

**CHLITINA HOLDING LIMITED AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020**

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

INDEPENDENT AUDITORS' 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, 2021 and 2020, 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, 2021 and 2020, 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 11, 2021

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 review 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’ review 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, 2021 and 2020 are reviewed, not audited)

Assets	Notes	September 30, 2021			December 31, 2020			September 30, 2020			
		CNY	TWD	%	CNY	TWD	%	CNY	TWD	%	
Current Assets											
1100	Cash and cash equivalents	6(1)	\$ 1,266,803	\$ 5,453,587	57	\$ 1,221,784	\$ 5,347,749	60	\$ 1,241,773	\$ 5,301,129	61
1136	Financial assets at amortized cost - current	6(1)(3) and 8	211,350	909,862	10	-	-	-	-	-	-
1150	Notes receivable, net		-	-	-	-	-	-	6	26	-
1170	Accounts receivable, net	6(4)	705	3,035	-	792	3,467	-	569	2,429	-
1180	Accounts receivable - related parties, net	6(4)and 7	36	157	-	502	2,195	-	1,342	5,731	-
1200	Other receivables		13,443	57,870	1	6,459	28,273	-	5,120	21,855	-
1210	Other receivables - related parties	7	372	1,601	-	194	849	-	193	824	-
130X	Inventories	6(5)	110,894	477,399	5	106,782	467,385	5	124,513	531,546	6
1410	Prepayments		26,507	114,113	1	15,676	68,613	1	31,094	132,740	2
1479	Other current assets		-	-	-	-	-	-	101	431	-
11XX	Total current assets		<u>1,630,110</u>	<u>7,017,624</u>	<u>74</u>	<u>1,352,189</u>	<u>5,918,531</u>	<u>66</u>	<u>1,404,711</u>	<u>5,996,711</u>	<u>69</u>
Non-current assets											
1510	Financial assets at fair value through profit or loss - non-current	6(2)	21,399	92,123	1	21,618	94,622	1	-	-	-
1535	Financial assets at amortized cost - non-current	6(1)(3)	32,000	137,760	1	112,000	490,224	6	80,000	341,520	4
1550	Investments accounted for using equity method	6(6)	51,756	222,810	2	49,824	218,080	2	49,741	212,344	2
1600	Property, plant and equipment, net	6(7)	306,050	1,317,545	13	314,456	1,376,374	15	315,861	1,348,411	15
1755	Right-of-use assets	6(8)and 7	119,476	514,344	5	131,519	575,659	6	128,733	549,561	6
1760	Investment property, net		16,985	73,120	1	17,731	77,609	1	17,979	76,752	1
1780	Intangible assets, net	6(9)	15,472	66,607	1	18,001	78,790	1	20,352	86,883	1
1840	Deferred income tax assets		13,725	59,086	1	12,018	52,603	1	11,888	50,750	1
1990	Other non-current assets		17,280	74,390	1	18,573	81,294	1	19,692	84,065	1
15XX	Total non-current assets		<u>594,143</u>	<u>2,557,785</u>	<u>26</u>	<u>695,740</u>	<u>3,045,255</u>	<u>34</u>	<u>644,246</u>	<u>2,750,286</u>	<u>31</u>
1XXX	Total assets		<u>\$ 2,224,253</u>	<u>\$ 9,575,409</u>	<u>100</u>	<u>\$ 2,047,929</u>	<u>\$ 8,963,786</u>	<u>100</u>	<u>\$ 2,048,957</u>	<u>\$ 8,746,997</u>	<u>100</u>

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CHLITINA HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of dollars)

(The consolidated balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2021			December 31, 2020			September 30, 2020		
			CNY	TWD	%	CNY	TWD	%	CNY	TWD	%
	Current liabilities										
2100	Short-term loans	6(10)	\$ 274,942	\$ 1,183,625	12	\$ 150,956	\$ 660,734	7	\$ 80,184	\$ 342,305	4
2130	Current contract liabilities	6(18)	118,408	509,746	5	82,207	359,820	4	83,453	356,261	4
2170	Accounts payable		15,227	65,552	1	13,177	57,676	1	10,777	46,007	1
2180	Accounts payable - related parties	7	8,346	35,931	-	3,194	13,978	-	4,498	19,203	-
2200	Other payables	6(11)	128,038	551,204	6	178,549	781,509	9	351,756	1,501,646	17
2220	Other payables - related parties	7	326	1,403	-	2,646	11,582	-	2,998	12,798	-
2230	Current income tax liabilities		34,636	149,108	2	47,356	207,277	2	23,939	102,196	1
2280	Lease liabilities - current	7	31,912	137,381	2	31,197	136,549	2	28,312	120,864	1
2320	Long-term borrowings - current portion	6(12)	97,038	417,749	4	58,561	256,321	3	61,349	261,899	3
2645	Guarantee deposits		89,183	383,933	4	76,134	333,241	4	72,126	307,905	3
21XX	Total current liabilities		<u>798,056</u>	<u>3,435,632</u>	<u>36</u>	<u>643,977</u>	<u>2,818,687</u>	<u>32</u>	<u>719,392</u>	<u>3,071,084</u>	<u>34</u>
	Non-current liabilities										
2540	Long-term borrowings	6(12)	258,769	1,114,000	12	291,502	1,275,904	14	298,566	1,274,578	15
2570	Deferred income tax liabilities		1,922	8,274	-	5,331	23,334	-	4,312	18,408	-
2580	Lease liabilities - non-current	7	90,255	388,548	4	99,314	434,697	5	99,044	422,819	6
2640	Net defined benefit liabilities		662	2,850	-	651	2,849	-	1,058	4,517	-
25XX	Total non-current liabilities		<u>351,608</u>	<u>1,513,672</u>	<u>16</u>	<u>396,798</u>	<u>1,736,784</u>	<u>19</u>	<u>402,980</u>	<u>1,720,322</u>	<u>21</u>
2XXX	Total liabilities		<u>1,149,664</u>	<u>4,949,304</u>	<u>52</u>	<u>1,040,775</u>	<u>4,555,471</u>	<u>51</u>	<u>1,122,372</u>	<u>4,791,406</u>	<u>55</u>
	Equity attributable to shareholders of the parent										
	Share capital	6(15)									
3110	Common stock		161,772	794,924	8	161,772	794,924	9	161,772	794,924	9
	Capital surplus	6(16)									
3200	Capital surplus		276,621	1,372,879	14	277,143	1,375,164	15	276,610	1,372,534	16
	Retained earnings	6(17)									
3310	Legal reserve		173,010	787,546	8	150,794	691,593	8	150,794	691,593	8
3320	Special reserve		105,661	473,279	5	123,415	549,959	6	123,415	549,959	6
3350	Unappropriated retained earnings		357,286	1,789,977	19	283,991	1,469,479	16	209,406	1,146,705	13
	Other equity										
3410	Financial statements translation differences of foreign operations		(190)	(594,365)	(6)	9,928	(473,279)	(5)	4,588	(600,124)	(7)
3420	Unrealised gains (losses) from financial assets at fair value through other comprehensive income		429	1,865	-	111	475	-	-	-	-
3XXX	Total equity		<u>1,074,589</u>	<u>4,626,105</u>	<u>48</u>	<u>1,007,154</u>	<u>4,408,315</u>	<u>49</u>	<u>926,585</u>	<u>3,955,591</u>	<u>45</u>
	Significant contingent liabilities and unrecognised contract commitments	9									
3X2X	Total liabilities and equity		<u>\$ 2,224,253</u>	<u>\$ 9,575,409</u>	<u>100</u>	<u>\$ 2,047,929</u>	<u>\$ 8,963,786</u>	<u>100</u>	<u>\$ 2,048,957</u>	<u>\$ 8,746,997</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, 2021			Three months ended September 30, 2020			Nine months ended September 30, 2021			Nine months ended September 30, 2020		
		CNY	TWD	%	CNY	TWD	%	CNY	TWD	%	CNY	TWD	%
4000 Operating revenue	6(18)and 7	\$ 323,259	\$ 1,392,591	100	\$ 242,430	\$ 1,032,094	100	\$ 868,553	\$ 3,765,873	100	\$ 611,683	\$ 2,604,668	100
5000 Operating costs	6(5)(23)and 7	(56,601)	(243,856)	(18)	(39,074)	(166,348)	(16)	(150,943)	(654,460)	(17)	(100,534)	(428,093)	(16)
5900 Gross profit		266,658	1,148,735	82	203,356	865,746	84	717,610	3,111,413	83	511,149	2,176,575	84
Operating expenses	6(23)												
6100 Selling expenses		(117,679)	(507,100)	(36)	(81,004)	(344,848)	(33)	(307,511)	(1,333,306)	(35)	(218,843)	(931,877)	(36)
6200 Administrative expenses		(42,598)	(183,531)	(13)	(46,386)	(197,481)	(19)	(113,123)	(490,476)	(13)	(114,437)	(487,296)	(19)
6000 Total operating expenses		(160,277)	(690,631)	(49)	(127,390)	(542,329)	(52)	(420,634)	(1,823,782)	(48)	(333,280)	(1,419,173)	(55)
6900 Operating profit		106,381	458,104	33	75,966	323,417	32	296,976	1,287,631	35	177,869	757,402	29
Non-operating income and expenses													
7100 Interest income	6(19)	5,376	23,128	2	5,600	23,841	2	16,337	70,834	2	13,486	57,425	2
7010 Other income	6(20)	9,523	40,996	3	925	3,923	-	27,361	118,632	3	28,183	120,009	5
7020 Other gains and losses	6(21)	2,651	11,271	1	10,942	46,591	5	16,200	70,240	3	13,246	56,404	2
7050 Finance costs	6(22)and 7	(2,524)	(10,866)	(1)	(2,581)	(10,986)	(1)	(7,196)	(31,200)	(1)	(9,575)	(40,772)	(2)
7060 Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	250	1,054	-	1,646	7,010	1	2,075	8,997	-	1,350	5,749	-
7000 Total non-operating income and expenses		15,276	65,583	5	16,532	70,379	7	54,777	237,503	7	46,690	198,815	7
7900 Profit before tax		121,657	523,687	38	92,498	393,796	39	351,753	1,525,134	42	224,559	956,217	36
7950 Income tax expense	6(24)	(34,175)	(146,801)	(11)	(23,779)	(101,225)	(10)	(117,551)	(509,678)	(14)	(75,023)	(319,463)	(12)
8200 Profit for the period		\$ 87,482	\$ 376,886	27	\$ 68,719	\$ 292,571	29	\$ 234,202	\$ 1,015,456	28	\$ 149,536	\$ 636,754	24
Other comprehensive income (loss)													
Components of other comprehensive income (loss) that will not be reclassified to profit or loss													
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6)	-	-	-	-	-	-	318	1,390	-	-	-	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss		-	-	-	-	-	-	318	1,390	-	-	-	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss													
8361 Financial statements translation differences of foreign operations		(1,904)	(10,909)	(1)	7,273	97,193	9	(7,211)	(108,468)	(3)	1,832	(43,237)	(2)
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(6)	(3)	27	-	(1,858)	(7,912)	(1)	(2,907)	(12,618)	-	(1,627)	(6,928)	-
Total comprehensive income (loss) that will be reclassified to profit or loss		(1,907)	(10,882)	(1)	5,415	89,281	8	(10,118)	(121,086)	(3)	205	(50,165)	(2)
Other comprehensive income (loss) for the period		(1,907)	(10,882)	(1)	5,415	89,281	8	(9,800)	(119,696)	(3)	205	(50,165)	(2)
8500 Total comprehensive income for the period		\$ 85,575	\$ 366,004	26	\$ 74,134	\$ 381,852	37	\$ 224,402	\$ 895,760	25	\$ 149,741	\$ 586,589	22
Earnings per share (in dollars)	6(25)												
9750 Basic earnings per share		\$ 1.10	\$ 4.74		\$ 0.87	\$ 3.69		\$ 2.95	\$ 12.77		\$ 1.89	\$ 8.03	
9850 Diluted earnings per share		\$ 1.10	\$ 4.73		\$ 0.87	\$ 3.69		\$ 2.94	\$ 12.75		\$ 1.88	\$ 8.02	

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

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

Notes	Equity attributable to shareholders of the parent																		
	Retained earnings								Other equity										
	Common stock		Capital surplus		Legal reserve		Special reserve		Unappropriated retained earnings		Financial statements translation differences of foreign operations		Unrealised gains (losses) from financial assets at fair value through other comprehensive income		Treasury stocks		Total equity		
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	
<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(17)																		
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	6(16)	-	-	2,286	9,707	-	-	-	-	-	-	-	-	-	-	-	2,286	9,707	
Share-based payment	6(14)	-	-	2,532	10,893	-	-	-	-	-	-	-	-	-	-	-	2,532	10,893	
Other additional paid-in capital	6(16)	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	2	
Purchase of treasury stocks		-	-	-	-	-	-	-	-	-	-	-	-	-	(11,003)	(46,821)	(11,003)	(46,821)	
Treasury stocks transferred to employees		-	-	-	-	-	-	-	-	-	-	-	-	-	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	
<u>Nine months ended September 30, 2021</u>																			
Balance at January 1, 2021		\$ 161,772	\$ 794,924	\$ 277,143	\$ 1,375,164	\$ 150,794	\$ 691,593	\$ 123,415	\$ 549,959	\$ 283,991	\$ 1,469,479	\$ 9,928	(\$ 473,279)	\$ 111	\$ 475	\$ -	\$ -	\$ 1,007,154	\$ 4,408,315
Profit for the period		-	-	-	-	-	-	-	-	234,202	1,015,456	-	-	-	-	-	234,202	1,015,456	
Other comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	-	(10,118)	(121,086)	318	1,390	-	-	(9,800)	(119,696)	
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	234,202	1,015,456	(10,118)	(121,086)	318	1,390	-	-	224,402	895,760
Appropriations of 2020 earnings	6(17)																		
Legal reserve		-	-	-	22,216	95,953	-	-	(22,216)	(95,953)	-	-	-	-	-	-	-	-	
Special reserve		-	-	-	-	-	(17,754)	(76,680)	17,754	76,680	-	-	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	-	(156,445)	(675,685)	-	-	-	-	-	-	(156,445)	(675,685)	
Change in capital surplus accounted for using equity method	6(16)	-	-	(522)	(2,285)	-	-	-	-	-	-	-	-	-	-	-	(522)	(2,285)	
Balance at September 30, 2021		\$ 161,772	\$ 794,924	\$ 276,621	\$ 1,372,879	\$ 173,010	\$ 787,546	\$ 105,661	\$ 473,279	\$ 357,286	\$ 1,789,977	(\$ 190)	(\$ 594,365)	\$ 429	\$ 1,865	\$ -	\$ -	\$ 1,074,589	\$ 4,626,105

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, 2021		Nine months ended September 30, 2020	
		CNY	TWD	CNY	TWD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Profit before tax		\$ 351,753	\$ 1,525,134	\$ 224,559	\$ 956,217
Adjustments					
Adjustment to reconcile profit (loss)					
Depreciation	6(7)(8)(21)(23)	54,238	235,166	49,550	210,993
Amortization	6(9)(23)	2,457	10,653	3,187	13,571
Net gain on financial assets at fair value through profit or loss	6(2)(21)	(1,690)	(7,328)	(2,227)	(9,483)
Interest expense	6(22)	7,196	31,200	9,575	40,772
Interest income	6(19)	(16,337)	(70,834)	(13,486)	(57,425)
Compensation cost of share-based payments	6(14)	-	-	2,532	10,893
Share of profit (loss) of associates and joint venture accounted for using equity method	6(6)	(2,075)	(8,997)	(1,350)	(5,749)
Loss on disposal of property, plant and equipment	6(21)	114	494	16	68
Gain from lease modifications	6(8)(21)	(5)	(22)	50	213
Changes in operating assets and liabilities relating to operating activities					
Changes in operating assets					
Financial assets at fair value through profit or loss		1,690	7,328	2,227	9,483
Notes receivable		-	-	(3)	(13)
Accounts receivable		87	377	(511)	(2,176)
Accounts receivable - related parties		466	2,020	(1,179)	(5,020)
Other receivables		(1,985)	(8,607)	(403)	(1,716)
Other receivables - related parties		(178)	(772)	5	21
Inventories		(4,112)	(17,829)	(35,643)	(151,775)
Prepayments		(10,831)	(46,961)	(10,409)	(44,324)
Changes in operating liabilities					
Contract liabilities		36,201	156,960	27,446	116,871
Accounts payable		2,050	8,888	(4,530)	(19,290)
Accounts payable - related parties		5,152	22,338	(1,366)	(5,817)
Other payables		(50,403)	(218,537)	(18,807)	(80,084)
Other payables - related parties		(2,320)	(10,059)	202	860
Guarantee deposits		13,049	56,578	1,780	7,580
Cash provided by operating activities		384,517	1,667,190	231,215	984,670
Interest paid		(7,304)	(31,669)	(10,028)	(42,701)
Income tax paid		(135,387)	(587,011)	(88,762)	(377,966)
Net cash provided by operating activities		241,826	1,048,510	132,425	564,003

- 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, 2021		Nine months ended September 30, 2020	
		CNY	TWD	CNY	TWD
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Acquisition of financial assets at amortised cost		(\$ 131,350)	(\$ 569,507)	(\$ 80,000)	(\$ 340,656)
Proceeds from disposal of financial assets at amortised cost		-	-	1	4
Decrease in other current assets		-	-	22	94
Increase in investments accounted for using equity method		-	-	(43,189)	(177,624)
Acquisition of property, plant and equipment	6(7)	(15,148)	(65,679)	(15,295)	(65,130)
Proceeds from disposal of property, plant and equipment	6(7)	-	-	47	200
Acquisition of intangible assets	6(9)	(69)	(299)	(465)	(1,980)
Proceeds from disposal of intangible assets	6(9)	138	599	-	-
Decrease in other non-current assets		1,010	4,379	2,479	10,556
Interest received		11,338	49,159	12,102	51,533
Net cash used in investing activities		<u>(134,081)</u>	<u>(581,348)</u>	<u>(124,298)</u>	<u>(523,003)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Repayment of the principal portion of lease liabilities	6(27)	(25,308)	(109,731)	(24,472)	(104,207)
Increase (decrease) in short-term borrowings	6(27)	124,565	540,088	(309,834)	(1,319,335)
Proceeds from long-term borrowings	6(27)	258,215	1,119,567	303,785	1,293,577
Repayments of long-term borrowings	6(27)	(248,881)	(1,079,099)	-	-
Purchase of treasury stocks		-	-	(11,003)	(46,821)
Treasury stocks transferred to employees		-	-	11,003	46,821
Payment of cash dividends	6(17)	(156,445)	(675,685)	-	-
Net cash flows used in financing activities		<u>(47,854)</u>	<u>(204,860)</u>	<u>(30,521)</u>	<u>(129,965)</u>
Effects due to changes in exchange rates		(14,872)	(156,464)	(3,309)	(66,390)
Increase (decrease) in cash and cash equivalents		45,019	105,838	(25,703)	(155,355)
Cash and cash equivalents at beginning of period		1,221,784	5,347,749	1,267,476	5,456,484
Cash and cash equivalents at end of period		<u>\$ 1,266,803</u>	<u>\$ 5,453,587</u>	<u>\$ 1,241,773</u>	<u>\$ 5,301,129</u>

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, 2021 AND 2020

(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 AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on November 11, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

(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:

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

- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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	
Hong Kong Chlitina	Weishuo (Shanghai) Daily Product Limited (Weishuo)	Production and trading of skincare products	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Hong Kong Chlitina	Yong Li Trading Company Limited (Yong Li)	Dealer of skincare products	100.00	100.00	100.00	
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	100.00	
Hong Kong Chlitina	PT PINING BEAUTY INDONESIA (PINING)	Importing trade goods and management consulting	100.00	-	-	
Hong Kong Chlitina	Hong Kong Jing Tai International Investment Limited (Hong Kong Jing Tai)	Investment consulting and general trade	100.00	-	-	
Hong Kong W-Amber	Weihu (Shanghai) Trade Limited (Weihu Shanghai)	Investing, dealer of skincare products and supplementary health care products	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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	100.00	
Hong Kong W-Amber	Hainan Shoumao Investment Limited (Hainan Shoumao)	Enterprise management consulting and investing	100.00	-	-	
Hong Kong Crystal Asia	Cui Jie (Shanghai) Trading Co. Ltd. (Cui Jie Shanghai)	Dealer of health food and daily necessities	100.00	100.00	100.00	
Hong Kong W-Champion	Wuguan (Shanghai) Trade Limited (Wuguan Shanghai)	Dealer of skincare products and supplementary health care products	100.00	100.00	100.00	
Chlitina China	Shanghai Zhe Mei Technology Training Co., Ltd. (Shanghai Zhe Mei)	Cosmetology training services	100.00	100.00	100.00	
Shanghai Li Shuo	He Deng Clinic (Shanghai) Co., Ltd. (He Deng Shanghai)	Dealer of general practice	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Weihu Shanghai	Shanghai Yuanshuo Management Consulting Limited (Shanghai Yuanshuo)	Enterprise management consulting and investing	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	100.00	
Shanghai Yuanshuo	Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd. (Nanjing Yapu Lide)	Medical cosmetology services	100.00	100.00	100.00	
Shanghai Yuanshuo	Jinghe Clinic (Nanjing) Co., Ltd. (Nanjing Jinghe)	Dealer of general practice and foods	100.00	100.00	100.00	
W-Amber International	W-Amber Marketing Limited (W-Amber Marketing)	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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
W-Champion International	W-Champion Marketing Limited (W-Champion Marketing)	Investing	100.00	100.00	100.00	
Yong Li	Vinh Le Company Limited (Vinh Le)	Dealer of skincare products	100.00	100.00	-	Note 3
Hong Kong Jing Tai	WAN JU International Investment Limited (WAN JU International)	Investing	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: Yong Li holds a 100% equity interest in Vinh Le through the name of other individuals due to the restriction of local regulations, and has 100% substantial control over the investee.

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, 2021 and 2020, the spot exchange rates of CNY to TWD were CNY \$1=TWD \$4.3050 and CNY \$1=TWD \$4.2690, respectively, and for the nine months ended September 30, 2021 and 2020, the average exchange rates of CNY to TWD were CNY \$1=TWD \$4.3358 and CNY \$1=TWD \$4.2582, respectively. Additionally, on December 31, 2020, the spot exchange rate of CYN to TWD was CNY \$1=TWD \$4.3770.

(5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

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

(13) Investments accounted for using equity method - associates

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

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

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	18 ~ 20 years
Transportation equipment	2 ~ 10 years
Machinery equipment	3 ~ 10 years
Office and other equipment	2 ~ 10 years

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

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

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

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any initial direct costs incurred by the lessee.

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

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(17) Intangible assets

A. Licences

Separately acquired licences are stated at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 13 to 15 years.

B. Computer software

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

C. Goodwill

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

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

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

(21) Derecognition of financial liabilities

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

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Employees' compensation and directors' remuneration

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

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

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

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(25) 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.

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells skincare products, health care products and other products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) The skincare products and health care products are often sold with volume discounts based on aggregate sales over a 1-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. The Group calculates sales discounts and allowances based on the actual sales in current month. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur, and is settled at each reporting date. The sales usually are made with a credit term of advance receipts before goods are shipped to customers, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
 - (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- B. The Group manages franchises and provides beautician training services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Franchise contract include multiple deliverables that shall be rendered by the Group, such as store equipment, beautician training and others. In most cases, the beautician training can be provided by another party, therefore beautician training is accounted for us a separate performance obligation. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the sales of store equipment, revenue for the store equipment is recognised at a point in time when the store equipment is delivered, the legal title has passed and the customer has accepted the store equipment.

(28) Government grants

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

(29) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the short expiration dates of its products, the Group evaluates the amounts of expired products or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value.

As of September 30, 2021, the carrying amount of inventories was CNY\$110,894 (TWD\$477,399).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Cash on hand	\$ 346	\$ 1,490	\$ 379	\$ 1,659	\$ 337	\$ 1,439
Check deposits and demand deposits	528,773	2,276,368	614,322	2,688,887	665,967	2,843,013
Time deposits	403,699	1,737,924	176,149	771,004	182,018	777,035
Cash equivalents	<u>333,985</u>	<u>1,437,805</u>	<u>430,934</u>	<u>1,886,199</u>	<u>393,451</u>	<u>1,679,642</u>
	<u>\$ 1,266,803</u>	<u>\$ 5,453,587</u>	<u>\$ 1,221,784</u>	<u>\$ 5,347,749</u>	<u>\$ 1,241,773</u>	<u>\$ 5,301,129</u>

A. As of September 30, 2021, December 31, 2020 and September 30, 2020, 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, 2021, December 31, 2020 and September 30, 2020, the Group's time deposits with maturity term of over three months amounted to CNY243,350 \$ (TWD \$1,047,622), CNY \$112,000 (TWD \$490,224) and CNY \$80,000 (TWD \$341,520), respectively, which were

reclassified as financial assets at amortised cost. Refer to Note 6(3) for details.

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.

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

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

Items	September 30, 2021		December 31, 2020		September 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Non-current						
Financial assets mandatorily measured at fair value through profit or loss						
Unlisted stocks	\$ 21,399	\$ 92,123	\$ 21,618	\$ 94,622	\$ -	\$ -

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss for the three months and nine months ended September 30, 2021 and 2020 are listed below:

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Financial assets mandatorily measured at fair value through profit or loss				
Beneficiary certificates	\$ 379	\$ 1,622	\$ 114	\$ 484
Unlisted stocks	-	-	-	-
	\$ 379	\$ 1,622	\$ 114	\$ 484

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Financial assets mandatorily measured at fair value through profit or loss				
Beneficiary certificates	\$ 1,690	\$ 7,328	\$ 2,227	\$ 9,483
Unlisted stocks	-	-	-	-
	\$ 1,690	\$ 7,328	\$ 2,227	\$ 9,483

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

(3) Financial assets at amortised cost

Items	September 30, 2021		December 31, 2020		September 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Current items:						
Time deposits with maturity term of over three months	\$ 211,350	\$ 909,862	\$ -	\$ -	\$ -	\$ -
Non-current items:						
Time deposits with maturity over one year	\$ 32,000	\$ 137,760	\$ 112,000	\$ 490,224	\$ 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			
	2021		2020	
	CNY	TWD	CNY	TWD
Interest income	\$ 909	\$ 3,913	\$ 196	\$ 835

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Interest income	\$ 2,658	\$ 11,525	\$ 196	\$ 835

B. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were CNY \$243,350 (TWD \$1,047,622), CNY \$112,000 (TWD \$490,224) and CNY \$80,000 (TWD \$341,520), respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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

(4) Accounts receivable

	September 30, 2021		December 31, 2020		September 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Accounts receivable	\$ 705	\$ 3,035	\$ 792	\$ 3,467	\$ 569	\$ 2,429
Accounts receivable -related parties	36	157	502	2,195	1,342	5,731
	<u>\$ 741</u>	<u>\$ 3,192</u>	<u>\$ 1,294</u>	<u>\$ 5,662</u>	<u>\$ 1,911</u>	<u>\$ 8,160</u>

- A. As of September 30, 2021, December 31, 2020 and September 30, 2020, all the Group's accounts receivable arose from contracts with customers. In addition, on January 1, 2020, accounts receivable arising from contracts with customers amounted to CNY \$221 (TWD \$954).
- B. The Group does not hold any collateral as security and has no accounts receivable pledged to others.
- C. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was CNY \$741 (TWD \$3,192), CNY \$1,294 (TWD \$5,662) and CNY \$1,911 (TWD \$8,160), respectively.
- D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	September 30, 2021					
	Cost		Allowance for inventory valuation losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	\$ 60,918	\$ 262,252	(\$ 1,710)	(\$ 7,362)	\$ 59,208	\$ 254,890
Work in progress	16,180	69,655	(4,144)	(17,840)	12,036	51,815
Raw materials	42,100	181,241	(2,450)	(10,547)	39,650	170,694
	<u>\$ 119,198</u>	<u>\$ 513,148</u>	<u>(\$ 8,304)</u>	<u>(\$ 35,749)</u>	<u>\$ 110,894</u>	<u>\$ 477,399</u>

	December 31, 2020					
	Allowance for inventory valuation					
	Cost		losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	\$ 60,341	\$ 264,113	(\$ 1,428)	(\$ 6,250)	\$ 58,913	\$ 257,862
Work in progress	18,043	78,974	(1,700)	(7,441)	16,343	71,533
Raw materials	34,270	150,000	(2,744)	(12,010)	31,526	137,990
	<u>\$ 112,654</u>	<u>\$ 493,087</u>	<u>(\$ 5,872)</u>	<u>(\$ 25,701)</u>	<u>\$ 106,782</u>	<u>\$ 467,385</u>

	September 30, 2020					
	Allowance for inventory valuation					
	Cost		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>

A. For the three months and nine months ended September 30, 2021 and 2020, the cost of inventories recognised as expenses are as follows:

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Cost of goods sold	\$ 53,482	\$ 230,262	\$ 36,646	\$ 156,010
Loss on decline in market value	3,119	13,594	2,428	10,338
	<u>\$ 56,601</u>	<u>\$ 243,856</u>	<u>\$ 39,074</u>	<u>\$ 166,348</u>

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Cost of goods sold	\$ 145,195	\$ 629,538	\$ 95,546	\$ 406,853
Loss on decline in market value	5,748	24,922	4,988	21,240
	<u>\$ 150,943</u>	<u>\$ 654,460</u>	<u>\$ 100,534</u>	<u>\$ 428,093</u>

B. The Group has no inventories pledged to others.

(6) Investments accounted for using equity method

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Associates						
General						
Biologicals						
Corp.	\$ 49,958	\$ 215,070	\$ 46,881	\$ 205,198	\$ 46,380	\$ 197,996
Shanghai						
Zhongye Trade						
Co., Ltd.	<u>1,798</u>	<u>7,740</u>	<u>2,943</u>	<u>12,882</u>	<u>3,361</u>	<u>14,348</u>
	<u>\$ 51,756</u>	<u>\$ 222,810</u>	<u>\$ 49,824</u>	<u>\$ 218,080</u>	<u>\$ 49,741</u>	<u>\$ 212,344</u>

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

	<u>Three months ended September 30</u>			
	<u>2021</u>		<u>2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Profit for the period	\$ 250	\$ 1,054	\$ 1,646	\$ 7,010
Other comprehensive loss	(3)	27	(1,858)	(7,912)
Total comprehensive income (loss) for the period	<u>\$ 247</u>	<u>\$ 1,081</u>	<u>(\$ 212)</u>	<u>(\$ 902)</u>
	<u>Nine months ended September 30</u>			
	<u>2021</u>		<u>2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Profit for the period	\$ 2,075	\$ 8,997	\$ 1,350	\$ 5,749
Other comprehensive loss	(2,589)	(11,228)	(1,627)	(6,928)
Total comprehensive loss for the period	<u>(\$ 514)</u>	<u>(\$ 2,231)</u>	<u>(\$ 277)</u>	<u>(\$ 1,179)</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, 2021, December 31, 2020 and September 30, 2020, the fair value was CNY \$101,462 (TWD \$436,793), CNY \$145,940 (TWD \$638,780) and CNY \$185,084 (TWD \$790,122), respectively.

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.

(7) Property, plant and equipment

(In thousands of CNY)

	2021						Total
	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	
<u>At January 1</u>							
Cost	\$ 24,148	\$ 294,166	\$ 5,864	\$ 16,170	\$ 134,711	\$ 4,089	\$ 479,148
Accumulated depreciation and impairment	-	(83,666)	(4,609)	(9,130)	(67,287)	-	(164,692)
	<u>\$ 24,148</u>	<u>\$ 210,500</u>	<u>\$ 1,255</u>	<u>\$ 7,040</u>	<u>\$ 67,424</u>	<u>\$ 4,089</u>	<u>\$ 314,456</u>
Balance at January 1	\$ 24,148	\$ 210,500	\$ 1,255	\$ 7,040	\$ 67,424	\$ 4,089	\$ 314,456
Additions	-	-	1,152	115	2,648	11,233	15,148
Disposals	-	-	(31)	(13)	(70)	-	(114)
Reclassifications	-	-	1,219	-	1,744	(2,680)	283
Depreciation charge	-	(9,368)	(500)	(893)	(13,735)	-	(24,496)
Net exchange differences	404	-	185	-	184	-	773
Balance at September 30	<u>\$ 24,552</u>	<u>\$ 201,132</u>	<u>\$ 3,280</u>	<u>\$ 6,249</u>	<u>\$ 58,195</u>	<u>\$ 12,642</u>	<u>\$ 306,050</u>
<u>At September 30</u>							
Cost	\$ 24,552	\$ 294,166	\$ 8,155	\$ 16,165	\$ 138,520	\$ 12,642	\$ 494,200
Accumulated depreciation and impairment	-	(93,034)	(4,875)	(9,916)	(80,325)	-	(188,150)
	<u>\$ 24,552</u>	<u>\$ 201,132</u>	<u>\$ 3,280</u>	<u>\$ 6,249</u>	<u>\$ 58,195</u>	<u>\$ 12,642</u>	<u>\$ 306,050</u>

(In thousands of CNY)

	2020						
	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	\$ 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 TWD)

	2021						
	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	\$ 1,287,565	\$ 25,667	\$ 70,776	\$ 589,630	\$ 17,898	\$ 2,097,232
Accumulated depreciation and impairment	-	(366,206)	(20,174)	(39,962)	(294,516)	-	(720,858)
	<u>\$ 105,696</u>	<u>\$ 921,359</u>	<u>\$ 5,493</u>	<u>\$ 30,814</u>	<u>\$ 295,114</u>	<u>\$ 17,898</u>	<u>\$ 1,376,374</u>
Balance at January 1	\$ 105,696	\$ 921,359	\$ 5,493	\$ 30,814	\$ 295,114	\$ 17,898	\$ 1,376,374
Additions	-	-	4,995	499	11,481	48,704	65,679
Disposals	-	-	(134)	(56)	(304)	-	(494)
Reclassifications	-	-	5,285	-	7,562	(11,620)	1,227
Depreciation charge	-	(40,618)	(2,168)	(3,872)	(59,552)	-	(106,210)
Net exchange differences	-	(14,867)	649	(483)	(3,772)	(558)	(19,031)
Balance at September 30	<u>\$ 105,696</u>	<u>\$ 865,874</u>	<u>\$ 14,120</u>	<u>\$ 26,902</u>	<u>\$ 250,529</u>	<u>\$ 54,424</u>	<u>\$ 1,317,545</u>
<u>At September 30</u>							
Cost	\$ 105,696	\$ 1,266,385	\$ 35,107	\$ 69,590	\$ 596,329	\$ 54,424	\$ 2,127,531
Accumulated depreciation and impairment	-	(400,511)	(20,987)	(42,688)	(345,800)	-	(809,986)
	<u>\$ 105,696</u>	<u>\$ 865,874</u>	<u>\$ 14,120</u>	<u>\$ 26,902</u>	<u>\$ 250,529</u>	<u>\$ 54,424</u>	<u>\$ 1,317,545</u>

(In thousands of TWD)

	2020						
	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	\$ 1,266,385	\$ 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>

A. The aforementioned property, plant and equipment are all for the Group's own use.

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

(8) 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:

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>Carrying amount</u>		<u>Carrying amount</u>		<u>Carrying amount</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Buildings	\$ 119,468	\$ 514,310	\$ 131,509	\$ 575,615	\$ 128,721	\$ 549,510
Office equipment	8	34	10	44	12	51
	<u>\$ 119,476</u>	<u>\$ 514,344</u>	<u>\$ 131,519</u>	<u>\$ 575,659</u>	<u>\$ 128,733</u>	<u>\$ 549,561</u>

	<u>Three months ended September 30</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Depreciation charge</u>		<u>Depreciation charge</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Buildings	\$ 10,108	\$ 43,515	\$ 10,390	\$ 44,233
Office equipment	3	13	1	4
	<u>\$ 10,111</u>	<u>\$ 43,528</u>	<u>\$ 10,391</u>	<u>\$ 44,237</u>

	<u>Nine months ended September 30</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Depreciation charge</u>		<u>Depreciation charge</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Buildings	\$ 28,991	\$ 125,699	\$ 25,900	\$ 110,287
Office equipment	5	22	4	17
	<u>\$ 28,996</u>	<u>\$ 125,721</u>	<u>\$ 25,904</u>	<u>\$ 110,304</u>

D. For the nine months ended September 30, 2021 and 2020, the additions to right-of-use assets were CNY \$16,588 (TWD \$71,922) and CNY \$50,693 (TWD \$215,861), respectively.

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

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$ 1,245	\$ 5,360	\$ 1,258	\$ 5,355
Expense on short-term lease contracts	600	2,586	405	1,724
Expense on leases of low-value assets	1	4	1	5

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$ 3,576	\$ 15,505	\$ 3,146	\$ 13,396
Expense on short-term lease contracts	1,529	6,629	1,302	5,544
Expense on leases of low-value assets	4	17	4	17
Gains from lease modification	5	22	-	-

F. For the nine months ended September 30, 2021 and 2020, the Group's total cash outflow for leases were CNY \$30,417 (TWD \$131,882) and CNY \$28,924 (TWD \$123,164), respectively.

(9) Intangible assets

	2021									
	Goodwill		Licences		Software		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1										
Cost	\$ 3,213	\$ 14,063	\$ 10,162	\$ 44,479	\$ 28,785	\$ 125,992	\$ 9,372	\$ 41,021	\$ 51,532	\$ 225,555
Accumulated amortisation and impairment	-	-	(1,936)	(8,474)	(25,457)	(111,425)	(6,138)	(26,866)	(33,531)	(146,765)
	\$ 3,213	\$ 14,063	\$ 8,226	\$ 36,005	\$ 3,328	\$ 14,567	\$ 3,234	\$ 14,155	\$ 18,001	\$ 78,790
Balance at January 1	\$ 3,213	\$ 14,063	\$ 8,226	\$ 36,005	\$ 3,328	\$ 14,567	\$ 3,234	\$ 14,155	\$ 18,001	\$ 78,790
Additions - acquired separately	-	-	-	-	69	299	-	-	69	299
Disposal	-	-	-	-	(138)	(599)	-	-	(138)	(599)
Amortisation charge	-	-	(539)	(2,337)	(1,627)	(7,054)	(291)	(1,262)	(2,457)	(10,653)
Net exchange differences	-	(231)	-	(575)	-	(188)	(3)	(236)	(3)	(1,230)
Balance at September 30	\$ 3,213	\$ 13,832	\$ 7,687	\$ 33,093	\$ 1,632	\$ 7,025	\$ 2,940	\$ 12,657	\$ 15,472	\$ 66,607
At September 30										
Cost	\$ 3,213	\$ 13,832	\$ 10,162	\$ 43,747	\$ 28,716	\$ 123,622	\$ 9,443	\$ 40,652	\$ 51,534	\$ 221,853
Accumulated amortisation and impairment	-	-	(2,475)	(10,654)	(27,084)	(116,597)	(6,503)	(27,995)	(36,062)	(155,246)
	\$ 3,213	\$ 13,832	\$ 7,687	\$ 33,093	\$ 1,632	\$ 7,025	\$ 2,940	\$ 12,657	\$ 15,472	\$ 66,607

	2020									
	Goodwill		Licences		Software		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1										
Cost	\$ 3,213	\$ 13,832	\$ 10,162	\$ 43,748	\$ 31,171	\$ 134,191	\$ 6,677	\$ 28,744	\$ 51,223	\$ 220,515
Accumulated amortisation and impairment	-	-	(1,216)	(5,235)	(22,186)	(95,511)	(4,733)	(20,375)	(28,135)	(121,121)
	<u>\$ 3,213</u>	<u>\$ 13,832</u>	<u>\$ 8,946</u>	<u>\$ 38,513</u>	<u>\$ 8,985</u>	<u>\$ 38,680</u>	<u>\$ 1,944</u>	<u>\$ 8,369</u>	<u>\$ 23,088</u>	<u>\$ 99,394</u>
Balance at January 1	\$ 3,213	\$ 13,832	\$ 8,946	\$ 38,513	\$ 8,985	\$ 38,680	\$ 1,944	\$ 8,369	\$ 23,088	\$ 99,394
Reclassifications	-	-	-	-	356	1,516	-	-	356	1,516
Additions - acquired separately	-	-	-	-	109	464	-	-	109	464
Amortisation charge	-	-	(540)	(2,300)	(2,256)	(9,606)	(391)	(1,665)	(3,187)	(13,571)
Net exchange differences	-	(116)	-	(327)	1	(339)	(15)	(138)	(14)	(920)
Balance at September 30	<u>\$ 3,213</u>	<u>\$ 13,716</u>	<u>\$ 8,406</u>	<u>\$ 35,886</u>	<u>\$ 7,195</u>	<u>\$ 30,715</u>	<u>\$ 1,538</u>	<u>\$ 6,566</u>	<u>\$ 20,352</u>	<u>\$ 86,883</u>
At September 30										
Cost	\$ 3,213	\$ 13,716	\$ 10,162	\$ 43,382	\$ 31,637	\$ 135,058	\$ 6,690	\$ 28,560	\$ 51,702	\$ 220,716
Accumulated amortisation and impairment	-	-	(1,756)	(7,496)	(24,442)	(104,343)	(5,152)	(21,994)	(31,350)	(133,833)
	<u>\$ 3,213</u>	<u>\$ 13,716</u>	<u>\$ 8,406</u>	<u>\$ 35,886</u>	<u>\$ 7,195</u>	<u>\$ 30,715</u>	<u>\$ 1,538</u>	<u>\$ 6,566</u>	<u>\$ 20,352</u>	<u>\$ 86,883</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.

(10) Short-term borrowings

Type of borrowings	September 30, 2021		Interest rate range	Collateral
	CNY	TWD		
Bank borrowings				
Secured borrowings	\$ 129,384	\$ 557,000	0.74%	Bank deposits
Unsecured borrowings	145,558	626,625	0.95%~1.19%	-
	<u>\$ 274,942</u>	<u>\$ 1,183,625</u>		
Type of borrowings	December 31, 2020		Interest rate range	Collateral
	CNY	TWD		
Bank borrowings				
Unsecured borrowings	\$ 150,956	\$ 660,734	1.03%~1.23%	-

Type of borrowings	September 30, 2020		Interest rate range	Collateral
	CNY	TWD		
Bank borrowings				
Unsecured borrowings	\$ 80,184	\$ 342,305	1.05%~1.25%	-

A. The Group recognised interest expense in profit or loss for the three months and nine months ended September 30, 2021 and 2020, from long-term and short-term borrowings, amounting to CNY \$1,279 (TWD \$5,506), CNY \$1,323 (TWD \$5,631), CNY \$3,620 (TWD \$15,695), and CNY \$6,429 (TWD \$27,376), 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, 2021, December 31, 2020 and September 30, 2020, the Group has not violated any of the loan covenants in the borrowing agreement.

(11) Other payables

	September 30, 2021		December 31, 2020		September 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Dividend payable	\$ -	\$ -	\$ -	\$ -	\$ 245,814	\$ 1,033,401
Wages and salaries payable	13,084	56,327	29,615	129,625	9,132	38,985
Tax payable	18,883	81,291	45,718	200,108	15,295	65,294
Others	96,071	413,586	103,216	451,776	81,515	363,966
	<u>\$ 128,038</u>	<u>\$ 551,204</u>	<u>\$ 178,549</u>	<u>\$ 781,509</u>	<u>\$ 351,756</u>	<u>\$ 1,501,646</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2021	
				CNY	TWD
Unsecured borrowings					
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 16, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity	1.00%	None	\$ 128,091	\$ 551,432

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2021	
				CNY	TWD
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 26, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity	1.00%	None	\$ 64,692	\$ 278,499
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from September 29, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity	0.70%~ 1.00%	None	1,294	5,571
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 17, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity	1.00%	None	19,408	83,551
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 17, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity	1.00%	None	12,938	55,698

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2021	
				CNY	TWD
Fubon Bank	Borrowing period is from August 12, 2020 to February 13, 2022; interest is payable monthly; principal is payable at maturity	0.79%~ 0.94%	None	\$ 90,569	\$ 389,900
Fubon Bank	Borrowing period is from October 5, 2020 to February 13, 2022; interest is payable monthly; principal is payable at maturity	0.84%~ 0.92%	None	6,469	27,849
Fubon Bank	Borrowing period is from August 25, 2021 to February 26, 2023; interest is payable monthly; principal is payable at maturity	0.80%	None	32,346	139,249
Less: Current portion				(97,038)	(417,749)
				<u>\$ 258,769</u>	<u>\$ 1,114,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2020	
				CNY	TWD
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%~ 0.98%	None	\$ 58,561	\$ 256,321
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 14, 2020 to September 3, 2022; interest is payable monthly; principal is payable at maturity	0.78%~ 0.81%	None	128,834	563,904
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	65,067	284,800
Fubon Bank	Borrowing period is from August 12, 2020 to February 13, 2022; interest is payable monthly; principal is payable at maturity	0.92%~ 1.00%	None	91,094	398,720
Fubon Bank	Borrowing period is from October 5, 2020 to February 13, 2022; interest is payable monthly; principal is payable at maturity	0.98%	None	6,507	28,480
Less: Current portion				(58,561)	(256,321)
				<u>\$ 291,502</u>	<u>\$ 1,275,904</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2020	
				CNY	TWD
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, 2020 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>

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, 2021, December 31, 2020 and September 30, 2020, the Group has not violated any of the loan covenants in the borrowing agreement.

(13) 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, 2021 and 2020.
- 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, 2021 and 2020 were CNY \$3,443 (TWD \$14,813), CNY \$1,099 (TWD \$4,677), CNY \$10,405 (TWD \$45,114) and CNY \$4,496 (TWD \$19,144), respectively.

(14) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (thousands)	Vesting conditions
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:

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

For the nine months ended September 30, 2021: 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:

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	(TWD) Fair value per unit (in dollars)
Treasury stock transferred to employees	2020.9.3	\$ 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		Nine months ended	
	September 30, 2020		September 30, 2020	
	CNY	TWD	CNY	TWD
Equity-settled	\$ 2,532	\$ 10,893	\$ 2,532	\$ 10,893

For the three months and nine months ended September 30, 2021: None.

(15) Share capital

A. As of September 30, 2021, 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 outstanding (in thousands) are as follows:

	2021	2020
At January 1	79,492	79,492
Purchase of treasury shares	-	(285)
Treasury shares sold to employees	-	285
At September 30	<u>79,492</u>	<u>79,492</u>

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 was approved by the Financial Supervisory Commission on November 17, 2020.

D. On September 28, 2020, the Board of Directors of the Company resolved to issue the second 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 was approved by the Financial Supervisory Commission on November 17, 2020.

E. The chairman was authorized by the Board of Directors and under the approval of the Financial Supervisory Commission to extend the raising period for the aforementioned capital increase and unsecured convertible bonds issuance for 3 months until May 16, 2021 to seek a better timing for the issuance and complete the capital raising successfully to protect the interests of shareholders and investors as the share price of the Company has fluctuated sharply due to external factors such as the COVID-19 pandemic and the progress of vaccine development since the application became effective.

As there has been no more large-scale infection of the COVID-19 outbreak in the main operating area and as the vaccine became available, the operations of the Group has been stabilised. In order to enhance the stockholders' equity, the Company applied for withdrawal of capital increase and second domestic unsecured convertible bonds in 2020 with the regulatory authority on May 11, 2021 taking into account the Group's operating conditions and financial status and dividends received from subsidiaries which can support repayment of bank borrowings. The application was approved in accordance with Order No. Financial-Supervisory-Securities-Corporate-1100343090, dated May 18, 2021 of the Financial Supervisory Commission.

(16) Capital surplus

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

	2021											
	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	\$ 9,941	\$ 70,759	\$ 2,818	\$ 12,335	\$ 277,143	\$ 1,375,164
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	-	-	-	-	-	(522)	(2,285)	(522)	(2,285)
At September 30	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 9,941	\$ 70,759	\$ 2,296	\$ 10,050	\$ 276,621	\$ 1,372,879
	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 payment	-	-	2,532	10,893	-	-	-	-	-	-	2,532	10,893
Treasury shares transferred 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 proportion 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

(17) 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 2020 and 2019 as resolved by the shareholders at their meetings on July 6, 2021 and June 5, 2020, respectively, are as follows:

	2020			2019		
	CNY	TWD	Dividends per share (New Taiwan dollars)	CNY	TWD	Dividends per share (New Taiwan dollars)
Special reserve	\$ -	\$ -		\$ 49,933	\$ 209,920	
Legal reserve	22,216	95,953		34,067	143,216	
Cash dividends	<u>156,445</u>	<u>675,685</u>	\$ 8.50	<u>245,814</u>	<u>1,033,401</u>	\$ 13.00
	<u>\$ 178,661</u>	<u>\$ 771,638</u>		<u>\$ 329,814</u>	<u>\$ 1,386,537</u>	

Information on the earnings distribution as approved at the meeting of Board of Directors and resolved at the meeting of shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

- E. On July 6, 2021, the Company’s stockholders resolved to reverse special reserve amounting to CNY \$17,754 (TWD \$76,680)
- F. For the information relating to employees’ compensation and directors’ remuneration, please refer to Note 6(22).

(18) Operating revenue

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Revenue from contracts with customers	\$ 323,259	\$ 1,392,591	\$ 242,430	\$ 1,032,094

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Revenue from contracts with customers	\$ 868,553	\$ 3,765,873	\$ 611,683	\$ 2,604,668

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			
	2021		2020	
	CNY	TWD	CNY	TWD
Net sales of goods	\$ 305,337	\$ 1,315,506	\$ 235,043	\$ 1,000,645
Special affiliate income	5,003	21,510	3,234	13,767
Skincare service from company-operated salon and other income	12,919	55,575	4,153	17,682
	<u>\$ 323,259</u>	<u>\$ 1,392,591</u>	<u>\$ 242,430</u>	<u>\$ 1,032,094</u>

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Net sales of goods	\$ 812,948	\$ 3,524,781	\$ 595,711	\$ 2,536,657
Special affiliate income	16,080	69,720	8,553	36,420
Skincare service from company-operated salon and other income	39,525	171,372	7,419	31,591
	<u>\$ 868,553</u>	<u>\$ 3,765,873</u>	<u>\$ 611,683</u>	<u>\$ 2,604,668</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, 2021		December 31, 2020	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers	\$ 118,408	\$ 509,746	\$ 82,207	\$ 359,820
	September 30, 2020		January 1, 2020	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers	\$ 83,453	\$ 356,261	\$ 56,007	\$ 241,110

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

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers at the beginning of the period	\$ 2,029	\$ 8,451	\$ 2,933	\$ 12,460
	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers at the beginning of the period	\$ 72,978	\$ 314,170	\$ 51,552	\$ 219,519

(19) Interest income

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Interest income from bank deposits	\$ 2,751	\$ 11,862	\$ 2,994	\$ 12,746
Interest income from financial assets measured at amortised cost	909	3,913	196	835
Other interest income	1,716	7,353	2,410	10,260
	\$ 5,376	\$ 23,128	\$ 5,600	\$ 23,841

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Interest income from bank deposits	\$ 6,701	\$ 29,054	\$ 7,224	\$ 30,761
Interest income from financial assets measured at amortised cost	2,658	11,525	196	835
Other interest income	6,978	30,255	6,066	25,829
	<u>\$ 16,337</u>	<u>\$ 70,834</u>	<u>\$ 13,486</u>	<u>\$ 57,425</u>

(20) Other income

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Government grants revenue	\$ 8,330	\$ 35,883	\$ 383	\$ 1,616
Others	1,193	5,113	542	2,307
	<u>\$ 9,523</u>	<u>\$ 40,996</u>	<u>\$ 925</u>	<u>\$ 3,923</u>

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Government grants revenue	\$ 22,507	\$ 97,586	\$ 25,932	\$ 110,424
Others	4,854	21,046	2,251	9,585
	<u>\$ 27,361</u>	<u>\$ 118,632</u>	<u>\$ 28,183</u>	<u>\$ 120,009</u>

(21) Other gains and losses

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Losses on disposal of property, plant and equipment	(\$ 51)	(\$ 219)	(\$ 24)	(\$ 102)
Foreign exchange gains	2,494	10,601	11,196	47,675
Net gains on financial assets at fair value through profit or loss	379	1,622	114	484
Gains from lease modification	-	-	9	38
Depreciation expense - investment property, buildings	(249)	(1,072)	-	-
Other gains (losses)	78	339	(353)	(1,504)
	<u>\$ 2,651</u>	<u>\$ 11,271</u>	<u>\$ 10,942</u>	<u>\$ 46,591</u>
	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Losses on disposal of property, plant and equipment	(\$ 114)	(\$ 494)	(\$ 16)	(\$ 68)
Foreign exchange gains	15,368	66,633	11,253	47,918
Net gains on financial assets at fair value through profit or loss	1,690	7,328	2,227	9,483
Gains (losses) from lease modification	5	22	(50)	(213)
Depreciation expense - investment property, buildings	(746)	(3,235)	-	-
Other losses	(3)	(14)	(168)	(716)
	<u>\$ 16,200</u>	<u>\$ 70,240</u>	<u>\$ 13,246</u>	<u>\$ 56,404</u>

(22) Finance cost

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Interest expense - Bank borrowings	\$ 1,279	\$ 5,506	\$ 1,323	\$ 5,631
Interest expense - Lease liability	1,245	5,360	1,258	5,355
	<u>\$ 2,524</u>	<u>\$ 10,866</u>	<u>\$ 2,581</u>	<u>\$ 10,986</u>

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Interest expense - Bank borrowings	\$ 3,620	\$ 15,695	\$ 6,429	\$ 27,376
Interest expense - Lease liability	3,576	15,505	3,146	13,396
	<u>\$ 7,196</u>	<u>\$ 31,200</u>	<u>\$ 9,575</u>	<u>\$ 40,772</u>

(23) Employee benefit expense, depreciation and amortisation

	Three months ended September 30, 2021					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 1,899	\$ 8,151	\$ 33,154	\$ 142,772	\$ 35,053	\$ 150,923
Labour and health insurance fees	70	301	3,319	14,306	3,389	14,607
Pension costs	85	365	3,358	14,448	3,443	14,813
Other employee benefit expense	38	164	3,343	14,399	3,381	14,563
Depreciation	244	1,043	18,230	78,479	18,474	79,522
Amortisation	121	521	808	3,483	929	4,004

	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

Nine months ended September 30, 2021						
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 6,901	\$ 29,921	\$ 92,420	\$ 400,715	\$ 99,321	\$ 430,636
Labour and health insurance fees	214	928	8,407	36,451	8,621	37,379
Pension costs	260	1,127	10,145	43,987	10,405	45,114
Other employee benefit expense	116	503	9,160	39,716	9,276	40,219
Depreciation	1,134	4,917	52,358	227,014	53,492	231,931
Amortisation	364	1,578	2,093	9,075	2,457	10,653
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

- 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, 2021 and 2020, employees' compensation was accrued at CNY \$1,833 (TWD \$7,890), CNY \$1,407 (TWD \$5,990), CNY \$5,317 (TWD \$23,053) and CNY \$3,435 (TWD \$14,627), respectively; directors' remuneration was accrued at CNY \$917 (TWD \$3,947), CNY \$704 (TWD \$2,998), CNY \$2,659 (TWD \$11,529) and CNY \$1,718 (TWD \$7,316), respectively. These 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 2020 as approved by the Board of Directors on March 11, 2021 amounted to CNY \$4,992 (TWD \$21,372) and CNY \$2,496 (TWD \$10,686), respectively, which were in agreement with the amounts recognised in the financial statements for the year ended December 31, 2020. Aforementioned employees' compensation will be distributed in cash.

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.

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Current tax:				
Current tax on profits for the period	\$ 35,141	\$ 150,965	\$ 25,286	\$ 107,645
Prior year income tax underestimation	-	(43)	-	(6)
Deferred tax:				
Origination and reversal of temporary differences	(966)	(4,121)	(1,507)	(6,414)
Income tax expense	<u>\$ 34,175</u>	<u>\$ 146,801</u>	<u>\$ 23,779</u>	<u>\$ 101,225</u>

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Current tax:				
Current tax on profits for the period	\$ 119,990	\$ 520,253	\$ 74,247	\$ 316,159
Prior year income tax underestimation	2,655	11,512	7,891	33,601
Deferred tax:				
Origination and reversal of temporary differences	(5,094)	(22,087)	(7,115)	(30,297)
Income tax expense	<u>\$ 117,551</u>	<u>\$ 509,678</u>	<u>\$ 75,023</u>	<u>\$ 319,463</u>

B. Chlitina Marketing Taiwan Branch's and Chlitina Intelligence Taiwan Branch's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(25) Earnings per share

Three months ended September 30, 2021					
	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	\$ 87,482	\$ 376,886	79,492	\$ 1.10	\$ 4.74
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 87,482	\$ 376,886	79,492		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	116		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 87,482	\$ 376,886	79,608	\$ 1.10	\$ 4.73
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

Nine months ended September 30, 2021					
	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	\$ 234,202	\$ 1,015,456	79,492	\$ 2.95	\$ 12.77
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 234,202	\$ 1,015,456	79,492		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	155		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 234,202	\$ 1,015,456	79,647	\$ 2.94	\$ 12.75
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

(26) Supplemental cash flow information

Activities with no cash flow effects

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Dividends payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,814</u>	<u>\$ 1,033,401</u>

(27) Changes in liabilities from financing activities

	<u>Short-term loans</u>		<u>Lease liabilities</u>		<u>Long-term borrowings</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
At January 1, 2021	\$ 150,956	\$ 660,734	\$ 130,511	\$ 571,246	\$ 350,063	\$ 1,532,225
Changes in cash flow from financing activities	124,565	540,088	(25,308)	(109,731)	-	-
Proceeds from long-term debt	-	-	-	-	258,215	1,119,567
Repayments of long-term debt	-	-	-	-	(248,881)	(1,079,099)
Increase in lease liabilities	-	-	16,588	71,922	-	-
Changes in other non-cash items	-	-	(128)	(555)	-	-
Impact of changes in foreign exchange rate	(579)	(17,197)	504	(6,953)	(3,590)	(40,943)
At September 30, 2021	<u>\$ 274,942</u>	<u>\$ 1,183,625</u>	<u>\$ 122,167</u>	<u>\$ 525,929</u>	<u>\$ 355,807</u>	<u>\$ 1,531,750</u>

	<u>Short-term loans</u>		<u>Lease liabilities</u>		<u>Long-term borrowings</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
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	-	-
Changes in other non-cash items	-	-	(10,824)	(46,091)	-	-
Impact of changes in foreign exchange rate	<u>1,856</u>	<u>(9,397)</u>	<u>229</u>	<u>(2,874)</u>	<u>(6,546)</u>	<u>(26,920)</u>
At September 30, 2020	<u>\$ 80,184</u>	<u>\$ 342,305</u>	<u>\$ 127,356</u>	<u>\$ 543,687</u>	<u>\$ 359,915</u>	<u>\$ 1,536,477</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</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
Mc. Reese Co., Ltd. (Mc. Reese)	Other related party
Chen, Wu-Kang	Other related party
Zhaocang (Shanghai) Trading Co., Ltd. (Zhaocang Trading)	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
Hunzas Co., Ltd. (Hunzas)	Other related party
Jinyan (Shanghai) Biotechnology Co., Ltd. (Jinyan Biotechnology)	Other related party
Shanghai Guangqiao Biosciences Co., Ltd. (Guangqiao Biosciences)	Other related party
General Biological Corp. (General Biologicals)	Associate
Dongguan Gb Biotech Corporation (Dongguan Gb)	Associate
SHANGHAI ZHONGYE TRADE CO., LTD. (Shanghai Zhongye)	Associate
Others (for insignificant related party transactions)	Other related party

Note: The partner of Lee, Tsai & Partners, Jaclyn Tsai, was no longer a director of the Group since July 6, 2021, therefore, Lee, Tsai & Partners was not a related party of the Group starting from the date.

(2) Significant related party transactions and balances

A. Operating revenue

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Sales of goods and OEM income:				
Associate	\$ 1	\$ 4	\$ 132	\$ 561
Other related parties	<u>58</u>	<u>246</u>	<u>534</u>	<u>2,276</u>
	<u>\$ 59</u>	<u>\$ 250</u>	<u>\$ 666</u>	<u>\$ 2,837</u>
	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Sales of goods and OEM income:				
Associate	\$ 42	\$ 183	\$ 187	\$ 794
Other related parties	<u>267</u>	<u>1,156</u>	<u>1,027</u>	<u>4,375</u>
	<u>\$ 309</u>	<u>\$ 1,339</u>	<u>\$ 1,214</u>	<u>\$ 5,169</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			
	2021		2020	
	CNY	TWD	CNY	TWD
Purchases of goods				
Associate	\$ 645	\$ 2,796	\$ 13	\$ 55
Other related parties	6,019	25,785	6,766	28,800
Processing fees				
Other related parties	3,626	15,807	-	-
	<u>\$ 10,290</u>	<u>\$ 44,388</u>	<u>\$ 6,779</u>	<u>\$ 28,855</u>
	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Purchases of goods				
Associate	\$ 736	\$ 3,189	\$ 159	\$ 677
Other related parties	16,334	70,821	20,481	87,210
Processing fees				
Other related parties	6,801	29,488	-	-
	<u>\$ 23,871</u>	<u>\$ 103,498</u>	<u>\$ 20,640</u>	<u>\$ 87,887</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

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Accounts receivable:						
Associate						
Shanghai Zhongye	\$ 1	\$ 4	\$ 435	\$ 1,904	\$ 148	\$ 631
Other related parties						
Kelti China	5	22	51	221	568	2,425
Others	30	131	16	70	626	2,675
	<u>\$ 36</u>	<u>\$ 157</u>	<u>\$ 502</u>	<u>\$ 2,195</u>	<u>\$ 1,342</u>	<u>\$ 5,731</u>
Other receivables:						
Other related parties	<u>\$ 372</u>	<u>\$ 1,601</u>	<u>\$ 194</u>	<u>\$ 849</u>	<u>\$ 193</u>	<u>\$ 824</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

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Accounts payable:						
Associate	\$ 46	\$ 197	\$ 252	\$ 1,102	\$ 10	\$ 41
Other related parties						
Kelti China	5,102	21,964	1,993	8,722	2,093	8,935
Charming Biotech	2,394	10,306	710	3,106	1,560	6,661
Others	804	3,464	239	1,048	835	3,566
	<u>\$ 8,346</u>	<u>\$ 35,931</u>	<u>\$ 3,194</u>	<u>\$ 13,978</u>	<u>\$ 4,498</u>	<u>\$ 19,203</u>
Other payables:						
Associate	\$ 8	\$ 34	\$ 8	\$ 35	\$ -	\$ -
Other related parties						
Kelti China	307	1,322	1,938	8,483	2,043	8,722
Others	11	47	700	3,064	955	4,076
	<u>\$ 326</u>	<u>\$ 1,403</u>	<u>\$ 2,646</u>	<u>\$ 11,582</u>	<u>\$ 2,998</u>	<u>\$ 12,798</u>

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

E. Services expense

	Three months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Other related parties				
Lee, Tsai & Partners	\$ -	\$ -	\$ 115	\$ 489
Kelti China	9	24	140	596
	<u>\$ 9</u>	<u>\$ 24</u>	<u>\$ 255</u>	<u>\$ 1,085</u>

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Other related parties				
Lee, Tsai & Partners	\$ 377	\$ 1,641	\$ 527	\$ 2,244
Kelti China	862	3,737	471	2,006
	<u>\$ 1,239</u>	<u>\$ 5,378</u>	<u>\$ 998</u>	<u>\$ 4,250</u>

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

F. Leasing arrangements - lessee

(a) The Group leases offices and plant from related parties for periods of 2 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			
	2021		2020	
	CNY	TWD	CNY	TWD
Kelti China	\$ -	\$ -	\$ 17,784	\$ 75,726
Other related parties	-	-	9,438	40,187
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,222</u>	<u>\$ 115,913</u>

	Nine months ended September 30			
	2021		2020	
	CNY	TWD	CNY	TWD
Kelti China	\$ -	\$ -	\$ 17,784	\$ 75,726
Other related parties	3,087	13,434	9,438	40,187
	<u>\$ 3,087</u>	<u>\$ 13,434</u>	<u>\$ 27,222</u>	<u>\$ 115,913</u>

(c) Lease liability

i. Balance at end of the financial reporting period

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Chen, Wu-Kang	\$ 15,936	\$ 68,604	\$ 16,889	\$ 73,923	\$ 17,725	\$ 75,668
Kelti China	12,035	51,811	15,205	66,552	17,356	74,093
Other related parties	11,430	49,206	12,231	53,535	5,014	21,405
	<u>\$ 39,401</u>	<u>\$ 169,621</u>	<u>\$ 44,325</u>	<u>\$ 194,010</u>	<u>\$ 40,095</u>	<u>\$ 171,166</u>

ii. Interest expense

	<u>Three months ended September 30</u>			
	<u>2021</u>		<u>2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Other related parties	<u>\$ 245</u>	<u>\$ 1,270</u>	<u>\$ 345</u>	<u>\$ 1,469</u>

	<u>Nine months ended September 30</u>			
	<u>2021</u>		<u>2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Other related parties	<u>\$ 833</u>	<u>\$ 3,829</u>	<u>\$ 619</u>	<u>\$ 2,636</u>

(3) Key management compensation

	<u>Three months ended September 30</u>			
	<u>2021</u>		<u>2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Salaries and other short-term employee benefits	\$ 2,162	\$ 9,302	\$ 1,604	\$ 6,827
Post-employment benefits	31	134	29	123
	<u>\$ 2,193</u>	<u>\$ 9,436</u>	<u>\$ 1,633</u>	<u>\$ 6,950</u>

	<u>Nine months ended September 30</u>			
	<u>2021</u>		<u>2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Salaries and other short-term employee benefits	\$ 6,537	\$ 28,343	\$ 7,230	\$ 30,787
Post-employment benefits	89	386	62	264
	<u>\$ 6,626</u>	<u>\$ 28,729</u>	<u>\$ 7,292</u>	<u>\$ 31,051</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>						<u>Purpose</u>
	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>		
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	
Time deposits with maturity over three months (shown as financial assets at amortised cost-current)	<u>\$ 129,390</u>	<u>\$ 557,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Bank borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Contract signed	<u>\$ 8,988</u>	<u>\$ 38,729</u>	<u>\$ 17,530</u>	<u>\$ 76,729</u>	<u>\$ 2,791</u>	<u>\$ 11,915</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, 2021, 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, 2021, the Group has paid the aforementioned payment amounting to CNY \$22,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure and the confidence of investors, creditors and market, to return compensation on shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the liability ratio. This ratio is calculated as total liability divided by total assets.

During 2021, the Group's strategy was to maintain the liability ratio within reasonable range, which was unchanged from 2020. The liability ratios at September 30, 2021, December 31, 2020 and September 30, 2020 were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Liability ratio	<u>52%</u>	<u>51%</u>	<u>55%</u>

(2) Financial instruments

A. Financial instruments by category

	September 30, 2021		December 31, 2020		September 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
<u>Financial assets</u>						
Financial assets at amortised cost						
Cash and cash equivalents	\$ 1,266,803	\$ 5,453,587	\$ 1,221,784	\$ 5,347,749	\$ 1,241,773	\$ 5,301,129
Financial assets at amortised cost (including current and non-current)	243,350	1,047,622	112,000	490,224	80,000	341,520
Notes receivable	-	-	-	-	6	26
Accounts receivable (including related parties)	741	3,192	1,294	5,662	1,911	8,160
Other receivables (including related parties)	13,815	59,471	6,653	29,122	5,313	22,679
	<u>\$ 1,524,709</u>	<u>\$ 6,563,872</u>	<u>\$ 1,341,731</u>	<u>\$ 5,872,757</u>	<u>\$ 1,329,003</u>	<u>\$ 5,673,514</u>
Financial assets at fair value through profit or loss						
Financial assets at fair value through profit or loss - non-current	<u>\$ 21,399</u>	<u>\$ 92,123</u>	<u>\$ 21,618</u>	<u>\$ 94,622</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial liabilities</u>						
Financial liabilities at amortised cost						
Short-term loans	\$ 274,942	\$ 1,183,625	\$ 150,956	\$ 660,734	\$ 80,184	\$ 342,305
Accounts payable (including related parties)	23,573	101,483	16,371	71,654	15,275	65,210
Other payables (including related parties)	128,364	552,607	181,195	793,091	354,754	1,514,444
Guarantee deposits received	89,183	383,933	76,134	333,241	72,126	307,905
Long-term borrowings (including current portion)	355,807	1,531,749	350,063	1,532,225	359,915	1,536,477
	<u>\$ 871,869</u>	<u>\$ 3,753,397</u>	<u>\$ 774,719</u>	<u>\$ 3,390,945</u>	<u>\$ 882,254</u>	<u>\$ 3,766,341</u>
Lease liabilities (including current and non-current)						
	<u>\$ 122,167</u>	<u>\$ 525,929</u>	<u>\$ 130,511</u>	<u>\$ 571,246</u>	<u>\$ 127,356</u>	<u>\$ 543,683</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (the Group's treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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) September 30, 2021	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : CNY	\$ 303	6.4692	\$ 1,960	\$ 8,438
USD : TWD	9,683	27.8500	62,641	269,670
USD : HKD	46,274	7.7800	299,356	1,288,728
CNY : TWD	1,012	4.3050	1,012	4,357
CNY : HKD	152,571	1.2038	152,571	656,818
EUR : USD	68	1.1605	511	2,200
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : CNY	\$ 2,905	6.4692	\$ 18,793	\$ 80,904
USD : TWD	97,500	27.8500	630,749	2,715,374
USD : HKD	328	7.7880	2,122	9,135

(Foreign currency: functional currency) December 31, 2020	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : TWD	\$ 10,664	28.4800	\$ 69,387	\$ 303,707
USD : HKD	3,618	7.7539	23,541	103,039
CNY : TWD	1,292	4.3770	1,292	5,655
CNY : HKD	5,688	1.1917	5,688	24,896
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : CNY	\$ 1,318	6.5067	\$ 8,576	\$ 37,537
USD : TWD	77,000	28.4800	501,019	2,192,959
USD : VND	758	25,890.9091	4,932	21,587

(Foreign currency: functional currency) September 30, 2020	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
<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	\$ 50,734
USD : TWD	64,563	29.1000	440,099	1,878,783
USD : HKD	72	7.7517	491	2,096

- iv. The total exchange losses, 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, 2021 and 2020, amounted to CNY \$2,494 (TWD \$10,601), CNY \$11,196 (TWD \$47,675), CNY \$15,368 (TWD \$66,633) and CNY \$11,253 (TWD \$47,918), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine months ended September 30, 2021

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%	\$ 59	\$ 253	\$ -	\$ -
USD : TWD	3%	1,879	8,090	-	-
USD : HKD	3%	8,981	38,662	-	-
CNY : TWD	3%	30	131	-	-
CNY : HKD	3%	4,577	19,705	-	-
EUR : USD	3%	15	66	-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 564	\$ 2,427	\$ -	\$ -
USD : TWD	3%	18,922	81,461	-	-
USD : HKD	3%	64	274	-	-

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	-	-

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, 2021, December 31, 2020 and September 30, 2020, 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 its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the 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, 2021, December 31, 2020 and September 30, 2020, 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, 2021, December 31, 2020 and September 30, 2020, the carrying amount of accounts receivable (including related parties) amounted to CNY \$741 (TWD \$3,192), CNY \$1,294 (TWD \$5,662) and CNY \$1,911 (TWD \$8,160), 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, 2021							
		12 months		Lifetime				Total	
				Significant increase in credit risk		Impairment of credit			
		CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost		\$ 243,350	\$ 1,047,622	\$ -	\$ -	\$ -	\$ -	\$ 243,350	\$ 1,047,622

December 31, 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		\$ 112,000	\$ 490,224	\$ -	\$ -	\$ -	\$ -	\$ 112,000	\$ 490,224

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

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

(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	
	<u>Less than 1 year</u>	<u>and 2 years</u>	<u>Over 2 years</u>	
September 30, 2021				
Short-term loans	\$ 274,942	\$ -		\$ -
Accounts payable (including related parties)	23,573	-		-
Other payables (including related parties)	128,364	-		-
Lease liabilities	33,592	31,222		69,172
Guarantee deposits received	89,183	-		-
Long-term borrowings (including current portion)	97,038	32,346		226,423
<u>Non-derivative</u>			Between 1	
<u>financial liabilities:</u>			and 2 years	
	<u>Less than 1 year</u>	<u>and 2 years</u>	<u>Over 2 years</u>	
December 31, 2020				
Short-term loans	\$ 150,956	\$ -		\$ -
Accounts payable (including related parties)	16,371	-		-
Other payables (including related parties)	181,195	-		-
Lease liabilities	32,182	30,010		83,124
Guarantee deposits received	76,134	-		-
Long-term borrowings (including current portion)	58,561	291,502		-
<u>Non-derivative</u>			Between 1	
<u>financial liabilities:</u>			and 2 years	
	<u>Less than 1 year</u>	<u>and 2 years</u>	<u>Over 2 years</u>	
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	61,349	298,566		-

<u>Non-derivative</u>		(In thousands of TWD)		
<u>financial liabilities:</u>				
	<u>Less than 1 year</u>	<u>Between 1</u>	<u>and 2 years</u>	<u>Over 2 years</u>
September 30, 2021				
Short-term loans	\$ 1,183,625	\$ -		\$ -
Accounts payable (including related parties)	101,483	-		-
Other payables (including related parties)	552,607	-		-
Lease liabilities	144,614	134,411		297,785
Guarantee deposits received	383,933	-		-
Long-term borrowings (including current portion)	417,749	139,249		974,751
<u>Non-derivative</u>				
<u>financial liabilities:</u>				
	<u>Less than 1 year</u>	<u>Between 1</u>	<u>and 2 years</u>	<u>Over 2 years</u>
December 31, 2020				
Short-term loans	\$ 660,734	\$ -		\$ -
Accounts payable (including related parties)	71,654	-		-
Other payables (including related parties)	793,091	-		-
Lease liabilities	140,861	131,354		363,834
Guarantee deposits received	333,241	-		-
Long-term borrowings (including current portion)	256,321	1,275,904		-
<u>Non-derivative</u>				
<u>financial liabilities:</u>				
	<u>Less than 1 year</u>	<u>Between 1</u>	<u>and 2 years</u>	<u>Over 2 years</u>
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	261,899	1,274,578		-

- 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 (including current and non-current), 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. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2021, December 31, 2020 and September 30, 2020 is as follows:

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

	(In thousands of CNY)			
September 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - Equity securities	\$ -	\$ -	\$ 21,399	\$ 21,399

	(In thousands of CNY)			
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - Equity securities	\$ -	\$ -	\$ 21,618	\$ 21,618

	(In thousands of TWD)			
September 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - Equity securities	\$ -	\$ -	\$ 92,123	\$ 92,123

	(In thousands of TWD)			
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - Equity securities	\$ -	\$ -	\$ 94,622	\$ 94,622

September 30, 2020: None.

D. The following chart is the movement of Level 3 for the nine months ended September 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Equity instrument</u>	<u>Equity instrument</u>	<u>Equity instrument</u>	<u>Equity instrument</u>
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
At January 1	\$ 21,618	\$ 94,622	\$ -	\$ -
Acquired in the period	-	-	-	-
Effect of foreign exchange	(219)	(2,499)	-	-
At September 30	<u>\$ 21,399</u>	<u>\$ 92,123</u>	<u>\$ -</u>	<u>\$ -</u>

- E. For the nine months ended September 30, 2021 and 2020, there was no transfer into or out from Level 3.
- F. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at		Fair value at		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
	September 30, 2021		December 31, 2020					
	CNY	TWD	CNY	TWD				
Non-derivative equity instrument:								
Unlisted shares	\$ 21,399	\$ 92,123	\$ 21,618	\$ 94,622	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	Not applicable	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the 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: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding TWD \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- 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 5.
- H. Receivables from related parties reaching TWD \$100 million or 20% of paid-in capital or more: Please refer to Table 6.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. Significant inter-company transactions during the reporting period: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

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, company-operated salon business and aesthetic medicine clinic. For the nine months ended September 30, 2021 and 2020, the operating revenue, net profit and assets of the company-operated salon business and aesthetic medicine clinic were all less than 10% of their respective totals in the consolidated financial statements. In addition, management considers that the separate disclosure of company-operated salon business and aesthetic medicine clinic 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, 2021

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 borrowing company	Financing company's total financing amount limits	Footnote
													Item	Value			
1	Chlitina (China) Trade Limited	Wuguan (Shanghai) Trade Limited	Other receivables	Yes	\$ 87,540	\$ 86,100	\$ -	Lower 10% of loan market rate	2	\$ -	Operating capital	\$ -	None	-	\$ 3,359,400	\$ 3,359,400	Note 4, 5
2	Chlitina (China) Trade Limited	Crystal Asia Shanghai Limited	Other receivables	Yes	56,017	55,965	-	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	758,152	758,152	Note 4, 7
3	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	Other receivables	Yes	87,540	86,100	-	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	758,152	758,152	Note 4, 5
4	Hong Kong Chlitina International Limited	Yong Li Trading Company Limited	Other receivables	Yes	28,535	27,850	-	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	6,910,477	6,910,477	Note 4, 6
5	Yong Li Trading Company Limited	Vinh Le Company Limited	Other receivables	Yes	4,200	4,200	-	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	27,271	27,271	Note 4, 8

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.

Note 6: The line of credit to Yong Li Trading Company Limited amounted to USD\$1,000.

Note 7: The line of credit to Crystal Asia Shanghai Limited amounted to CNY\$13,000.

Note 8: The line of credit to Vinh Le Company Limited amounted to VND\$3,500,000.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Nine months ended September 30, 2021

Table 2

Expressed in thousands of TWD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2021	Outstanding endorsement/ guarantee amount at September 30, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
1	Hong Kong Chlitina International Limited	Chlitina Holding Limited	3	\$ 1,382,095	\$ 559,200	\$ 557,000	\$ 557,000	\$ 557,024	12.05	\$ 3,455,239	N	Y	N	

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

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Having business relationship with the Company.
- (2) The Company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor company owns directly and indirectly more than 50% voting shares of the Company.
- (4) The Company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company, and the limit on endorsements/guarantees provided for the endorsed/guaranteed company shall not be more than 10% of the Company's stockholders' equity.
However, the endorsed/guaranteed company whose voting shares are 100% directly and indirectly owned by the Company is not subject to the limit.
- (5) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Ceiling on total amount of endorsements/guarantees provided by the Company and subsidiaries shall not be more than 50% of the stockholders' equity for that period. Limit on endorsements/guarantees provided for a single party shall not be more than 20% of the stockholders' equity for that period.

Note 4: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

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

September 30, 2021

Table 3

Expressed in thousands of TWD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note)	Relationship with the securities issuer	General ledger account	As of September 30, 2021				
				Number of shares (in thousand shares/thousand unit)	Book value	Ownership (%)	Fair value	Footnote
Hong Kong Chlitina International Limited	Onward Therapeutics SA	None	Non-current financial assets at fair value through profit or loss	2,290	\$ 92,123	6.33%	\$ 92,123	None

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

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, 2021

Table 4

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 3)	Relationship with the investor (Note 3)	Beginning Balance		Acquisition (Note 4)		Disposal (Note 4)			Ending Balance		Footnote	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value (Note 2)	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	-	-	-	\$ -	101,840,000	\$ 441,558	101,840,000	\$ 441,893	\$ 441,558	\$ 335	-	\$ -	
Weishuo (Shanghai) Daily Product Limited	ICBC Credit Suisse Salary Monetary Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	151,000,000	654,706	151,000,000	655,637	654,706	931	-	-	
Chlitina (China) Trade Limited	ICBC Credit Suisse Salary Monetary Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	430,000,000	1,864,394	430,000,000	1,867,149	1,864,394	2,755	-	-	
Chlitina (China) Trade Limited	Golden Eagle Money Market Securities Investment Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	131,130,000	568,553	131,130,000	569,405	568,553	852	-	-	
Chlitina (China) Trade Limited	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	55,908,000	242,406	55,908,000	242,576	242,406	170	-	-	
Chlitina (China) Trade Limited	China Universal Cash Express Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	99,999,992	433,580	99,999,992	434,200	433,580	620	-	-	

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, 2021

Table 4

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 3)	Relationship with the investor (Note 3)	Beginning Balance		Acquisition (Note 4)		Disposal (Note 4)			Ending Balance		Footnote	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value (Note 2)	Gain (loss) on disposal	Number of shares		Amount
Chlitina (China) Trade Limited	HFT Money Market Fund B	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	250,953,067	\$ 1,088,082	250,953,067	\$ 1,089,485	\$ 1,088,082	\$ 1,403	-	\$ -	

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: 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, 2021

Table 5

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	\$ 528,842	81%	60 days after monthly billings	-	-	(\$ 143,919)	93%	Note 1
British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	Subsidiary	Trademark license	193,785	100%	Note 2	-	-	63,498	100%	Note 1

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, 2021

Table 6

Expressed in thousands of TWD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021	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	Subsidiary	\$ 143,919	4.61	\$ -	-	\$ 80,622	\$ -	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, 2021

Table 7

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	\$ 528,842	60 days after monthly billings	14%
1	Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	3	Accounts receivable	143,919	60 days after monthly billings	4%
2	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Trademark right income	193,785	In accordance with mutual agreements	5%
2	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Accounts receivable	63,498	In accordance with mutual agreements	2%
3	Hong Kong Chlitina International Limited	Weishuo (Shanghai) Daily Product Limited	3	Sales	52,289	60 days after monthly billings	1%
4	British Virgin IS. Chlitina Marketing Limited Taiwan Branch	Hong Kong Chlitina International Limited	3	Sales	50,338	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, 2021

Table 8

Expressed in thousands of TWD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at September 30, 2021			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Chlitina Holding Limited	Chlitina Group Limited	British Virgin Islands	Investing	\$ 651,928	\$ 631,539	2,078,707,348	100	\$ 7,245,829	\$ 1,022,189	\$ 1,022,189	
Chlitina Group Limited	Chlitina International Limited	British Virgin Islands	Investing	569,442	549,053	18,970,001	100	7,096,954	916,352	-	Note 1
Chlitina Group Limited	Chlitina Intelligence Limited	British Virgin Islands	Investing and researching	-	-	-	100	148,062	105,992	-	Note 1
Chlitina Group Limited	W-Amber International Limited	British Virgin Islands	Investing	50,880	50,880	1,150,000	100	65 (9)	-	-	Note 1
Chlitina Group Limited	W-Champion International Limited	British Virgin Islands	Investing	34,518	34,518	930,000	100	33 (55)	-	-	Note 1
Chlitina Group Limited	C-Asia International Limited	British Virgin Islands	Investing	920	920	20,000	100	90 (54)	-	-	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	6,910,477	924,015	-	Note 1
Chlitina International Limited	Chlitina Marketing Limited	British Virgin Islands	Investing and trading of skincare products	397,038	376,649	13,242,882	100	177,349 (7,665)	-	-	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	45,546 (4,944)	-	-	Note 1

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Information on investees
Nine months ended September 30, 2021

Table 8

Expressed in thousands of TWD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at September 30, 2021			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Hong Kong Chilitina International Limited	Hong Kong W-Champion International Limited	Hong Kong	Investing	\$ 61,865	\$ 61,865	2,950,000	100	\$ 58,115	\$ (7,373)	\$ -	Note 1
Hong Kong Chilitina International Limited	Hong Kong W-Amber International Limited	Hong Kong	Investing	857,939	587,086	180,603,060	100	539,847	(71,390)	-	Note 1
Hong Kong Chilitina International Limited	Yong Li Trading Company Limited	Vietnam	Dealer of skincare products	38,218	17,373	-	100	27,271	(4,202)	-	Note 1
Hong Kong Chilitina International Limited	HUAPAO SDN. BHD.	Malaysia	Dealer of skincare products	3,502	3,502	500,000	100	2,823	96	-	Note 1
Hong Kong Chilitina International Limited	General Biologicals Corp.	Taiwan	Manufacturing of medical appliances	177,624	177,624	11,805,203	19.71	215,070	81,504	-	Note 1, 2
Hong Kong Chilitina International Limited	Hong Kong Jing Tai International Investment Limited	Hong Kong	Investment consulting and general trade	4,392	-	1,000,000	100	4,048	(249)	-	Note 1
Hong Kong Chilitina International Limited	PT PINING BEAUTY INDONESIA	Indonesia	Importing trade goods and management consulting	-	-	-	100	-	-	-	Note 1
Yong Li Trading Company Limited	Vinh Le Company Limited	Vietnam	Dealer of skincare products	3,003	-	-	100	607	(1,949)	-	Note 1, 3
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	2,673	(28)	-	Note 1
W-Champion International Limited	W-Champion Marketing Limited	British Virgin Islands	Investing	31,783	31,783	930,000	100	33	(55)	-	Note 1

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Information on investees
Nine months ended September 30, 2021

Table 8

Expressed in thousands of TWD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at September 30, 2021			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
W-Amber International Limited	W-Amber Marketing Limited	British Virgin Islands	Investing	\$ 56,280	\$ 56,280	1,150,000	100	\$ 39	(\$ 5)	\$ -	Note 1
Hong Kong Jing Tai International Investment Limited	WAN JU International Investment Limited	Taiwan	Investing	2,000	-	200,000	100	1,853	(147)	-	Note 1

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, 2021, the investment gain on General Biologicals Corp. was \$13,954.

Note 3: Yong Li holds a 100% equity interest in Vinh Le through the name of other individuals due to the restriction of local regulations, and has 100% substantial control over the investee.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2021

Table 9

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, 2021	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	\$ -	\$ -	\$ -	\$ -	\$ 1,041,323	100	\$ 1,041,323	\$ 3,359,400	\$ -	
Shanghai Zhe Mei Technology Training Co., Ltd.	Cosmetology training services	78,302	2	-	-	-	-	(12,178)	100	(12,178)	24,431	-	
Weishuo (Shanghai) Daily Product Limited	Production and trading of skincare products	64,207	2	-	-	-	-	64,171	100	64,171	758,152	-	
Weihu (Shanghai) Trade Limited	Investing, dealer of skincare and supplementary health care products	605,565	2	-	-	-	-	(67,283)	100	(67,283)	242,092	-	
Crystal Asia Shanghai Limited	Dealer of skincare products and supplementary health care products	87,189	2	-	-	-	-	(3,400)	100	(3,400)	80,031	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2021

Table 9

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, 2021	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Li Shuo Biotechnology (Shanghai) Co., Ltd.	Enterprise management consulting and investing	\$ 9,436	2	\$ -	\$ -	\$ -	\$ -	(\$ 1,577)	100	(\$ 1,577)	\$ 6,463	\$ -	
Wuguan (Shanghai) Trade Limited	Dealer of skincare products and supplementary health care products	64,193	2	-	-	-	-	(7,408)	100	(7,408)	31,064	-	
Shanghai Yuanshuo Management Consulting Limited	Enterprise management consulting and investing	396,516	2	-	-	-	-	(50,042)	100	(50,042)	192,589	-	
Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd.	Medical cosmetology services	103,346	2	-	-	-	-	(12,696)	100	(12,696)	28,124	-	
Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd	Medical cosmetology services	29,810	2	-	-	-	-	(9,925)	100	(9,925)	17,733	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2021

Table 9

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, 2021	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd.	Medical cosmetology services	\$ 43,374	2	\$ -	\$ -	\$ -	\$ -	(\$ 4,390)	100	(\$ 4,390)	\$ 30,325	\$ -	
Shanghai Lunxin Medical Beauty Clinic Co., Ltd.	Medical cosmetology services	21,505	2	-	-	-	-	(7,890)	100	(7,890)	9,773	-	
Jinghe Clinic (Nanjing) Co., Ltd	Dealer of general practice and foods	87	2	-	-	-	-	(38)	100	(38)	44	-	
He Deng Clinic (Shanghai) Co., Ltd.	Dealer of general practice	2,027	2	-	-	-	-	(510)	100	(510)	1,451	-	
Cui Jei (Shanghai) Trading Co. Ltd.	Dealer of health food and daily necessities	6,055	2	-	-	-	-	(95)	100	(95)	5,203	-	
Shanghai Zhongye Trade Co., Ltd.	Production and trading of cosmetics	29,258	2	-	-	-	-	(16,525)	30	(4,957)	7,740	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2021

Table 9

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, 2021	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hainan Shoumao Investment Limited	Enterprise management consulting and investing	\$ 151,515	2	\$ -	\$ -	\$ -	\$ -	(\$ 733)	100	(\$ 733)	\$ 149,947	\$ -	
Company name	China		Investment amount authorized by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA									
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 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, 2021

Table 10

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 Insurance Co., Ltd.	4,169,000	5.24%	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.