	<u>\$ 303</u>	<u>\$ 1,305</u>	<u>\$ 274</u>	<u>\$ 1,250</u>

For the services provided by the related parties, prices and terms were determined in accordance

with mutual agreements.

H. Training expense

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties				
Shanghai Zhe Mei	\$ -	\$ -	\$ 1,205	\$ 5,499

(3) Key management compensation

	Three months ended March 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Salaries and other short-term employee benefits	\$ 2,276	\$ 9,804	\$ 3,510	\$ 16,020
Post-employment benefits	13	56	11	50
	<u>\$ 2,289</u>	<u>\$ 9,860</u>	<u>\$ 3,521</u>	<u>\$ 16,070</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures

	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Contract signed	<u>\$ 2,931</u>	<u>\$ 12,471</u>	<u>\$ 3,522</u>	<u>\$ 15,162</u>	<u>\$ 864</u>	<u>\$ 3,957</u>

B. In June 2017, the Group had signed a donation agreement with Shanghai Tongji University Education Development Foundation, committing to donate CNY \$2,000 every year to reach the total amount of CNY \$10,000 from 2017 to 2021. This donation will be used to help to establish Shanghai Tongji University and Chlitina Holding Limited Education Foundation to support the School of Medicine's recruitment and the School of Economics and Management's development of scientific research. As of March 31, 2020, the Group has paid the aforementioned payment amounting to CNY \$2,000.

C. In September 2017, the Group had signed a collaboration agreement with Shanghai Tongji University Lifeng Institute of Regenerative Medicine, committing to pay for research expenses amounting to CNY \$10,000 every year to reach the total amount of CNY \$50,000 from 2017 to 2021. The funds of Tongji University Lifeng Institute of Regenerative Medicine will be used to help the establishment, operations and research expenses of Lifeng Institute of Regenerative Medicine. As of March 31, 2020, the Group has paid the aforementioned payment amounting to CNY \$20,500.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2020</u>		<u>December 31, 2019</u>		<u>March 31, 2019</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
<u>Financial assets</u>						
Financial assets at amortised cost						
Cash and cash equivalents	\$ 1,213,422	\$ 5,163,111	\$ 1,267,476	\$ 5,456,484	\$ 1,012,836	\$ 4,638,789
Financial assets at amortised cost	1	4	1	4	1,501	6,875
Accounts receivable (including related parties)	7	30	3	13	-	-
Other receivables (including related parties)	280	1,191	221	954	1,127	5,160
Other financial assets	3,401	14,472	3,531	15,198	27,166	124,421
	<u>\$ 1,217,111</u>	<u>\$ 5,178,808</u>	<u>\$ 1,271,232</u>	<u>\$ 5,472,653</u>	<u>\$ 1,042,630</u>	<u>\$ 4,775,245</u>

	March 31, 2020		December 31, 2019		March 31, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
<u>Financial liabilities</u>						
Financial liabilities at amortised cost						
Short-term loans	\$ 396,020	\$ 1,685,065	\$ 388,162	\$ 1,671,037	\$ 218,710	\$ 1,001,692
Accounts payable (including related parties)	28,982	123,318	21,171	91,141	18,185	83,288
Other payables (including related parties)	86,706	368,934	127,998	551,031	96,625	442,542
Guarantee deposits received	68,674	292,208	70,346	302,840	68,656	314,444
Long-term borrowings	63,931	272,026	62,676	269,820	-	-
	<u>\$ 644,313</u>	<u>\$ 2,741,551</u>	<u>\$ 670,353</u>	<u>\$ 2,885,869</u>	<u>\$ 402,176</u>	<u>\$ 1,841,966</u>
Lease liabilities (including current and non-current)						
	<u>\$ 105,137</u>	<u>\$ 447,358</u>	<u>\$ 111,730</u>	<u>\$ 480,998</u>	<u>\$ 57,905</u>	<u>\$ 265,205</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign 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 CNY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group's treasury. Exchange rate risk is measured through a forecast of highly probable USD and CNY expenditures. Natural hedging are adopted to minimise the volatility of the exchange rate affecting cost of held foreign assets or liabilities.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other certain subsidiaries' functional currency: CNY, USD and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
March 31, 2020				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : CNY	\$ 863	7.1034	\$ 6,130	\$ 26,083
USD : TWD	11,847	30.2250	84,154	358,075
USD : HKD	3,668	7.7540	26,055	110,864
CNY : TWD	9,633	4.2550	9,633	40,988
CNY : USD	44	0.1408	44	187
CNY : HKD	79,822	1.0916	79,822	339,643
EUR : USD	84	1.0998	656	2,791
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : CNY	\$ 1,895	7.1034	\$ 13,461	\$ 57,277
USD : TWD	64,751	30.2250	459,951	1,957,091
USD : HKD	545	7.7540	3,871	16,473

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
December 31, 2019				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : CNY	\$ 1,578	6.9640	\$ 10,989	\$ 47,308
USD : TWD	11,995	29.9800	83,533	359,610
USD : HKD	9,672	7.7890	67,356	289,968
CNY : TWD	9,647	4.3050	9,647	41,530
CNY : USD	53	0.1436	53	228
CNY : HKD	865	1.1184	865	3,724
EUR : USD	83	1.1204	648	2,790
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : CNY	\$ 1,936	6.9640	\$ 13,482	\$ 58,040
USD : TWD	64,738	29.9800	450,838	1,940,857
USD : HKD	422	7.7890	2,939	12,652

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
March 31, 2019				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:RMB	\$ 2,533	6.7293	\$ 17,045	\$ 78,066
USD:NTD	9,502	30.8200	63,942	292,854
USD:HKD	16,263	7.8502	109,439	501,231
RMB:NTD	9,719	4.5800	9,719	44,513
RMB:USD	4,982	0.1486	4,982	22,818
RMB:HKD	1,560	1.1666	1,560	7,145
EUR:USD	89	1.1230	673	3,080
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:RMB	\$ 2,933	6.7293	\$ 19,737	\$ 90,395
USD:NTD	32,501	30.8200	218,710	1,001,692
USD:HKD	125	7.8502	841	3,852

- iv. The total exchange gains (losses), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2020 and 2019, amounted to loss of CNY \$5,987 (TWD \$25,790) and gain of CNY \$218 (TWD \$995), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three months ended March 31, 2020

Sensitivity analysis

(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
		CNY	TWD	CNY	TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 184	\$ 782	\$ -	\$ -
USD : TWD	3%	2,525	10,742	-	-
USD : HKD	3%	782	3,326	-	-
CNY : TWD	3%	289	1,230	-	-
CNY : USD	3%	1	6	-	-
CNY : HKD	3%	2,395	10,189	-	-
EUR : USD	3%	20	84	-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 404	\$ 1,718	\$ -	\$ -
USD : TWD	3%	13,799	58,713	-	-
USD : HKD	3%	116	494	-	-

Three months ended March 31, 2019

Sensitivity analysis

(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
		CNY	TWD	CNY	TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 511	\$ 2,342	\$ -	\$ -
USD : TWD	3%	1,918	8,786	-	-
USD : HKD	3%	3,283	15,037	-	-
CNY : TWD	3%	292	1,335	-	-
CNY : USD	3%	149	685	-	-
CNY : HKD	3%	47	214	-	-
EUR : USD	3%	20	92	-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 592	\$ 2,712	\$ -	\$ -
USD : TWD	3%	6,561	30,051	-	-
USD : HKD	3%	25	116	-	-

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in

accordance with the limits set by the Group.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from short-term borrowings and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's borrowings at variable rate were mainly denominated in US Dollars.

(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 their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. 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.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.

- vii. 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. On March 31, 2020, December 31, 2019 and March 31, 2019, the Group has no written-off financial assets that are still under recourse procedures.
- viii. The Group's accounts receivable are with customers who have optimal credit rating, and the expected credit loss rate is 0.03%. As of March 31, 2020, December 31, 2019 and March 31, 2019, the carrying amount of accounts receivable (including related parties) amounted to CNY \$280 (TWD \$1,191), CNY \$221 (TWD \$954) and CNY \$1,127 (TWD \$5,184), respectively. Because the Group expects that the impairment from expected credit loss is insignificant, no loss allowance was recognised.
- ix. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

		March 31, 2020							
		Lifetime						Total	
		12 months		Significant increase in credit risk		Impairment of credit			
		CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost		\$ 1	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 4
		December 31, 2019							
		Lifetime						Total	
		12 months		Significant increase in credit risk		Impairment of credit			
		CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost		\$ 1	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 4
		March 31, 2019							
		Lifetime						Total	
		12 months		Significant increase in credit risk		Impairment of credit			
		CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost		\$ 1,501	\$ 6,875	\$ -	\$ -	\$ -	\$ -	\$ 1,501	\$ 6,875

The financial assets at amortised cost held by the Group are the time deposits with maturity term of 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 on its mature liabilities on general and stressful conditions so that the Group approach the risk target that does not occur the unacceptable losses or breach their reputation.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing demand deposits, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative</u>		(In thousands of CNY)		
<u>financial liabilities:</u>			Between 1	
	Less than 1 year	and 2 years	Over 2 years	
March 31, 2020				
Short-term loans	\$ 396,020	\$ -	\$ -	
Accounts payable (including related parties)	28,982	-	-	
Other payables (including related parties)	86,706	-	-	
Lease liabilities	26,417	19,140	73,054	
Guarantee deposits received	68,674	-	-	
Long-term borrowings	-	63,931	-	
<u>Non-derivative</u>			Between 1	
<u>financial liabilities:</u>			and 2 years	
	Less than 1 year	and 2 years	Over 2 years	
December 31, 2019				
Short-term loans	\$ 388,162	\$ -	\$ -	
Accounts payable (including related parties)	21,171	-	-	
Other payables (including related parties)	127,998	-	-	
Lease liabilities	29,784	21,489	74,414	
Guarantee deposits received	70,346	-	-	
Long- term borrowings	-	62,676	-	
<u>Non-derivative</u>			Between 1	
<u>financial liabilities:</u>			and 2 years	
	Less than 1 year	and 2 years	Over 2 years	
March 31, 2019				
Short-term loans	\$ 218,710	\$ -	\$ -	
Accounts payable (including related parties)	18,185	-	-	
Other payables (including related parties)	96,625	-	-	
Lease liabilities	19,699	18,237	26,354	
Guarantee deposits received	68,656	-	-	

<u>Non-derivative financial liabilities:</u>	(In thousands of TWD)		
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
March 31, 2020			
Short-term loans	\$ 1,685,065	\$ -	\$ -
Accounts payable (including related parties)	123,318	-	-
Other payables (including related parties)	368,934	-	-
Lease liabilities	112,404	81,441	310,854
Guarantee deposits received	292,208	-	-
Long-term borrowings	-	272,026	-

<u>Non-derivative financial liabilities:</u>			
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
December 31, 2019			
Short-term loans	\$ 1,671,037	\$ -	\$ -
Accounts payable (including related parties)	91,141	-	-
Other payables (including related parties)	551,031	-	-
Lease liabilities	128,220	92,510	302,352
Guarantee deposits received	302,840	-	-
Long-term borrowings	-	269,820	-

<u>Non-derivative financial liabilities:</u>			
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
March 31, 2019			
Short-term loans	\$ 1,001,692	\$ -	\$ -
Accounts payable (including related parties)	83,288	-	-
Other payables (including related parties)	442,542	-	-
Lease liabilities	90,222	83,525	120,701
Guarantee deposits received	314,444	-	-

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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 fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset

or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortised cost, short-term loans, accounts payable (including related parties), other payables (including related parties), lease liabilities (including current and non-current), guarantee deposits received and long-term borrowings are approximate to their fair values.

C. On March 31, 2020, December 31, 2019 and March 31, 2019, the Group had no financial and non-financial instruments measured at fair value.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

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 2.

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

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

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

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

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

J. Significant inter-company transactions during the reporting period: Please refer to table 3.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 3.

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacture, distribution, and business operations of beauty products under the brand of Chlitina. For the three months ended March 31, 2020 and 2019, the operating revenue, net profit and assets of the company-operated salon business were all less than 10% of their respective totals in the consolidated financial statements. In addition, management considers that the separate list of direct-operational salon business have no reference value. Hence, the information on assets, liabilities and capital expenditures were not disclosed.

(2) Measurement of segment information

The reportable operating segment information provided to the Chief Operating Decision-Maker are operating revenue and profit or loss before tax of the segment.

Since the Group has only one reportable segment, please refer to the statement of comprehensive income.

(3) Reconciliation for segment income (loss)

The profit and loss before tax of the reportable operating segment provided to the Chief Operating Decision-Maker was the same with the statement of comprehensive income, so there was no reconciliation needed.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Loans to others

Three months ended March 31, 2020

Table 1

Expressed in thousands of TWD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan (Note 2)	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limits for each company	Financing company's total financing amount limits	Footnote
													Item	Value			
1	Chlitina (China) Trade Limited	Wuguan (Shanghai) Trade Limited	Other receivables	Yes	\$ 86,100	\$ 85,100	\$ -	Lower 10% of loan market rate	2	\$ -	Operating capital	\$ -	None	-	\$ 3,625,070	\$ 3,625,070	Note 4, 5
2	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	Other receivables	Yes	86,100	85,100	21,275	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	1,259,220	1,259,220	Note 4, 5

Note 1: The numbers filled in for the loans 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: The column of 'Nature of loan' shall fill in '1' as 'Business transaction' or '2' as 'Short-term financing'.

Note 3: The limit on total financing and financing to a single entity shall not be more than 40%, except for inter-company transaction, and 20% of the Company's stockholders' equity, respectively. In addition, if the Board of Directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines to the same counter party, the limit shall not be more than 10% of the Company's net asset.

Note 4: In accordance with the lending policies and procedures, total loan amount and individual loan amount cannot exceed 100% of the lender (the creditor)'s stockholders' equity between the subsidiaries, for which the ultimate parent company directly or indirectly holds 100% of voting shares.

Note 5: The line of credit to Wuguan (Shanghai) Trade Limited amounted to CNY\$20,000.

CHLITINA HOLDING LIMITED 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

Three months ended March 31, 2020

Table 2

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the investor	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Weishuo (Shanghai) Daily Product Limited	Jun De-Li Fund	Financial assets at fair value through profit or loss-current	-	-	-	\$ -	247,155,000	\$ 1,064,670	247,155,000	\$ 1,066,067	\$ 1,064,670	\$ 1,397	-	\$ -
Chlitina (China) Trade Limited	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	441,488,000	1,901,798	441,488,000	1,903,473	1,901,798	1,675	-	-

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

Note 2: The exchange difference of translating to presentation currency was included in book value.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
 Significant inter-company transactions during the reporting period
 Three months ended March 31, 2020

Table 3

Expressed in thousands of TWD
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	3	Sales	\$ 97,555	60 days after monthly billings	15%
1	Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	3	Accounts receivable	66,632	60 days after monthly billings	1%
1	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	3	Other receivables	21,275	Loans	0%
2	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Trademark right income	38,200	In accordance with mutual agreements	6%
2	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Accounts receivable	34,373	In accordance with mutual agreements	0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Separate amounts lower than \$20,000 are not disclosed, so is its counter transaction.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investees

Three months ended March 31, 2020

Table 4

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at March 31, 2020			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Chlitina Holding Limited	Chlitina Group Limited	British Virgin Islands	Investing	\$ 631,539	\$ 604,294	2,006,707,348	100.00	\$ 6,177,938	\$ 164,355	\$ 164,355	
Chlitina Group Limited	Chlitina International Limited	British Virgin Islands	Investing	549,053	522,255	18,250,001	100.00	5,979,633	148,435	-	Note 1
Chlitina Group Limited	Chlitina Intelligence Limited	British Virgin Islands	Investing and researching	-	-	1	100.00	197,247	16,141	-	Note 1
Chlitina Group Limited	W-Amber International Limited	British Virgin Islands	Investing	50,880	50,880	1,150,000	100.00	82	(107)	-	Note 1
Chlitina Group Limited	W-Champion International Limited	British Virgin Islands	Investing	34,518	34,518	93,000	100.00	(39)	(106)	-	Note 1
Chlitina Group Limited	C-Asia International Limited	British Virgin Islands	Investing	920	920	20,000	100.00	207	(1)	-	Note 1
Chlitina International Limited	Hong Kong Chlitina International Limited	Hong Kong	Investing and trading of skincare products	276,221	276,221	69,850,001	100.00	5,785,847	150,435	-	Note 1
Chlitina International Limited	Chlitina Marketing Limited	British Virgin Islands	Investing and trading of skincare products	376,649	349,851	12,522,882	100.00	183,841	(1,861)	-	Note 1
Chlitina International Limited	Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	France	Research and development center	188	188	500	100.00	-	-	-	Note 1
Hong Kong Chilitina International Limited	Hong Kong Crystal-Asia International Limited	Hong Kong	Investing	69,642	69,642	2,300,000	100.00	58,011	(2,664)	-	Note 1
Hong Kong Chilitina International Limited	Hong Kong W-Champion International Limited	Hong Kong	Investing	61,865	61,865	2,950,000	100.00	66,532	7,926	-	Note 1

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investees

Three months ended March 31, 2020

Table 4

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at March 31, 2020			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Hong Kong Chilitina International Limited	Hong Kong W-Amber International Limited	Hong Kong	Investing	\$ 467,107	\$ 467,107	97,400,000	100.00	\$ 280,523	(\$ 29,219)	\$ -	Note 1
Hong Kong Chilitina International Limited	Yong Li Trading Company Limited	Vietnam	Dealer of skincare products	17,373	17,373	-	100.00	14,593	124	-	Note 1
Hong Kong Chilitina International Limited	HUAPAO SDN. BHD.	Malaysia	Dealer of skincare products	3,502	3,502	500,000	100.00	3,384	143	-	Note 1
Hong Kong Chilitina International Limited	General Biologicals Corp.	Taiwan	Manufacturing of medical appliances	100,000	-	10,000	20.05	99,222	(5,487)	-	Note 1, 2
Hong Kong W-Amber International Limited	Hong Kong Crystal International Services Limited	Hong Kong	Investing, dealer of skincare and supplementary health care products	3,050	3,050	100,000	100.00	2,944	(12)	-	Note1
W-Champion International Limited	W-Champion Marketing Limited	British Virgin Islands	Investing	31,783	31,783	930,000	100.00	(39)	(106)	-	Note1
W-Amber International Limited	W-Amber Marketing Limited	British Virgin Islands	Investing	56,280	56,280	1,150,000	100.00	49	(103)	-	Note1

Note 1: The 'share of profit (loss) of investee' column should fill in the Company recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period.

Note 2: For the three months ended March 31, 2020, the investment loss on General Biologicals Corp. was \$1,098.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 31, 2020

Table 5

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chlitina (China) Trade Limited	Dealer of skincare products and health food	\$ 255,923	2	\$ -	\$ -	\$ -	\$ -	\$ 182,452	100.00	\$ 182,452	\$ 3,625,070	\$ -	
Shanghai Zhe Mei Technology Training Co., Ltd.	Cosmetology training services	69,566	2	-	-	-	-	(12,142)	100.00	(12,140)	35,703	-	
Weishuo (Shanghai) Daily Product Limited	Production and trading of skincare products	64,207	2	-	-	-	-	6,059	100.00	6,059	1,259,220	-	
Weihu (Shanghai) Trade Limited	Investing, dealer of skincare and supplementary health care products	486,103	2	-	-	-	-	(28,954)	100.00	(28,954)	247,985	-	
Crystal Asia Shanghai Limited	Dealer of skincare products and supplementary health care products	31,262	2	-	-	-	-	(241)	100.00	(241)	28,771	-	
Li Shuo Biotechnology (Shanghai) Co., Ltd.	Investing	7,272	2	-	-	-	-	(229)	100.00	(229)	6,792	-	
Wuguan (Shanghai) Trade Limited	Dealer of skincare products and supplementary health care products	64,193	2	-	-	-	-	8,030	100.00	8,030	36,727	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 31, 2020

Table 5

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Yuanshuo Management Consulting Limited	Enterprise management consulting	\$ 316,564	2	\$ -	\$ -	\$ -	\$ -	(\$ 17,256)	100.00	(\$ 17,256)	\$ 207,856	\$ -	
Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd.	Medical cosmetology services	86,554	2	-	-	-	-	(7,697)	100.00	(7,697)	35,834	-	
Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd	Medical cosmetology services	13,046	2	-	-	-	-	(236)	100.00	(236)	12,521	-	
Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd.	Medical Cosmetology services	43,374	2	-	-	-	-	(3,098)	100.00	(3,098)	38,734	-	
Shanghai Lunxin Medical Beauty Clinic Co., Ltd.	Medical Cosmetology services	13,012	2	-	-	-	-	(171)	100.00	(171)	12,595	-	
Jinghe Clinic (Nanjing) Co., Ltd	Medical Cosmetology services	87	2	-	-	-	-	(35)	100.00	(35)	48	-	
He Deng Clinic (Shanghai) Co., Ltd	Medical Cosmetology services	738	2	-	-	-	-	(18)	100.00	(18)	706	-	
Cui Jei (Shanghai) Trading Co. Ltd.	Dealer of health food and daily necessities	6,055	2	-	-	-	-	92	100.00	92	5,761	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 31, 2020

Table 5

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Zhongye Trade Co., Ltd.	Production and trading of cosmetics	\$ 29,258	2	\$ -	\$ -	\$ -	\$ -	(\$ 8,606)	30.00	(\$ 2,580)	\$ 16,778	\$ -	
Company name	China	Investment amount authorized by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Ending balance of Accumulated remittance from Taiwan to Mainland China	Investment Commission of the Ministry of Economic Affairs (MOEA)	Investment Commission of MOEA							
Not applicable to foreign issuer.	\$ -	\$ -	Note 4										

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.(the investee in the third area is Chlitina Group Limited)
- (3) Others

Note 2: In the 'share of profit (loss)' 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 reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements were reviewed and attested by R.O.C. parent company's CPA.
 - C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The Company was primary listing by foreign issuer and was not restricted to the ceiling of investment of investors in Mainland China regulated by Investment Commission, Ministry of Economic Affairs.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Information on investments in Mainland China
Three months ended March 31, 2020

Table 6

Name of major shareholders	Shares		Footnote
	No. of shares held	Ownership (%)	
Custody account Fu Yuan Investment Co. Ltd. entrusted under Cathay United Bank	28,056,000	35.29%	Note 1, 2

Note 1: The major shareholders information was derived from the data that 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 the trust by the shareholders, the data is disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the 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.