

**CHLITINA HOLDING LIMITED AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 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.

## INDEPENDENT AUDITORS' REVIEW REPORT 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 September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine 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***

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.

## ***Conclusion***

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 September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine 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

November 10, 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 independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

(Expressed in thousands of dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

	Assets	Notes	September 30, 2020			December 31, 2019			September 30, 2019		
			CNY	TWD	%	CNY	TWD	%	CNY	TWD	%
<b>Current Assets</b>											
1100	Cash and cash equivalents	6(1)	\$ 1,241,773	\$ 5,301,129	61	\$ 1,267,476	\$ 5,456,484	67	\$ 1,125,835	\$ 4,897,382	62
1136	Financial assets at amortized cost - current	6(1)(2)	-	-	-	1	4	-	79,994	347,974	5
1150	Notes receivable, net		6	26	-	3	13	-	-	-	-
1170	Accounts receivable, net	6(3)	569	2,429	-	58	250	-	106	461	-
1180	Accounts receivable - related parties, net	6(3)and7	1,342	5,731	-	163	704	-	827	3,602	-
1200	Other receivables		5,120	21,855	-	3,333	14,349	-	5,959	25,922	-
1210	Other receivables - related parties	7	193	824	-	198	849	-	269	1,170	-
130X	Inventories	6(4)	124,513	531,546	6	88,870	382,585	5	94,110	409,379	5
1410	Prepayments	7	31,094	132,740	2	20,596	88,666	1	12,738	55,410	1
1479	Other current assets		101	431	-	123	530	-	112	483	-
11XX	<b>Total current assets</b>		<u>1,404,711</u>	<u>5,996,711</u>	<u>69</u>	<u>1,380,821</u>	<u>5,944,434</u>	<u>73</u>	<u>1,319,950</u>	<u>5,741,783</u>	<u>73</u>
<b>Non-current assets</b>											
1535	Financial assets at amortized cost - non-current	6(1)(2)	80,000	341,520	4	-	-	-	-	-	-
1550	Investments accounted for using equity method	6(5)	49,741	212,344	2	4,543	19,558	1	4,570	19,880	-
1600	Property, plant and equipment, net	6(6)	315,861	1,348,411	15	317,705	1,367,720	17	307,562	1,337,895	17
1755	Right-of-use assets	6(7)and7	128,733	549,561	6	114,688	493,732	6	106,240	462,144	6
1760	Investment property, net		17,979	76,752	1	18,725	80,611	1	18,973	82,533	1
1780	Intangible assets, net	6(8)	20,352	86,883	1	23,088	99,394	1	23,630	102,790	2
1840	Deferred income tax assets		11,888	50,750	1	6,987	30,079	-	7,379	32,099	-
1990	Other non-current assets		19,692	84,065	1	27,511	118,435	1	17,934	78,012	1
15XX	<b>Total non-current assets</b>		<u>644,246</u>	<u>2,750,286</u>	<u>31</u>	<u>513,247</u>	<u>2,209,529</u>	<u>27</u>	<u>486,288</u>	<u>2,115,353</u>	<u>27</u>
1XXX	<b>Total assets</b>		<u>\$ 2,048,957</u>	<u>\$ 8,746,997</u>	<u>100</u>	<u>\$ 1,894,068</u>	<u>\$ 8,153,963</u>	<u>100</u>	<u>\$ 1,806,238</u>	<u>\$ 7,857,136</u>	<u>100</u>

- Continued -

**CHLITINA HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2020			December 31, 2019			September 30, 2019		
			CNY	TWD	%	CNY	TWD	%	CNY	TWD	%
	<b>Current liabilities</b>										
2100	Short-term loans	6(9)	\$ 80,184	\$ 342,305	4	\$ 388,162	\$ 1,671,037	20	\$ 474,705	\$ 2,064,967	26
2130	Current contract liabilities	6(17)	83,453	356,261	4	56,007	241,110	3	69,608	302,795	4
2170	Accounts payable		10,777	46,007	1	15,307	65,897	1	15,839	68,900	1
2180	Accounts payable - related parties	7	4,498	19,203	-	5,864	25,244	-	6,492	28,240	-
2200	Other payables	6(10)	351,756	1,501,646	17	125,202	538,995	7	101,270	440,525	6
2220	Other payables - related parties	7	2,998	12,798	-	2,796	12,036	-	1,878	8,169	-
2230	Current income tax liabilities		23,939	102,196	1	30,674	132,052	2	26,437	115,001	2
2280	Lease liabilities - current	7	28,312	120,864	1	28,228	121,522	1	23,940	104,139	1
2320	Long-term borrowings - current portion	6(11)	61,349	261,899	3	-	-	-	-	-	-
2645	Guarantee deposits		72,126	307,905	3	70,346	302,840	4	67,740	294,669	4
21XX	<b>Total current liabilities</b>		<u>719,392</u>	<u>3,071,084</u>	<u>34</u>	<u>722,586</u>	<u>3,110,733</u>	<u>38</u>	<u>787,909</u>	<u>3,427,405</u>	<u>44</u>
	<b>Non-current liabilities</b>										
2540	Long-term borrowings	6(11)	298,566	1,274,578	15	62,676	269,820	3	-	-	-
2570	Deferred income tax liabilities		4,312	18,408	-	6,415	27,617	-	2,289	9,957	-
2580	Lease liabilities - non-current	7	99,044	422,819	6	83,502	359,476	5	78,804	342,796	5
2640	Net defined benefit liabilities		1,058	4,517	-	1,049	4,516	-	1,091	4,746	-
25XX	<b>Total non-current liabilities</b>		<u>402,980</u>	<u>1,720,322</u>	<u>21</u>	<u>153,642</u>	<u>661,429</u>	<u>8</u>	<u>82,184</u>	<u>357,499</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>1,122,372</u>	<u>4,791,406</u>	<u>55</u>	<u>876,228</u>	<u>3,772,162</u>	<u>46</u>	<u>870,093</u>	<u>3,784,904</u>	<u>49</u>
	<b>Equity attributable to shareholders of the parent</b>										
	<b>Share capital</b>	6(14)									
3110	Common stock		161,772	794,924	9	161,772	794,924	10	161,772	794,924	10
	<b>Capital surplus</b>	6(13)(15)									
3200	Capital surplus		276,610	1,372,534	16	271,792	1,351,932	17	271,792	1,351,932	17
	<b>Retained earnings</b>	6(16)									
3310	Legal reserve		150,794	691,593	8	116,727	548,377	7	116,727	548,377	7
3320	Special reserve		123,415	549,959	6	73,482	340,039	4	73,482	340,039	4
3350	Unappropriated retained earnings		209,406	1,146,705	13	389,684	1,896,488	23	302,704	1,519,410	19
	<b>Other equity</b>										
3410	Financial statements translation differences of foreign operations		4,588	( 600,124)	( 7)	4,383	( 549,959)	( 7)	9,668	( 482,450)	( 6)
	<b>Treasury stocks</b>										
3500	Treasury stocks	6(14)	-	-	-	-	-	-	-	-	-
3XXX	<b>Total equity</b>		<u>926,585</u>	<u>3,955,591</u>	<u>45</u>	<u>1,017,840</u>	<u>4,381,801</u>	<u>54</u>	<u>936,145</u>	<u>4,072,232</u>	<u>51</u>
	<b>Significant contingent liabilities and unrecognised contract commitments</b>	9									
	<b>Significant events after the balance sheet date</b>	11									
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,048,957</u>	<u>\$ 8,746,997</u>	<u>100</u>	<u>\$ 1,894,068</u>	<u>\$ 8,153,963</u>	<u>100</u>	<u>\$ 1,806,238</u>	<u>\$ 7,857,136</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 September 30, 2020			Three months ended September 30, 2019			Nine months ended September 30, 2020			Nine months ended September 30, 2019			
		CNY	TWD	%	CNY	TWD	%	CNY	TWD	%	CNY	TWD	%	
4000	Operating revenue	6(17)and7	\$ 242,430	\$ 1,032,094	100	\$ 285,288	\$ 1,267,268	100	\$ 611,683	\$ 2,604,668	100	\$ 823,616	\$ 3,721,344	100
5000	Operating costs	6(4)(22)and7	( 39,074)	( 166,348)	( 16)	( 40,163)	( 178,022)	( 14)	( 100,534)	( 428,093)	( 16)	( 125,466)	( 566,893)	( 15)
5900	Gross profit		203,356	865,746	84	245,125	1,089,246	86	511,149	2,176,575	84	698,150	3,154,451	85
	<b>Operating expenses</b>	6(22)and7												
6100	Selling expenses		( 81,004)	( 344,848)	( 33)	( 103,097)	( 457,913)	( 36)	( 218,843)	( 931,877)	( 36)	( 298,889)	( 1,350,470)	( 36)
6200	Administrative expenses		( 46,386)	( 197,481)	( 19)	( 42,623)	( 189,911)	( 15)	( 114,437)	( 487,296)	( 19)	( 108,786)	( 491,528)	( 13)
6000	<b>Total operating expenses</b>		( 127,390)	( 542,329)	( 52)	( 145,720)	( 647,824)	( 51)	( 333,280)	( 1,419,173)	( 55)	( 407,675)	( 1,841,998)	( 49)
6900	Operating profit		75,966	323,417	32	99,405	441,422	35	177,869	757,402	29	290,475	1,312,453	36
	<b>Non-operating income and expenses</b>													
7100	Interest income	6(18)	5,600	23,841	2	3,522	15,650	1	13,486	57,425	2	10,026	45,300	1
7010	Other income	6(19)	925	3,923	-	497	1,307	-	28,183	120,009	5	23,733	107,233	3
7020	Other gains and losses	6(20)	10,942	46,591	5	3,588	16,148	1	13,246	56,404	2	5,174	23,378	1
7050	Finance costs	6(21)and7	( 2,581)	( 10,986)	( 1)	( 3,593)	( 16,033)	( 1)	( 9,575)	( 40,772)	( 2)	( 8,574)	( 38,740)	( 1)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	6(5)	1,646	7,010	1	143	674	-	1,350	5,749	-	( 549)	( 2,481)	-
7000	<b>Total non-operating income and expenses</b>		16,532	70,379	7	4,157	17,746	1	46,690	198,815	7	29,810	134,690	4
7900	Profit before tax		92,498	393,796	39	103,562	459,168	36	224,559	956,217	36	320,285	1,447,143	40
7950	Income tax expense	6(23)	( 23,779)	( 101,225)	( 10)	( 26,321)	( 116,483)	( 9)	( 75,023)	( 319,463)	( 12)	( 86,790)	( 392,143)	( 11)
8200	Profit for the period		\$ 68,719	\$ 292,571	29	\$ 77,241	\$ 342,685	27	\$ 149,536	\$ 636,754	24	\$ 233,495	\$ 1,055,000	29
	<b>Other comprehensive income (loss)</b>													
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>													
8361	Financial statement translation differences of foreign operations		7,273	97,193	9	( 8,824)	( 193,451)	( 15)	1,832	( 43,237)	( 2)	( 6,667)	( 142,411)	( 4)
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(5)	( 1,858)	( 7,912)	( 1)	-	-	-	( 1,627)	( 6,928)	-	-	-	-
8360	<b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>		5,415	89,281	8	( 8,824)	( 193,451)	( 15)	205	( 50,165)	( 2)	( 6,667)	( 142,411)	( 4)
	<b>Other comprehensive income (loss) for the period</b>		5,415	89,281	8	( 8,824)	( 193,451)	( 15)	205	( 50,165)	( 2)	( 6,667)	( 142,411)	( 4)
8500	<b>Total comprehensive income for the period</b>		\$ 74,134	\$ 381,852	37	\$ 68,417	\$ 149,234	12	\$ 149,741	\$ 586,589	22	\$ 226,828	\$ 912,589	25
	<b>Earnings per share (in dollars)</b>	6(24)												
9750	Basic earnings per share		\$ 0.87	\$ 3.69		\$ 0.97	\$ 4.31		\$ 1.89	\$ 8.03		\$ 2.94	\$ 13.27	
9850	Diluted earnings per share		\$ 0.87	\$ 3.69		\$ 0.97	\$ 4.31		\$ 1.88	\$ 8.02		\$ 2.93	\$ 13.25	

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)

		Equity attributable to shareholders of the parent															
		Retained earnings								Financial statement translation differences of foreign operations				Treasury stocks		Total equity	
Notes		Common stock		Capital surplus		Legal reserve		Special Reserve		Unappropriated retained earnings		Financial statement translation differences of foreign operations		Treasury stocks		Total equity	
		CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
<u>Nine months ended September 30, 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	-	-	-	-	-	-	-	-	233,495	1,055,000	-	-	-	-	233,495	1,055,000
	Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	( 6,667)	( 142,411)	-	-	(6,667)	(142,411)
	Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	233,495	1,055,000	( 6,667)	( 142,411)	-	-	226,828	912,589
	Appropriations of 2018 earnings	6(16)															
	Legal reserve	-	-	-	-	26,901	121,888	-	-	( 26,901)	( 121,888)	-	-	-	-	-	-
	Special reserve	-	-	-	-	-	-	18,092	81,976	( 18,092)	( 81,976)	-	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	-	-	( 210,529)	( 953,908)	-	-	-	-	( 210,529)	( 953,908)
	Balance at September 30, 2019	\$ 161,772	\$ 794,924	\$ 271,792	\$ 1,351,932	\$ 116,727	\$ 548,377	\$ 73,482	\$ 340,039	\$ 302,704	\$ 1,519,410	\$ 9,668	(\$ 482,450)	-	-	\$ 936,145	\$ 4,072,232
<u>Nine months ended September 30, 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	-	-	-	-	-	-	-	-	149,536	636,754	-	-	-	-	149,536	636,754
	Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	-	-	205	( 50,165)	-	-	205	( 50,165)
	Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	149,536	636,754	205	( 50,165)	-	-	149,741	586,589
	Appropriations of 2019 earnings	6(16)															
	Legal reserve	-	-	-	-	34,067	143,216	-	-	( 34,067)	( 143,216)	-	-	-	-	-	-
	Special reserve	-	-	-	-	-	-	49,933	209,920	( 49,933)	( 209,920)	-	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	-	-	( 245,814)	( 1,033,401)	-	-	-	-	( 245,814)	( 1,033,401)
	Change in capital surplus accounted for using equity method	6(15)	-	2,286	9,707	-	-	-	-	-	-	-	-	-	-	2,286	9,707
	Share-based payment	6(13)(15)	-	2,532	10,893	-	-	-	-	-	-	-	-	-	-	2,532	10,893
	Other additional paid-in capital	6(15)	-	-	2	-	-	-	-	-	-	-	-	-	-	-	2
	Purchase of treasury stocks	6(14)	-	-	-	-	-	-	-	-	-	-	( 11,003)	( 46,821)	( 11,003)	( 46,821)	
	Treasury stocks transferred to employees	6(14)	-	-	-	-	-	-	-	-	-	-	-	11,003	46,821	11,003	46,821
	Balance at September 30, 2020	\$ 161,772	\$ 794,924	\$ 276,610	\$ 1,372,534	\$ 150,794	\$ 691,593	\$ 123,415	\$ 549,959	\$ 209,406	\$ 1,146,705	\$ 4,588	(\$ 600,124)	\$ -	\$ -	\$ 926,585	\$ 3,955,591

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	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
		CNY	TWD	CNY	TWD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		\$ 224,559	\$ 956,217	\$ 320,285	\$ 1,447,143
Adjustments					
Adjustment to reconcile profit (loss)					
Depreciation	6(6)(7)(22)	49,550	210,993	36,224	163,671
Amortization	6(8)(22)	3,187	13,571	4,592	20,749
Net gain on financial assets at fair value through profit or loss	6(20)	( 2,227)	( 9,483)	( 4,743)	( 21,430)
Interest expense	6(21)	9,575	40,772	8,574	38,740
Interest income	6(18)	( 13,486)	( 57,425)	( 10,026)	( 45,300)
Compensation cost of share-based payments	6(13)	2,532	10,893	-	-
Share of profit or loss of associates and joint venture accounted for using equity method	6(5)	( 1,350)	( 5,749)	549	2,481
Loss on disposal of property, plant and equipment	6(20)	16	68	97	438
Loss from lease modifications	6(20)	50	213	-	-
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		2,227	9,483	4,743	21,430
Notes receivable		( 3)	( 13)	-	-
Accounts receivable		( 511)	( 2,176)	1,667	7,532
Accounts receivable - related parties		( 1,179)	( 5,020)	( 341)	( 1,541)
Other receivables		( 403)	( 1,716)	( 3,154)	( 14,251)
Other receivables - related parties		5	21	( 69)	( 312)
Inventories		( 35,643)	( 151,775)	14,015	63,324
Prepayments		( 10,409)	( 44,324)	2,907	13,135
Changes in operating liabilities					
Accounts payable		( 4,530)	( 19,290)	( 270)	( 1,220)
Accounts payable - related parties		( 1,366)	( 5,817)	3,333	15,059
Other payables		( 18,807)	( 80,084)	( 24,255)	( 109,591)
Other payables - related parties		202	860	( 101)	( 456)
Contract liabilities		27,446	116,871	20,156	91,071
Guarantee deposits		1,780	7,580	4,017	18,150
Cash provided by operating activities		231,215	984,670	378,200	1,708,822
Interest paid		( 10,028)	( 42,701)	( 10,592)	( 47,858)
Income tax paid		( 88,762)	( 377,966)	( 81,754)	( 369,389)
Net cash provided by operating activities		132,425	564,003	285,854	1,291,575

- Continued -



**CHLITINA HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

	Notes	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
		CNY	TWD	CNY	TWD
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of financial assets at amortised cost		(\$ 80,000)	(\$ 340,656)	(\$ 75,622)	(\$ 341,683)
Proceeds from disposal of financial assets at amortised cost		1	4	50,000	225,915
Decrease (increase) in other current assets		22	94	( 40)	( 181)
Increase in investments accounted for using equity method		( 43,189)	( 177,624)	-	-
Acquisition of property, plant and equipment	6(6)	( 15,295)	( 65,130)	( 26,381)	( 119,197)
Proceeds from disposal of property, plant and equipment		47	200	48	217
Acquisition of subsidiary	6(25)	-	-	( 3,037)	( 13,722)
Acquisition of intangible assets	6(8)	( 465)	( 1,980)	-	-
Decrease (increase) in other non-current assets		2,479	10,556	( 2,898)	( 13,094)
Interest received		12,102	51,533	10,817	48,874
Net cash used in investing activities		( 124,298)	( 523,003)	( 47,113)	( 212,871)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of the principal portion of lease liabilities	6(27)	( 24,472)	( 104,207)	( 16,661)	( 75,279)
(Decrease) increase in short-term borrowings	6(27)	( 309,834)	( 1,319,335)	228,172	1,030,948
Increase in long-term borrowings	6(27)	303,785	1,293,577	-	-
Purchase of treasury stocks	6(14)	( 11,003)	( 46,821)	-	-
Treasury stocks transferred to employees	6(14)	11,003	46,821	-	-
Payment of cash dividends	6(16)	-	-	( 210,529)	( 953,908)
Net cash flows (used in) provided by financing activities		( 30,521)	( 129,965)	982	1,761
Effects due to changes in exchange rates		( 3,309)	( 66,390)	3,732	( 129,086)
(Decrease) increase in cash and cash equivalents		( 25,703)	( 155,355)	243,455	951,379
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		\$ 1,241,773	\$ 5,301,129	\$ 1,125,835	\$ 4,897,382

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 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 November 10, 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
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

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
			September 30, 2020	December 31, 2019	September 30, 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 and research and development	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	
Chlitina International	Chlitina Marketing Limited (Chlitina Marketing)	Investing and trading of skincare products	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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
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	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	
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	-	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
Hong Kong Crystal Asia	Cui Jie (Shanghai) Trading Co. Ltd. (Cui Jie Shanhai)	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	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	100.00	
Shanghai Yuanshuo	Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd. (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	100.00	
Shanghai Yuanshuo	Shanghai Lunxin Medical Beauty Clinic Co., Ltd. (Shanghai Lunxin)	Medical cosmetology services	100.00	100.00	-	
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	-	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
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	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 September 30, 2020 and 2019, the spot exchange rates of CNY to TWD were CNY \$1=TWD \$4.2690 and CNY \$1=TWD \$4.3500, respectively, and for the nine months ended September 30, 2020 and 2019, the average exchange rates of CNY to TWD were CNY \$1=TWD \$4.2582 and CNY \$1=TWD \$4.5183, 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>September 30, 2020</u>		<u>December 31, 2019</u>		<u>September 30, 2019</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Cash on hand	\$ 337	\$ 1,439	\$ 362	\$ 1,558	\$ 449	\$ 1,953
Check deposits and demand deposits	665,967	2,843,013	494,603	2,129,266	624,670	2,717,314
Time deposits	182,018	777,035	146,146	629,159	147,548	641,834
Cash equivalents	393,451	1,679,642	626,365	2,696,501	353,168	1,536,281
	<u>\$ 1,241,773</u>	<u>\$ 5,301,129</u>	<u>\$ 1,267,476</u>	<u>\$ 5,456,484</u>	<u>\$ 1,125,835</u>	<u>\$ 4,897,382</u>

A. As of September 30, 2020, December 31, 2019 and September 30, 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 September 30, 2020, December 31, 2019 and September 30, 2019, the Group's time deposits with maturity term of over three months amounted to CNY \$80,000 (TWD \$341,250), CNY \$1 (TWD \$4) and CNY \$79,994 (TWD \$347,974), respectively, which were reclassified as financial assets at amortised cost.

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	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Current items:						
Time deposits with maturity term of over three months	\$ -	\$ -	\$ 1	\$ 4	\$ 79,994	\$ 347,974
Non-current items:						
Time deposits with maturity over one year	\$ 80,000	\$ 341,520	\$ -	\$ -	\$ -	\$ -

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

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest income	\$ 196	\$ 835	\$ 590	\$ 2,612

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest income	\$ 196	\$ 835	\$ 1,903	\$ 8,598

B. As at September 30, 2020, December 31, 2019 and September 30, 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 \$80,000 (TWD \$341,520), CNY \$1 (TWD \$4) and CNY \$79,994 (TWD \$347,974), 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

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Accounts receivable	\$ 569	\$ 2,429	\$ 58	\$ 250	\$ 106	\$ 461
Accounts receivable - related parties	1,342	5,731	163	704	827	3,602
	\$ 1,911	\$ 8,160	\$ 221	\$ 954	\$ 933	\$ 4,063

- A. As of September 30, 2020, December 31, 2019 and September 30, 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 September 30, 2020, December 31, 2019 and September 30, 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 \$1,911 (TWD \$8,160), CNY \$221 (TWD \$954) and CNY \$933 (TWD \$4,603), respectively.
- D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	September 30, 2020					
	Cost		Allowance for inventory valuation losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	\$ 69,286	\$ 295,782	(\$ 924)	(\$ 3,945)	\$ 68,362	\$ 291,837
Work in progress	20,155	86,042	( 2,111)	( 9,012)	18,044	77,030
Raw materials	41,158	175,704	( 3,051)	( 13,025)	38,107	162,679
	<u>\$ 130,599</u>	<u>\$ 557,528</u>	<u>(\$ 6,086)</u>	<u>(\$ 25,982)</u>	<u>\$ 124,513</u>	<u>\$ 531,546</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>
	September 30, 2019					
	Cost		Allowance for inventory valuation losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	\$ 54,869	\$ 238,680	(\$ 3,623)	(\$ 15,760)	\$ 51,246	\$ 222,920
Work in progress	13,797	60,017	( 1,840)	( 8,004)	11,957	52,013
Raw materials	33,194	144,394	( 2,287)	( 9,948)	30,907	134,446
	<u>\$ 101,860</u>	<u>\$ 443,091</u>	<u>(\$ 7,750)</u>	<u>(\$ 33,712)</u>	<u>\$ 94,110</u>	<u>\$ 409,379</u>

A. For the three months and nine months ended September 30, 2020 and 2019, the cost of inventories recognised as expenses are as follows:

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Cost of goods sold	\$ 36,646	\$ 156,010	\$ 38,609	\$ 171,172
Loss on decline in market value	2,428	10,338	1,554	6,850
	<u>\$ 39,074</u>	<u>\$ 166,348</u>	<u>\$ 40,163</u>	<u>\$ 178,022</u>
	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Cost of goods sold	\$ 95,546	\$ 406,853	\$ 119,681	\$ 540,755
Loss on decline in market value	4,988	21,240	5,785	26,138
	<u>\$ 100,534</u>	<u>\$ 428,093</u>	<u>\$ 125,466</u>	<u>\$ 566,893</u>

B. The Group has no inventories pledged to others.

(5) Investments accounted for using equity method

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Associates						
General Biologicals Corp.	\$ 46,380	\$ 197,996	\$ -	\$ -	\$ -	\$ -
Shanghai Zhongye Trade Co., Ltd.	3,361	14,348	4,543	19,558	4,570	19,880
	<u>\$ 49,741</u>	<u>\$ 212,344</u>	<u>\$ 4,543</u>	<u>\$ 19,558</u>	<u>\$ 4,570</u>	<u>\$ 19,880</u>

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

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Profit for the period	\$ 1,646	\$ 7,010	\$ 143	\$ 674
Other comprehensive loss	( 1,858)	( 7,912)	-	-
Total comprehensive (loss) income for the period	<u>(\$ 212)</u>	<u>(\$ 902)</u>	<u>\$ 143</u>	<u>\$ 674</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Profit (loss) for the period	\$ 1,350	\$ 5,749	(\$ 549)	(\$ 2,481)
Other comprehensive loss	( 1,627)	( 6,928)	-	-
Total comprehensive loss for the period	<u>(\$ 277)</u>	<u>(\$ 1,179)</u>	<u>(\$ 549)</u>	<u>(\$ 2,481)</u>

- B. The Group has no investments accounted for using the equity method pledged to others.
- C. The Group's associate, General Biologicals Corp., has quoted market prices. As of September 30, 2020, the fair value was CNY \$185,084 (TWD \$790,122).
- D. The Group is the single largest shareholder of General Biologicals Corp. with a 19.71% equity interest. Given the participation extent of other shareholders in the previous shareholders' meeting and the record of voting shares on significant issues, which indicates that the Group has no current ability to direct the relevant activities of General Biologicals Corp., the Group has no control, but only has significant influence, over the investee.

(6) Property, plant and equipment

(In thousands of CNY)

2020

	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Machinery equipment</u>	<u>Office and other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1</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>
Balance at January 1	\$ 24,552	\$ 223,855	\$ 1,564	\$ 8,188	\$ 55,247	\$ 4,299	\$ 317,705
Additions	-	-	-	41	10,906	4,348	15,295
Disposals	-	-	-	( 3)	( 60)	-	( 63)
Reclassifications	-	-	-	-	10,888	( 5,548)	5,340
Depreciation charge	-	( 10,016)	( 237)	( 919)	( 11,728)	-	( 22,900)
Net exchange differences	207	-	4	-	273	-	484
Balance at September 30	<u>\$ 24,759</u>	<u>\$ 213,839</u>	<u>\$ 1,331</u>	<u>\$ 7,307</u>	<u>\$ 65,526</u>	<u>\$ 3,099</u>	<u>\$ 315,861</u>
<u>At September 30</u>							
Cost	\$ 24,759	\$ 294,166	\$ 5,981	\$ 16,134	\$ 129,532	\$ 3,099	\$ 473,671
Accumulated depreciation and impairment	-	( 80,327)	( 4,650)	( 8,827)	( 64,006)	-	( 157,810)
	<u>\$ 24,759</u>	<u>\$ 213,839</u>	<u>\$ 1,331</u>	<u>\$ 7,307</u>	<u>\$ 65,526</u>	<u>\$ 3,099</u>	<u>\$ 315,861</u>

(In thousands of CNY)

2019

	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</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>
Balance at January 1	\$ 23,635	\$ 243,519	\$ 1,343	\$ 7,801	\$ 25,018	\$ 3,596	\$ 304,912
Additions	-	-	676	1,491	4,849	19,365	26,381
Acquired from business combinations	-	-	9	-	3,552	-	3,561
Disposals	-	-	( 32)	-	( 113)	-	( 145)
Reclassifications	-	( 5,565)	-	119	836	( 4,971)	( 9,581)
Depreciation charge	-	( 10,761)	( 353)	( 913)	( 6,354)	-	( 18,381)
Net exchange differences	663	-	14	-	77	61	815
Balance at September 30	<u>\$ 24,298</u>	<u>\$ 227,193</u>	<u>\$ 1,657</u>	<u>\$ 8,498</u>	<u>\$ 27,865</u>	<u>\$ 18,051</u>	<u>\$ 307,562</u>
<u>At September 30</u>							
Cost	\$ 24,298	\$ 294,166	\$ 5,967	\$ 16,107	\$ 79,567	\$ 18,051	\$ 438,156
Accumulated depreciation and impairment	-	( 66,973)	( 4,310)	( 7,609)	( 51,702)	-	( 130,594)
	<u>\$ 24,298</u>	<u>\$ 227,193</u>	<u>\$ 1,657</u>	<u>\$ 8,498</u>	<u>\$ 27,865</u>	<u>\$ 18,051</u>	<u>\$ 307,562</u>



(In thousands of TWD)

2020

	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Machinery equipment</u>	<u>Office and other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1</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>
Balance at January 1	\$ 105,696	\$ 963,696	\$ 6,733	\$ 35,249	\$ 237,839	\$ 18,507	\$ 1,367,720
Additions	-	-	-	175	46,440	18,515	65,130
Disposals	-	-	-	( 13)	( 255)	-	( 268)
Reclassifications	-	-	-	-	46,363	( 23,624)	22,739
Depreciation charge	-	( 42,650)	( 1,009)	( 3,913)	( 49,940)	-	( 97,512)
Net exchange differences	-	( 8,167)	( 42)	( 304)	( 717)	( 168)	( 9,398)
Balance at September 30	<u>\$ 105,696</u>	<u>\$ 912,879</u>	<u>\$ 5,682</u>	<u>\$ 31,194</u>	<u>\$ 279,730</u>	<u>\$ 13,230</u>	<u>\$ 1,348,411</u>
<u>At September 30</u>							
Cost	\$ 105,696	\$ 1,255,795	\$ 25,533	\$ 68,876	\$ 552,972	\$ 13,230	\$ 2,022,102
Accumulated depreciation and impairment	-	( 342,916)	( 19,851)	( 37,682)	( 273,242)	-	( 673,691)
	<u>\$ 105,696</u>	<u>\$ 912,879</u>	<u>\$ 5,682</u>	<u>\$ 31,194</u>	<u>\$ 279,730</u>	<u>\$ 13,230</u>	<u>\$ 1,348,411</u>

(In thousands of TWD)

	2019						
	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</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>
Balance at January 1	\$ 105,696	\$ 1,089,017	\$ 6,006	\$ 34,886	\$ 111,880	\$ 16,081	\$ 1,363,566
Additions	-	-	3,054	6,737	21,909	87,497	119,197
Acquired from business combinations	-	-	41	-	16,049	-	16,090
Disposals	-	-	( 145)	-	( 510)	-	( 655)
Reclassifications	-	( 25,144)	-	538	3,777	( 22,460)	( 43,289)
Depreciation charge	-	( 48,621)	( 1,595)	( 4,125)	( 28,709)	-	( 83,050)
Net exchange differences	-	( 26,962)	( 153)	( 1,070)	( 3,183)	( 2,596)	( 33,964)
Balance at September 30	<u>\$ 105,696</u>	<u>\$ 988,290</u>	<u>\$ 7,208</u>	<u>\$ 36,966</u>	<u>\$ 121,213</u>	<u>\$ 78,522</u>	<u>\$ 1,337,895</u>
<u>At September 30</u>							
Cost	\$ 105,696	\$ 1,279,622	\$ 25,956	\$ 70,065	\$ 346,116	\$ 78,522	\$ 1,905,977
Accumulated depreciation and impairment	-	( 291,332)	( 18,748)	( 33,099)	( 224,903)	-	( 568,082)
	<u>\$ 105,696</u>	<u>\$ 988,290</u>	<u>\$ 7,208</u>	<u>\$ 36,966</u>	<u>\$ 121,213</u>	<u>\$ 78,522</u>	<u>\$ 1,337,895</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:

	September 30, 2020		December 31, 2019		September 30, 2019	
	Carrying amount		Carrying amount		Carrying amount	
	CNY	TWD	CNY	TWD	CNY	TWD
Buildings	\$ 128,721	\$ 549,510	\$ 114,673	\$ 493,667	\$ 106,224	\$ 462,074
Office equipment	12	51	15	65	16	70
	<u>\$ 128,733</u>	<u>\$ 549,561</u>	<u>\$ 114,688</u>	<u>\$ 493,732</u>	<u>\$ 106,240</u>	<u>\$ 462,144</u>

	Three months ended September 30			
	2020		2019	
	Depreciation charge		Depreciation charge	
	CNY	TWD	CNY	TWD
Buildings	\$ 10,390	\$ 44,233	\$ 7,125	\$ 31,760
Office equipment	1	4	1	5
	<u>\$ 10,391</u>	<u>\$ 44,237</u>	<u>\$ 7,126</u>	<u>\$ 31,765</u>

	Nine months ended September 30			
	2020		2019	
	Depreciation charge		Depreciation charge	
	CNY	TWD	CNY	TWD
Buildings	\$ 25,900	\$ 110,287	\$ 17,839	\$ 80,603
Office equipment	4	17	4	18
	<u>\$ 25,904</u>	<u>\$ 110,304</u>	<u>\$ 17,843</u>	<u>\$ 80,621</u>

D. For the nine months ended September 30, 2020 and 2019, the additions to right-of-use assets were CNY \$50,693 (TWD \$215,861) and CNY \$73,751 (TWD \$333,229), respectively, and right-of-use assets acquired from business combination amounted to CNY \$0 (TWD \$0) and CNY \$510 (TWD \$2,304), respectively.

E. Information on income and expense relating to lease contracts is as follows:

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$ 1,258	\$ 5,355	\$ 949	\$ 4,240
Expense on short-term lease contracts	405	1,724	634	2,782
Expense on leases of low-value assets	1	5	1	4
	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$ 3,146	\$ 13,396	\$ 2,129	\$ 9,620
Expense on short-term lease contracts	1,302	5,544	2,695	12,177
Expense on leases of low-value assets	4	17	4	18

F. For the nine months ended September 30, 2020 and 2019, the Group's total cash outflow for leases were CNY \$28,924 (TWD \$123,164 ) and CNY \$21,489 (TWD \$97,094 ), respectively.

G. Leases contracted for at the balance sheet date but not yet incurred pertain to office and operating spaces. As of September 30, 2020, the undiscounted lease liabilities amounted to CNY \$1,239 (TWD \$5,289).

(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
Reclassifications	-	-	-	-	356	1,516	356	1,516
Additions - acquired separately	-	-	-	-	109	464	109	464
Amortisation charge	-	-	( 540)	( 2,300)	( 2,647)	( 11,271)	( 3,187)	( 13,571)
Net exchange differences	-	( 116)	-	( 328)	( 14)	( 476)	( 14)	( 920)
Balance at September 30	<u>\$ 3,213</u>	<u>\$ 13,716</u>	<u>\$ 8,406</u>	<u>\$ 35,885</u>	<u>\$ 8,733</u>	<u>\$ 37,282</u>	<u>\$ 20,352</u>	<u>\$ 86,883</u>
At September 30								
Cost	\$ 3,213	\$ 13,716	\$ 10,162	\$ 43,382	\$ 38,327	\$ 163,618	\$ 51,702	\$ 220,716
Accumulated amortisation and impairment	-	-	( 1,756)	( 7,496)	( 29,594)	( 126,337)	( 31,350)	( 133,833)
	<u>\$ 3,213</u>	<u>\$ 13,716</u>	<u>\$ 8,406</u>	<u>\$ 35,886</u>	<u>\$ 8,733</u>	<u>\$ 37,281</u>	<u>\$ 20,352</u>	<u>\$ 86,883</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	-	-	-	-	4,065	18,367	4,065	18,367
Additions - acquired separately	1,529	6,688	4,102	17,938	449	2,029	6,080	26,655
Amortisation charge	-	-	( 303)	( 1,369)	( 4,289)	( 19,380)	( 4,592)	( 20,749)
Net exchange differences	-	( 242)	-	( 697)	1,076	3,428	1,076	2,489
Balance at September 30	<u>\$ 3,213</u>	<u>\$ 13,977</u>	<u>\$ 9,152</u>	<u>\$ 39,811</u>	<u>\$ 11,265</u>	<u>\$ 49,002</u>	<u>\$ 23,630</u>	<u>\$ 102,790</u>
At September 30								
Cost	\$ 3,213	\$ 13,977	\$ 10,162	\$ 44,204	\$ 36,894	\$ 160,489	\$ 50,269	\$ 218,670
Accumulated amortisation and impairment	-	-	( 1,010)	( 4,393)	( 25,629)	( 111,487)	( 26,639)	( 115,880)
	<u>\$ 3,213</u>	<u>\$ 13,977</u>	<u>\$ 9,152</u>	<u>\$ 39,811</u>	<u>\$ 11,265</u>	<u>\$ 49,002</u>	<u>\$ 23,630</u>	<u>\$ 102,790</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.
- C. For the nine months ended September 30, 2019, the Group increased the intangible assets - goodwill arising through the business combinations by CNY \$1,529 (TWD \$6,688). The related information is provided in Note 6(25).

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2020</u>		<u>Interest rate range</u>	<u>Collateral</u>
	<u>CNY</u>	<u>TWD</u>		
Bank borrowings				
Unsecured borrowings	<u>\$ 80,184</u>	<u>\$ 342,305</u>	1.05%~1.25%	-
<u>Type of borrowings</u>	<u>December 31, 2019</u>		<u>Interest rate range</u>	<u>Collateral</u>
	<u>CNY</u>	<u>TWD</u>		
Bank borrowings				
Unsecured borrowings	<u>\$ 388,162</u>	<u>\$ 1,671,037</u>	2.56%~2.90%	-
<u>Type of borrowings</u>	<u>September 30, 2019</u>		<u>Interest rate range</u>	<u>Collateral</u>
	<u>CNY</u>	<u>TWD</u>		
Bank borrowings				
Unsecured borrowings	<u>\$ 474,705</u>	<u>\$ 2,064,967</u>	2.68%~3.18%	-

- A. The Group recognised interest expense in profit or loss for the three months and nine months ended September 30, 2020 and 2019, from long-term and short-term borrowings, amounting to CNY \$1,323 (TWD \$5,631), CNY \$2,644 (TWD \$11,793), CNY \$6,429 (TWD \$27,376), and CNY \$6,445 (TWD \$29,120), respectively.
- B. The bank borrowing agreement specifies that the consolidated financial statements of the Group need to meet the criteria as agreed. During the period of the borrowings, the loan needs to be reviewed and maintained quarterly and semiannually and the bank will audit the covenants at any time when necessary. As of September 30, 2020 December 31, 2019 and September 30,2019, the Group has not violated any of the loan covenants in the borrowing agreement.

(10) Other payables

	<u>September 30, 2020</u>		<u>December 31, 2019</u>		<u>September 30, 2019</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Dividend payable	\$ 245,814	\$ 1,033,401	\$ -	\$ -	\$ -	\$ -
Wages and salaries payable	9,132	38,985	29,595	127,406	10,240	44,544
Tax payable	15,295	65,294	12,528	53,933	19,737	85,856
Others	81,515	363,966	83,079	357,656	71,293	310,125
	<u>\$ 351,756</u>	<u>\$ 1,501,646</u>	<u>\$ 125,202</u>	<u>\$ 538,995</u>	<u>\$ 101,270</u>	<u>\$ 440,525</u>

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 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	0.95%	None	\$ 61,349	\$ 261,899
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 14, 2019 to September 3, 2022; interest is payable monthly; principal is payable at maturity	0.81%	None	134,968	576,178
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 26, 2020 to September 3, 2022; interest is payable monthly; principal is payable at maturity	0.78%	None	68,166	291,001
Fubon Bank	Borrowing period is from August 12, 2020 to February 13, 2022; interest is payable monthly; principal is payable at maturity	1.00%	None	95,432	407,399
Less: Current portion				( 61,349)	( 261,899)
				<u>\$ 298,566</u>	<u>\$ 1,274,578</u>

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

As of September 30, 2019: None.

The bank borrowing agreement specifies that the Group is required to meet certain criteria based on its consolidated financial statements. During the period of the borrowings, the loans need to be reviewed and maintained quarterly and semiannually and the bank will audit the covenants at any time when necessary. As of September 30, 2020 and December 31, 2019, the Group has not violated any of the loan covenants in the borrowing 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 and nine months ended September 30, 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%

- (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 and nine months ended September 30, 2020 and 2019 were CNY \$1,099 (TWD \$4,677), CNY \$3,640 (TWD \$16,197), CNY \$4,496 (TWD \$19,144) and CNY \$9,827 (TWD \$44,402), respectively.

(13) Share-based payment

- A. The Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (thousands)</u>	<u>Vesting conditions</u>
Treasury stock transferred to employees	2020.09.03	285	Vested immediately

The abovementioned share-based payment arrangement is settled by equity.

- B. Details of the Group's share-based payment arrangements are as follows:

	<u>2020</u>	
	<u>No. of options (thousands)</u>	<u>Weighted-average exercise price (New Taiwan dollars)</u>
Options outstanding at January 1	-	\$ -
Options granted	285	164.28
Options exercised	( 285 )	( 164.28 )
Options outstanding at September 30	<u>-</u>	-
Options exercisable at September 30	<u>-</u>	-

For the nine months ended September 30, 2019: None.

- C. The fair value of stock options granted on September 3, 2020 is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

(TWD)

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (years)	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Treasury stock transferred to employees	109.9.3	\$ 215.50	\$ 164.28	18.04%	0.089	-	0.35%	\$ 38.22

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

- D. Expenses incurred on share-based payment transactions are shown below:

	Three months ended September 30, 2020		Nine months ended September 30, 2020	
	CNY	TWD	CNY	TWD
	Equity-settled	\$ 2,532	\$ 10,893	\$ 2,532

For the three months and nine months ended September 30, 2019: None.

(14) Share capital

- A. As of September 30, 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:

	2020	2019
At January 1	79,492	79,492
Purchase of treasury shares	( 285)	-
Treasury shares sold to employees	285	-
At September 30	79,492	79,492

- C. On September 28, 2020, the Board of Directors of the Company resolved to increase capital by issuing a maximum of 3,000 thousand new shares with a par value of TWD \$10 (in dollars) per share at a maximum total issuance amount of TWD \$30,000. The capital increase is still in process.

D. On September 28, 2020, the Board of Directors of the Company resolved to issue the second-time domestic unsecured convertible bonds of TWD \$1,000,000 at face value of 100%~100.5% with the coupon rate at 0%, with a par value of TWD \$100 per share. The bonds mature 3 years from the issue date. The issuance is still in process.

### (15) Capital surplus

A summary of the Company's capital surplus is as follows:

	2020											
	Share premium		Employee stock options		Stock options		Others		Net change in equity of associates		Total	
	CNY	TWD	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
Share-based compensation payment	-	-	2,532	10,893	-	-	-	-	-	-	2,532	10,893
Treasury shares sold to employees	-	-	( 2,532)	( 10,893)	-	-	2,532	10,893	-	-	-	-
Other changes in capital surplus	-	-	-	-	-	-	-	2	-	-	-	2
Recognition of change in equity of associates in portion to the Group's ownership	-	-	-	-	-	-	-	-	2,286	9,707	2,286	9,707
At September 30	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 9,940	\$ 70,757	\$ 2,286	\$ 9,707	\$ 276,610	\$ 1,372,534
	2019											
	Share premium		Employee stock options		Stock options		Others				Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1 (September 30)	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 7,408	\$ 59,862	\$ 271,792	\$ 1,351,932		

### (16) 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 resolved by the shareholders at their meetings on June 5, 2020 and June 5, 2019, respectively, are as follows:

	2019		Dividends per share (New Taiwan dollars)	2018		Dividends per share (New Taiwan dollars)
	CNY	TWD		CNY	TWD	
Special reserve	\$ 49,933	\$ 209,920		\$ 18,092	\$ 81,976	
Legal reserve	34,067	143,216		26,901	121,888	
Cash dividends	245,814	1,033,401	\$ 13.00	210,529	953,908	\$ 12.00
	<u>\$ 329,814</u>	<u>\$ 1,386,537</u>		<u>\$ 255,522</u>	<u>\$ 1,157,772</u>	

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

(17) Operating revenue

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Revenue from contracts with customers	<u>\$ 242,430</u>	<u>\$1,032,094</u>	<u>\$ 285,288</u>	<u>\$1,267,268</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Revenue from contracts with customers	<u>\$ 611,683</u>	<u>\$2,604,668</u>	<u>\$ 823,616</u>	<u>\$3,721,344</u>

A. Disaggregation of revenue from contracts with customers

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

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Net sales of goods	\$ 235,043	\$ 1,000,645	\$ 276,915	\$ 1,230,403
Special affiliate income	3,234	13,767	6,798	29,916
OEM income	58	247	70	309
Skincare service from company-operated salon and other income	4,095	17,435	1,505	6,640
	<u>\$ 242,430</u>	<u>\$ 1,032,094</u>	<u>\$ 285,288</u>	<u>\$ 1,267,268</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Net sales of goods	\$ 595,711	\$ 2,536,657	\$ 791,324	\$ 3,575,439
Special affiliate income	8,553	36,420	26,570	120,051
OEM income	109	464	241	1,089
Skincare service from company-operated salon and other income	7,310	31,127	5,481	24,765
	<u>\$ 611,683</u>	<u>\$ 2,604,668</u>	<u>\$ 823,616</u>	<u>\$ 3,721,344</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:

	September 30, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers	<u>\$ 83,453</u>	<u>\$ 356,261</u>	<u>\$ 56,007</u>	<u>\$ 241,110</u>

  

	September 30, 2019		January 1, 2019	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers	<u>\$ 69,608</u>	<u>\$ 302,795</u>	<u>\$ 46,791</u>	<u>\$ 209,249</u>

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

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers at the beginning of the period	<u>\$ 2,933</u>	<u>\$ 12,460</u>	<u>\$ -</u>	<u>(\$ 1,890)</u>

  

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers at the beginning of the period	<u>\$ 51,552</u>	<u>\$ 219,519</u>	<u>\$ 46,791</u>	<u>\$ 211,416</u>

(18) Interest income

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest income from bank deposits	\$ 2,994	\$ 12,746	\$ 1,578	\$ 7,051
Interest income from financial assets measured at amortised cost	196	835	590	2,612
Other interest income	2,410	10,260	1,354	5,987
	<u>\$ 5,600</u>	<u>\$ 23,841</u>	<u>\$ 3,522</u>	<u>\$ 15,650</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest income from bank deposits	\$ 7,224	\$ 30,761	\$ 3,516	\$ 15,886
Interest income from financial assets measured at amortised cost	196	835	1,903	8,598
Other interest income	6,066	25,829	4,607	20,816
	<u>\$ 13,486</u>	<u>\$ 57,425</u>	<u>\$ 10,026</u>	<u>\$ 45,300</u>

(19) Other income

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Government grants revenue	\$ 383	\$ 1,616	\$ 102	(\$ 446)
Others	542	2,307	395	1,753
	<u>\$ 925</u>	<u>\$ 3,923</u>	<u>\$ 497</u>	<u>\$ 1,307</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Government grants revenue	\$ 25,932	\$ 110,424	\$ 22,556	\$ 101,915
Others	2,251	9,585	1,177	5,318
	<u>\$ 28,183</u>	<u>\$ 120,009</u>	<u>\$ 23,733</u>	<u>\$ 107,233</u>

(20) Other gains and losses

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Losses on disposal of property, plant and equipment	(\$ 24)	(\$ 102)	(\$ 37)	(\$ 164)
Foreign exchange gains	11,196	47,675	1,563	7,108
Net gains on financial assets at fair value through profit or loss	114	484	2,049	9,149
Gains from lease modification	9	38	-	-
Other (losses) gains	( 353)	( 1,504)	13	55
	<u>\$ 10,942</u>	<u>\$ 46,591</u>	<u>\$ 3,588</u>	<u>\$ 16,148</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Losses on disposal of property, plant and equipment	(\$ 16)	(\$ 68)	(\$ 97)	(\$ 438)
Foreign exchange gains	11,253	47,918	427	1,929
Net gains on financial assets at fair value through profit or loss	2,227	9,483	4,743	21,430
Losses from lease modification	( 50)	( 213)	-	-
Other (losses) gains	( 168)	( 716)	101	457
	<u>\$ 13,246</u>	<u>\$ 56,404</u>	<u>\$ 5,174</u>	<u>\$ 23,378</u>

(21) Finance cost

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest expense - Bank borrowings	\$ 1,323	\$ 5,631	\$ 2,644	\$ 11,793
Interest expense - Lease liability	1,258	5,355	949	4,240
	<u>\$ 2,581</u>	<u>\$ 10,986</u>	<u>\$ 3,593</u>	<u>\$ 16,033</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest expense - Bank borrowings	\$ 6,429	\$ 27,376	\$ 6,445	\$ 29,120
Interest expense - Lease liability	3,146	13,396	2,129	9,620
	<u>\$ 9,575</u>	<u>\$ 40,772</u>	<u>\$ 8,574</u>	<u>\$ 38,740</u>

(22) Employee benefit expense, depreciation and amortisation

	Three months ended September 30, 2020					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 2,438	\$ 10,379	\$ 34,748	\$ 147,930	\$ 37,186	\$ 158,309
Labour and health insurance fees	150	639	2,466	10,498	2,616	11,137
Pension costs	-	-	1,099	4,677	1,099	4,677
Other employee benefit expense	108	460	3,891	16,565	3,999	17,025
Depreciation	1,663	7,080	17,091	72,759	18,754	79,839
Amortisation	168	715	845	3,598	1,013	4,313

	Three months ended September 30, 2019					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 1,601	\$ 7,130	\$ 31,963	\$ 141,906	\$ 33,564	\$ 149,036
Labour and health insurance fees	130	578	2,475	11,022	2,605	11,600
Pension costs	177	786	3,463	15,411	3,640	16,197
Other employee benefit expense	79	351	2,901	12,930	2,980	13,281
Depreciation	329	1,461	13,007	57,870	13,336	59,331
Amortisation	57	253	1,578	7,016	1,635	7,269

	Nine months ended September 30, 2020					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 7,264	\$ 30,932	\$ 91,535	\$ 389,774	\$ 98,799	\$ 420,706
Labour and health insurance fees	333	1,418	5,877	25,025	6,210	26,443
Pension costs	52	221	4,444	18,923	4,496	19,144
Other employee benefit expense	337	1,435	9,366	39,882	9,703	41,317
Depreciation	4,446	18,932	45,104	192,061	49,550	210,993
Amortisation	539	2,295	2,648	11,276	3,187	13,571



	Nine months ended September 30, 2019					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 4,153	\$ 18,764	\$ 94,145	\$425,375	\$ 98,298	\$444,139
Labour and health insurance fees	352	1,590	6,450	29,143	6,802	30,733
Pension costs	528	2,386	9,299	42,016	9,827	44,402
Other employee benefit expense	216	976	7,310	33,029	7,526	34,005
Depreciation	955	4,315	35,269	159,356	36,224	163,671
Amortisation	171	773	4,421	19,976	4,592	20,749

- 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 and nine months ended September 30, 2020 and 2019, employees' compensation was accrued at CNY \$1,407 (TWD \$5,990), CNY \$1,584 (TWD \$7,023), CNY \$3,435 (TWD \$14,627) and CNY \$4,905 (TWD \$22,162), respectively; directors' remuneration was accrued at CNY \$704 (TWD \$2,998), CNY \$792 (TWD \$3,511), CNY \$1,718 (TWD \$7,316) and CNY \$2,453 (TWD \$11,083), 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 November 10, 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.

(23) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Current tax:				
Current tax on profits for the period	\$ 25,286	\$ 107,645	\$ 26,321	\$ 116,324
Prior year income tax overestimation	-	( 6)	( 19)	( 105)
Deferred tax:				
Origination and reversal of temporary differences	( 1,507)	( 6,414)	19	264
Income tax expense	<u>\$ 23,779</u>	<u>\$ 101,225</u>	<u>\$ 26,321</u>	<u>\$ 116,483</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Current tax:				
Current tax on profits for the period	\$ 74,247	\$ 316,159	\$ 90,706	\$ 409,836
Prior year income tax underestimation	7,891	33,601	477	2,156
Deferred tax:				
Origination and reversal of temporary differences	( 7,115)	( 30,297)	( 4,393)	( 19,849)
Income tax expense	<u>\$ 75,023</u>	<u>\$ 319,463</u>	<u>\$ 86,790</u>	<u>\$ 392,143</u>

B. Chlitina Marketing Taiwan Branch's and Chlitina Intelligence Taiwan Branch's income tax returns through 2017 and 2018, respectively, have been assessed and approved by the Tax Authority.

(24) Earnings per share

Three months ended September 30, 2020					
	Amount after tax		Weighted average	Earnings per share	
	(In thousands of CNY)	(In thousands of TWD)	number of ordinary shares outstanding (shares in thousands)	(CNY dollars)	(TWD dollars)
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 68,719	\$ 292,571	79,235	\$ 0.87	\$ 3.69
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 68,719	\$ 292,571	79,235		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	81		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 68,719	\$ 292,571	79,316	\$ 0.87	\$ 3.69

Three months ended September 30, 2019					
	Amount after tax		Weighted average	Earnings per share	
	(In thousands of CNY)	(In thousands of TWD)	number of ordinary shares outstanding (shares in thousands)	(CNY dollars)	(TWD dollars)
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 77,241	\$ 342,685	79,492	\$ 0.97	\$ 4.31
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 77,241	\$ 342,685	79,492		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	105		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 77,241	\$ 342,685	79,597	\$ 0.97	\$ 4.31

Nine months ended September 30, 2020					
	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	\$ 149,536	\$ 636,754	79,307	\$ 1.89	\$ 8.03
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 149,536	\$ 636,754	79,307		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	125		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 149,536	\$ 636,754	79,432	\$ 1.88	\$ 8.02
Nine months ended September 30, 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	\$ 233,495	\$ 1,055,000	79,492	\$ 2.94	\$ 13.27
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 233,495	\$ 1,055,000	79,492		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	144		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 233,495	\$ 1,055,000	79,636	\$ 2.93	\$ 13.25

(25) Business combinations

- A. For the nine months ended September 30, 2020: None.
- B. On September 2, 2019, the Group acquired 100% of the share capital of Shanghai Zhe Mei Technology Training Co., Ltd. (Shanghai Zhe Mei) for CNY \$4,000 and obtained the control of Shanghai Zhe Mei, a cosmetology training service provider operating in Shanghai. As a result of the acquisition, the Group expected to increase its overall brand value and enhance the plan
- C. for a beauty industry chain.
- D. The following table summarises the consideration paid for Shanghai Zhe Mei and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	September 2, 2019	
	CNY	TWD
Purchase consideration		
Cash paid	<u>\$ 4,000</u>	<u>\$ 17,492</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	856	3,744
Accounts receivable	1,182	5,169
Other current assets	63	276
Other non-current assets	3,552	15,532
Intangible assets	4,551	19,900
Accounts payable	( 2,459)	( 10,752)
Contract liabilities	( 2,661)	( 11,638)
Other payables	( 1,587)	( 6,940)
Deferred tax liabilities	( 1,026)	( 4,487)
Total identifiable net assets	<u>2,471</u>	<u>10,804</u>
Goodwill	<u>\$ 1,529</u>	<u>\$ 6,688</u>

- E. The operating revenue included in the consolidated statement of comprehensive income since September 2, 2019 contributed by Shanghai Zhe Mei was CNY \$1,632 (TWD \$7,374). Shanghai Zhe Mei also contributed loss before income tax of CNY \$104 (TWD \$470) over the same period. Had Shanghai Zhe Mei been consolidated from January 1, 2019, the consolidated statement of comprehensive income would show operating revenue of CNY \$824,010 (TWD \$3,723,124) and profit before income tax of CNY \$318,730 (TWD \$1,440,118).

(26) Supplemental cash flow information

Financing activities with no cash flow effects

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Dividends payable	\$ 245,814	\$1,033,401	\$ -	\$ -	\$ -	\$ -

(27) 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	( 309,834)	( 1,319,335)	( 24,472)	( 104,207)	-	-
Proceeds from long-term debt	-	-	-	-	303,785	1,293,577
Increase in lease liabilities	-	-	50,693	215,861	-	-
Decrease in lease liabilities	-	-	( 10,913)	( 46,470)	-	-
Interest paid on lease liabilities	-	-	( 3,146)	( 13,396)	-	-
Interest expense on lease liabilities	-	-	3,146	13,396	-	-
Lease liabilities reclassification	-	-	89	379	-	-
Impact of changes in foreign exchange rate	1,856	( 9,397)	229	( 2,874)	( 6,546)	( 26,920)
At September 30, 2020	\$ 80,184	\$ 342,305	\$ 127,356	\$ 543,687	\$ 359,915	\$1,536,477

	Short-term loans		Lease liabilities	
	CNY	TWD	CNY	TWD
At January 1, 2019	\$ 231,386	\$ 1,034,758	\$ 49,372	\$ 220,792
Changes in cash flow from financing activities	228,172	1,030,948	( 16,661)	( 75,279)
Increase in lease liabilities	-	-	73,751	333,229
Increase in lease liabilities acquired from business combinations	-	-	510	2,304
Interest paid on lease liabilities	-	-	2,129	9,620
Interest expense on lease liabilities	-	-	( 2,129)	( 9,620)
Lease liabilities reclassification	-	-	( 4,661)	( 21,060)
Impact of changes in foreign exchange rate	15,147	( 739)	433	( 13,051)
At September 30, 2019	\$ 474,705	\$ 2,064,967	\$ 102,744	\$ 446,935

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>	<u>Notes</u>
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	
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	
Max Exchange Corp. (Max Exchange)	Other related party	
BIODYNASTY CO., LTD. (Biodynasty)	Other related party	
SHANGHAI ZHONGYE TRADE CO., LTD. (Shanghai Zhongye)	Associate	
General Biologicals Corp.(General Biologicals)	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 September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Sales of goods and OEM income:				
Associate	\$ 132	\$ 561	\$ 42	\$ 160
Other related parties	534	2,276	177	782
	<u>\$ 666</u>	<u>\$ 2,837</u>	<u>\$ 219</u>	<u>\$ 942</u>

  

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Sales of goods and OEM income:				
Associate	\$ 187	\$ 794	\$ 767	\$ 3,464
Other related parties	1,027	4,375	640	2,890
	<u>\$ 1,214</u>	<u>\$ 5,169</u>	<u>\$ 1,407</u>	<u>\$ 6,354</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.

B. Purchases

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Associate	\$ 13	\$ 55	\$ 19	\$ 67
Other related parties				
Charming Biotech	2,522	10,734	4,199	18,855
Others	4,244	18,066	259	1,142
	<u>\$ 6,779</u>	<u>\$ 28,855</u>	<u>\$ 4,477</u>	<u>\$ 20,064</u>

  

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Associate	\$ 159	\$ 677	\$ 514	\$ 2,323
Other related parties				
Charming Biotech	8,098	34,483	7,164	32,371
Others	12,383	52,727	1,151	5,203
	<u>\$ 20,640</u>	<u>\$ 87,887</u>	<u>\$ 8,829</u>	<u>\$ 39,897</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

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Accounts receivable:						
Associate						
Shanghai Zhongye	\$ 148	\$ 631	\$ 51	\$ 221	\$ 671	\$ 2,922
Other related parties						
Kelti China	568	2,425	59	254	75	325
Mc.Reene	-	-	45	194	-	-
Others	626	2,675	8	35	81	355
	<u>\$ 1,342</u>	<u>\$ 5,731</u>	<u>\$ 163</u>	<u>\$ 704</u>	<u>\$ 827</u>	<u>\$ 3,602</u>
Other receivables:						
Other related parties	<u>\$ 193</u>	<u>\$ 824</u>	<u>\$ 198</u>	<u>\$ 849</u>	<u>\$ 269</u>	<u>\$ 1,170</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

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Accounts payable:						
Associate	\$ 10	\$ 41	\$ -	\$ -	\$ 943	\$ 4,102
Other related parties						
Charming Biotech	1,560	6,661	2,931	12,615	3,354	14,588
Kelti China	2,093	8,935	2,031	8,744	2,195	9,550
Others	835	3,566	902	3,885	-	-
	<u>\$ 4,498</u>	<u>\$ 19,203</u>	<u>\$ 5,864</u>	<u>\$ 25,244</u>	<u>\$ 6,492</u>	<u>\$ 28,240</u>
Other payables:						
Associate	\$ -	\$ -	\$ 3	\$ 11	\$ 3	\$ 13
Other related parties						
Kelti China	2,043	8,722	1,315	5,661	1,408	6,124
Others	955	4,076	1,478	6,364	467	2,032
	<u>\$ 2,998</u>	<u>\$ 12,798</u>	<u>\$ 2,796</u>	<u>\$ 12,036</u>	<u>\$ 1,878</u>	<u>\$ 8,169</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) Acquisition of right-of-use assets

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Kelti China	\$ 17,784	\$ 75,726	\$ -	\$ -
Other related parties	9,438	40,187	2,934	13,256
	<u>\$ 27,222</u>	<u>\$ 115,913</u>	<u>\$ 2,934</u>	<u>\$ 13,256</u>
	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Kelti China	\$ 17,784	\$ 75,726	\$ -	\$ -
Other related parties	9,438	40,187	2,934	13,256
	<u>\$ 27,222</u>	<u>\$ 115,913</u>	<u>\$ 2,934</u>	<u>\$ 13,256</u>

In January 2019, (the date of initial application of IFRS 16), the Group increased right-of-use assets by CNY \$16,833 (TWD \$75,277).

(c) Lease liability

i. Balance at end of period

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Chen, Wu-Kang	\$ 17,725	\$ 75,668	\$ 8,757	\$ 37,699	\$ -	\$ -
Kelti China	17,356	74,093	2,895	12,463	3,601	15,664
Other related parties	5,014	21,405	6,520	28,068	10,701	46,550
	<u>\$ 40,095</u>	<u>\$ 171,166</u>	<u>\$ 18,172</u>	<u>\$ 78,230</u>	<u>\$ 14,302</u>	<u>\$ 62,214</u>

ii. Interest expense

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties	\$ 345	\$ 1,469	\$ 100	\$ 443
	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties	\$ 619	\$ 2,636	\$ 321	\$ 1,450

## F. Prepayments

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Other related parties	\$ 621	\$ 2,651	\$ 185	\$ 796	\$ 115	\$ 500

## G. Services expense

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties				
Lee, Tsai & Partners	\$ 115	\$ 489	\$ 108	\$ 480
Kelti China	140	596	122	535
	\$ 255	\$ 1,085	\$ 230	\$ 1,015

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties				
Lee, Tsai & Partners	\$ 527	\$ 2,244	\$ 310	\$ 1,401
Kelti China	471	2,006	515	2,327
	\$ 998	\$ 4,250	\$ 825	\$ 3,728

For the services provided by the related parties, prices and terms were determined in accordance with mutual agreements.

## H. Training expense

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties				
Shanghai Zhe Mei	\$ -	\$ -	\$ 2,588	\$ 11,487

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties				
Shanghai Zhe Mei	\$ -	\$ -	\$ 7,702	\$ 34,800

(3) Key management compensation

	Three months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Salaries and other short-term employee benefits	\$ 1,604	\$ 6,827	\$ 3,328	\$ 14,773
Post-employment benefits	29	123	13	58
	<u>\$ 1,633</u>	<u>\$ 6,950</u>	<u>\$ 3,341</u>	<u>\$ 14,831</u>

	Nine months ended September 30			
	2020		2019	
	CNY	TWD	CNY	TWD
Salaries and other short-term employee benefits	\$ 7,230	\$ 30,787	\$ 9,912	\$ 44,787
Post-employment benefits	62	264	37	167
	<u>\$ 7,292</u>	<u>\$ 31,051</u>	<u>\$ 9,949</u>	<u>\$ 44,954</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
Contract signed	<u>\$ 2,791</u>	<u>\$ 11,915</u>	<u>\$ 3,522</u>	<u>\$ 15,162</u>	<u>\$ 8,490</u>	<u>\$ 36,932</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 September 30, 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 September 30, 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

Taking into consideration the Group's growth and development, the Company's subsidiary, HK Kelti International, had remitted CHF \$3,000 on October 23, 2020 and expected to acquire 6.33% shares of ONWARD THERAPEUTICS SA.

#### 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

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
<u>Financial assets</u>						
Financial assets at amortised cost						
Cash and cash equivalents	\$ 1,241,773	\$ 5,301,129	\$ 1,267,476	\$ 5,456,484	\$ 1,125,835	\$ 4,897,382
Financial assets at amortised cost (including current and non-current)	80,000	341,520	1	4	79,994	347,974
Notes receivable	6	26	3	13	-	-
Accounts receivable (including related parties)	1,911	8,160	221	954	933	4,063
Other receivables (including related parties)	5,313	22,679	3,531	15,198	6,228	27,092
	<u>\$ 1,329,003</u>	<u>\$ 5,673,514</u>	<u>\$ 1,271,232</u>	<u>\$ 5,472,653</u>	<u>\$ 1,212,990</u>	<u>\$ 5,276,511</u>

	September 30, 2020		December 31, 2019		September 30, 2019	
	CNY	TWD	CNY	TWD	CNY	TWD
<u>Financial liabilities</u>						
Financial liabilities at amortised cost						
Short-term loans	\$ 80,184	\$ 342,305	\$ 388,162	\$ 1,671,037	\$ 474,705	\$ 2,064,967
Accounts payable (including related parties)	15,275	65,210	21,171	91,141	22,331	97,140
Other payables (including related parties)	354,754	1,514,444	127,998	551,031	103,148	448,694
Guarantee deposits received	72,126	307,905	70,346	302,840	67,740	294,669
Long-term borrowings (including current portion)	359,915	1,536,477	62,676	269,820	-	-
	<u>\$ 882,254</u>	<u>\$ 3,766,341</u>	<u>\$ 670,353</u>	<u>\$ 2,885,869</u>	<u>\$ 667,924</u>	<u>\$ 2,905,470</u>
Lease liabilities (including current and non-current)						
	<u>\$ 127,356</u>	<u>\$ 543,683</u>	<u>\$ 111,730</u>	<u>\$ 480,998</u>	<u>\$ 102,744</u>	<u>\$ 446,935</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
September 30, 2020				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : CNY	\$ 270	6.8166	\$ 1,840	\$ 7,855
USD : TWD	12,562	29.1000	85,630	365,554
USD : HKD	3,202	7.7517	21,827	93,179
CNY : TWD	139,644	4.2690	139,644	596,140
CNY : USD	24	0.1467	24	102
CNY : HKD	32,888	1.1372	32,888	140,399
EUR : USD	81	1.1735	648	2,766
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : CNY	\$ 1,731	6.8166	\$ 11,800	\$ 50,374
USD : TWD	64,563	29.1000	440,099	1,878,783
USD : HKD	72	7.7517	491	2,096

(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) September 30, 2019	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:RMB	\$ 4,419	7.1356	\$ 31,532	\$ 137,161
USD:NTD	13,283	31.0400	94,782	412,292
USD:HKD	12,520	7.8423	89,338	388,611
RMB:NTD	9,683	4.3500	9,683	42,120
RMB:USD	50	0.1401	50	217
RMB:HKD	863	1.0990	863	3,754
EUR:USD	85	1.0938	663	2,886
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:RMB	\$ 1,153	7.1356	\$ 8,227	\$ 35,787
USD:NTD	66,526	31.0400	474,705	2,064,967
USD:HKD	481	7.8423	3,432	14,929

- iv. The total exchange gains, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2020 and 2019, amounted to CNY \$11,196 (TWD \$47,675), CNY \$1,563 (TWD \$7,108), CNY \$11,253 (TWD \$47,918) and CNY \$427 (TWD \$1,929), respectively.



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

Nine months ended September 30, 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%	\$ 55	\$ 236	\$ -	\$ -
USD : TWD	3%	2,569	10,967	-	-
USD : HKD	3%	655	2,795	-	-
CNY : TWD	3%	4,189	17,884	-	-
CNY : USD	3%	1	3	-	-
CNY : HKD	3%	987	4,212	-	-
EUR : USD	3%	19	83	-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 354	\$ 1,511	\$ -	\$ -
USD : TWD	3%	13,203	56,363	-	-
USD : HKD	3%	15	63	-	-

Nine months ended September 30, 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%	\$ 946	\$ 4,115	\$ -	\$ -
USD : TWD	3%	2,843	12,369	-	-
USD : HKD	3%	2,680	11,659	-	-
CNY : TWD	3%	290	1,264	-	-
CNY : USD	3%	2	7	-	-
CNY : HKD	3%	26	113	-	-
EUR : USD	3%	20	87	-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 247	\$ 1,074	\$ -	\$ -
USD : TWD	3%	14,241	61,949	-	-
USD : HKD	3%	103	448	-	-

### 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 September 30, 2020, December 31, 2019 and September 30, 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 September 30, 2020, December 31, 2019 and September 30, 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 September 30, 2020, December 31, 2019 and September 30, 2019, the carrying amount of accounts receivable (including related parties) amounted to CNY \$1,911 (TWD \$8,160), CNY \$221 (TWD \$954) and CNY \$933 (TWD \$4,063), 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:

September 30, 2020								
Lifetime								
	12 months		Significant increase in credit risk		Impairment of credit		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost	\$ 80,000	\$341,520	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$341,520

  

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

  

September 30, 2019								
Lifetime								
	12 months		Significant increase in credit risk		Impairment of credit		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost	\$ 79,994	\$347,974	\$ -	\$ -	\$ -	\$ -	\$ 79,994	\$347,974

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
September 30, 2020				
Short-term loans	\$	80,184	\$ -	\$ -
Accounts payable				
(including related parties)		15,275	-	-
Other payables				
(including related parties)		354,754	-	-
Lease liabilities		33,613	28,008	80,612
Guarantee deposits received		72,126	-	-
Long-term borrowings				
(including current portion)		61,349	298,566	-
<u>Non-derivative</u>				
<u>financial liabilities:</u>			Between 1	
		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>				
<u>financial liabilities:</u>			Between 1	
		Less than 1 year	and 2 years	Over 2 years
September 30, 2019				
Short-term loans	\$	474,705	\$ -	\$ -
Accounts payable				
(including related parties)		22,331	-	-
Other payables				
(including related parties)		103,148	-	-
Lease liabilities		26,511	21,513	67,968
Guarantee deposits received		67,740	-	-

<u>Non-derivative</u>		(In thousands of TWD)		
<u>financial liabilities:</u>			Between 1	
	Less than 1 year	and 2 years	Over 2 years	
September 30, 2020				
Short-term loans	\$ 342,305	\$ -	\$ -	
Accounts payable (including related parties)	65,210	-	-	
Other payables (including related parties)	1,514,444	-	-	
Lease liabilities	143,494	119,566	344,133	
Guarantee deposits received	307,905	-	-	
Long-term borrowings (including current portion)	261,899	1,274,578	-	
<u>Non-derivative</u>				
<u>financial liabilities:</u>			Between 1	
	Less than 1 year	and 2 years	Over 2 years	
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	320,352	
Guarantee deposits received	302,840	-	-	
Long-term borrowings	-	269,820	-	
<u>Non-derivative</u>				
<u>financial liabilities:</u>			Between 1	
	Less than 1 year	and 2 years	Over 2 years	
September 30, 2019				
Short-term loans	\$ 2,064,967	\$ -	\$ -	
Accounts payable (including related parties)	97,140	-	-	
Other payables (including related parties)	448,694	-	-	
Lease liabilities	115,323	93,582	295,661	
Guarantee deposits received	294,669	-	-	

- 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 (including current portion) are approximate to their fair values.

C. On September 30, 2020, December 31, 2019 and September 30, 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: Please refer to table 3.

H. Receivables from related parties reaching TWD \$100 million or 20% of paid-in capital or more: Please refer to Table 4.

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

J. Significant inter-company transactions during the reporting period: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

## 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 nine months ended September 30, 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 no reconciliation was needed.



CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 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	\$ 85,380	\$ -	Lower 10% of loan market rate	2	\$ -	Operating capital	\$ -	None	-	\$ 3,529,514	\$ 3,529,514	Note 4, 5
2	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	Other receivables	Yes	86,100	85,380	21,345	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	1,296,653	1,296,653	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

Nine months ended September 30, 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		Footnote	
					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	-	-	-	\$ -	447,155,000	\$ 1,904,075	447,155,000	\$ 1,906,300	\$ 1,904,075	\$ 2,225	-	\$ -	
Weishuo (Shanghai) Daily Product Limited	ICBC Credit Suisse Monetary Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	177,000,000	753,701	177,000,000	754,685	753,701	984	-	-	
Chlitina (China) Trade Limited	ICBC Credit Suisse Monetary Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	150,000,000	638,730	150,000,000	639,594	638,730	864	-	-	
Chlitina (China) Trade Limited	HFT Money Market Fund B	Financial assets at fair value through profit or loss-current	-	-	-	-	50,006,684	212,938	50,006,684	213,086	212,938	148	-	-	
Chlitina (China) Trade Limited	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	855,285,000	3,641,975	855,285,000	3,645,108	3,641,975	3,133	-	-	
Chlitina (China) Trade Limited	China Universal Cash Express Money Market Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	217,665,995	926,865	217,665,995	927,696	926,865	831	-	-	

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

Nine months ended September 30, 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		Footnote	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares		Amount
Chlitina (China) Trade Limited	Cash Express Money Market Fund B	Financial assets at fair value through profit or loss - current	-	-	-	-	100,000,000	425,820	100,000,000	426,106	425,820	286	-	-	
Hong Kong Chlitina International Limited	General Biologicals Corp.	Investments accounted for using equity method	General Biologicals Corp.	-	-	-	11,805,203	177,624	-	-	-	-	11,805,203	177,624	Note 5

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.

Note 3: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 4: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 5: Acquired or capital increased/ sold or capital reduced/ liquidated during the period.

Note 6: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
 Nine months ended September 30, 2020

Table 3 Expressed in thousands of TWD  
(Except as otherwise indicated)

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount		Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Chlitina (China) Trade Limited	Weishuo (Shanghai) Daily Product Limited	Subsidiary	Purchases	\$ 344,147	78%	60 days after monthly billings	-	-	(\$ 115,364)	78%	Note 1
British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	Subsidiaries	Trademark license	134,005	100%	Note 2	-	-	47,295	100%	Note 2

Note 1: The transactions have been eliminated upon consolidation.

Note 2: The credit term is 2 months, and the payment should be settled within 60 days after the invoice date.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 Nine months ended September 30, 2020

Table 4

Expressed in thousands of TWD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	Subsidiaries	\$ 115,364	3.43	\$ -	-	\$ 47,189	\$ -	Note

Note: The transactions were eliminated when preparing the consolidated financial statements.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Nine months ended September 30, 2020

Table 5

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	\$ 344,147	60 days after monthly billings	13%
1	Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	3	Accounts receivable	115,364	60 days after monthly billings	1%
1	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	3	Other receivables	21,345	Loans	0%
1	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	3	Sales	20,830	60 days after monthly billings	1%
2	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Trademark right income	134,005	In accordance with mutual agreements	5%
2	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Accounts receivable	47,295	In accordance with mutual agreements	1%
3	Hong Kong Chlitina International Limited	Weishuo (Shanghai) Daily Product Limited	3	Sales	29,038	60 days after monthly billings	1%
4	British Virgin IS. Chlitina Marketing Limited Taiwan Branch	Hong Kong Chlitina International Limited	3	Sales	28,501	60 days after monthly billings	1%
5	Crystal Asia Shanghai Limited	Chlitina (China) Trade Limited	3	Sales	29,733	60 days after monthly billings	1%

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

Nine months ended September 30, 2020

Table 6

Expressed in thousands of TWD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at September 30, 2020			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at September 30, 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	\$ 5,998,738	\$ 641,925	\$ 641,925	
Chlitina Group Limited	Chlitina International Limited	British Virgin Islands	Investing	549,053	522,255	18,250,001	100	5,883,384	588,374	-	Note 1
Chlitina Group Limited	Chlitina Intelligence Limited	British Virgin Islands	Investing and researching	-	-	1	100	114,207	53,651	-	Note 1
Chlitina Group Limited	W-Amber International Limited	British Virgin Islands	Investing	50,880	50,880	1,150,000	100	77 (111)	-	-	Note 1
Chlitina Group Limited	W-Champion International Limited	British Virgin Islands	Investing	34,518	34,518	930,000	100	92	26	-	Note 1
Chlitina Group Limited	C-Asia International Limited	British Virgin Islands	Investing	920	920	20,000	100	199 (9)	-	-	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	5,695,410	595,786	-	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	178,400 (7,274)	-	-	Note 1
Chlitina International Limited	Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	France	Research and development center	188	188	500	100	-	-	-	Note 1
Hong Kong Chilitina International Limited	Hong Kong Crystal-Asia International Limited	Hong Kong	Investing	69,642	69,642	2,300,000	100	54,031 (5,372)	-	-	Note 1
Hong Kong Chilitina International Limited	Hong Kong W-Champion International Limited	Hong Kong	Investing	61,865	61,865	2,950,000	100	69,329	11,600	-	Note 1

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 2020

Table 6

Expressed in thousands of TWD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at September 30, 2020			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at September 30, 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	\$ 587,086	\$ 467,107	\$ 128,603,060	\$ 100	\$ 360,721	(\$ 68,074)	-	Note 1
Hong Kong Chilitina International Limited	Yong Li Trading Company Limited	Vietnam	Dealer of skincare products	17,373	17,373	-	100	11,463	( 2,168)	-	Note 1
Hong Kong Chilitina International Limited	HUAPAO SDN. BHD.	Malaysia	Dealer of skincare products	3,502	3,502	500,000	100	3,114	( 125)	-	Note 1
Hong Kong Chilitina International Limited	General Biologicals Corp.	Taiwan	Manufacturing of medical appliances	177,624	-	11,805,203	19.71	197,996	54,228	-	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	2,835	( 11)	-	Note1
W-Champion International Limited	W-Champion Marketing Limited	British Virgin Islands	Investing	31,783	31,783	930,000	100	92	26	-	Note1
W-Amber International Limited	W-Amber Marketing Limited	British Virgin Islands	Investing	56,280	56,280	1,150,000	100	45	( 106)	-	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 nine months ended September 30, 2020, the investment gain on General Biologicals Corp. was \$10,779.



CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2020

Table 7

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 September 30, 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	\$ -	\$ -	\$ -	\$ -	\$ 673,422	100	\$ 673,422	\$ 3,529,514	\$ -	
Shanghai Zhe Mei Technology Training Co., Ltd.	Cosmetology training services	69,566	2	-	-	-	-	( 15,627)	100	( 15,627)	31,512	-	
Weishuo (Shanghai) Daily Product Limited	Production and trading of skincare products	64,207	2	-	-	-	-	39,195	100	39,195	1,296,653	-	
Weihu (Shanghai) Trade Limited	Investing, dealer of skincare and supplementary health care products	605,565	2	-	-	-	-	( 69,072)	100	( 69,072)	327,868	-	
Crystal Asia Shanghai Limited	Dealer of skincare products and supplementary health care products	31,262	2	-	-	-	-	118	100	118	29,222	-	
Li Shuo Biotechnology (Shanghai) Co., Ltd.	Investing	7,272	2	-	-	-	-	( 892)	100	( 892)	6,148	-	
Wuguan (Shanghai) Trade Limited	Dealer of skincare products and supplementary health care products	64,193	2	-	-	-	-	11,753	100	11,753	40,671	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2020

Table 7

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 September 30, 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	\$ 396,516	2	\$ -	\$ -	\$ -	\$ -	(\$ 47,939)	100	(\$ 47,939)	\$ 257,603	\$ -	
Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd.	Medical cosmetology services	103,346	2	-	-	-	-	( 14,658)	100	( 14,658)	45,099	-	
Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd	Medical cosmetology services	29,810	2	-	-	-	-	( 31)	100	( 31)	29,841	-	
Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd.	Medical cosmetology services	43,374	2	-	-	-	-	( 5,646)	100	( 5,646)	36,271	-	
Shanghai Lunxin Medical Beauty Clinic Co., Ltd.	Medical cosmetology services	15,113	2	-	-	-	-	( 4,030)	100	( 4,030)	12,808	-	
Jinghe Clinic (Nanjing) Co., Ltd	Medical cosmetology services	87	2	-	-	-	-	( 334)	100	( 334)	( 251)	-	
He Deng Clinic (Shanghai) Co., Ltd	Medical cosmetology services	738	2	-	-	-	-	( 58)	100	( 58)	668	-	
Cui Jei (Shanghai) Trading Co. Ltd.	Dealer of health food and daily necessities	6,055	2	-	-	-	-	( 167)	100	( 167)	5,521	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2020

Table 7

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 September 30, 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	\$ -	\$ -	\$ -	\$ -	(\$ 16,768)	30.00	(\$ 5,030)	\$ 14,348	\$ -	

Company name	Ending balance of Accumulated remittance from Taiwan to Mainland 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
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  
Nine months ended September 30, 2020

Table 8

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
Fubon Life Assurance Co., Ltd	4,452,000	5.97%	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.