

**CHLITINA HOLDING LIMITED AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

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, 2022 and 2021, 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, 2022 and 2021, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Lin, Chun-Yao

Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 10, 2022

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

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)
(REVIEWED, NOT AUDITED)

| Asset | Notes | September 30, 2022 | | | December 31, 2021 | | | September 30, 2021 | | | |
|---------------------------|---|--------------------|---------------------|---------------------|-------------------|---------------------|----------------------|--------------------|---------------------|---------------------|------------|
| | | CNY | TWD | % | CNY | TWD | % | CNY | TWD | % | |
| Current Assets | | | | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 1,271,476 | \$ 5,687,312 | 64 | \$ 1,375,044 | \$ 5,973,191 | 60 | \$ 1,266,803 | \$ 5,453,587 | 57 |
| 1136 | Financial assets at amortized cost - current | 6(1)(3)and 8 | 32,000 | 143,136 | 2 | 241,962 | 1,051,083 | 10 | 211,350 | 909,862 | 10 |
| 1150 | Notes receivable, net | | 2 | 9 | - | 5 | 22 | - | - | - | - |
| 1170 | Accounts receivable, net | 6(4) | 331 | 1,481 | - | 723 | 3,141 | - | 705 | 3,035 | - |
| 1180 | Accounts receivable - related parties, net | 6(4)and 7 | 3 | 13 | - | 115 | 500 | - | 36 | 157 | - |
| 1200 | Other receivables | | 14,768 | 66,057 | 1 | 15,136 | 65,751 | 1 | 13,443 | 57,870 | 1 |
| 1210 | Other receivables - related parties | 7 | 210 | 939 | - | 455 | 1,977 | - | 372 | 1,601 | - |
| 130X | Inventories | 6(5) | 117,639 | 526,199 | 5 | 104,711 | 454,865 | 4 | 110,894 | 477,399 | 5 |
| 1410 | Prepayments | | 19,642 | 87,860 | 1 | 23,402 | 101,655 | 1 | 26,507 | 114,113 | 1 |
| 1470 | Other current assets | | - | - | - | 2 | 10 | - | - | - | - |
| 11XX | Total current assets | | <u>1,456,071</u> | <u>6,513,006</u> | <u>73</u> | <u>1,761,555</u> | <u>7,652,195</u> | <u>76</u> | <u>1,630,110</u> | <u>7,017,624</u> | <u>74</u> |
| Non-current assets | | | | | | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 53,002 | 237,078 | 3 | 21,046 | 91,424 | 1 | 21,399 | 92,123 | 1 |
| 1535 | Financial assets at amortized cost - non-current | 6(1)(3) | - | - | - | - | - | - | 32,000 | 137,760 | 1 |
| 1550 | Investments accounted for using equity method | 6(6) | 48,454 | 216,735 | 2 | 49,636 | 215,619 | 2 | 51,756 | 222,810 | 2 |
| 1600 | Property, plant and equipment, net | 6(7) | 284,245 | 1,271,428 | 14 | 303,842 | 1,319,890 | 13 | 306,050 | 1,317,545 | 13 |
| 1755 | Right-of-use assets | 6(8)and 7 | 101,278 | 453,016 | 5 | 112,940 | 490,611 | 5 | 119,476 | 514,344 | 5 |
| 1760 | Investment property, net | | 15,991 | 71,528 | 1 | 16,737 | 72,706 | 1 | 16,985 | 73,120 | 1 |
| 1780 | Intangible assets, net | 6(9)and 7 | 20,936 | 93,647 | 1 | 15,104 | 65,612 | 1 | 15,472 | 66,607 | 1 |
| 1840 | Deferred income tax assets | | 8,097 | 36,218 | - | 14,212 | 61,737 | - | 13,725 | 59,086 | 1 |
| 1900 | Other non-current assets | | 10,397 | 46,505 | 1 | 15,021 | 65,250 | 1 | 17,280 | 74,390 | 1 |
| 15XX | Total non-current assets | | <u>542,400</u> | <u>2,426,155</u> | <u>27</u> | <u>548,538</u> | <u>2,382,849</u> | <u>24</u> | <u>594,143</u> | <u>2,557,785</u> | <u>26</u> |
| 1XXX | Total assets | | <u>\$ 1,998,471</u> | <u>\$ 8,939,161</u> | <u>100</u> | <u>\$ 2,310,093</u> | <u>\$ 10,035,044</u> | <u>100</u> | <u>\$ 2,224,253</u> | <u>\$ 9,575,409</u> | <u>100</u> |

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CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of dollars)
(REVIEWED, NOT AUDITED)

| Liabilities and Equity | Notes | September 30, 2022 | | | December 31, 2021 | | | September 30, 2021 | | |
|---|-------|---------------------|---------------------|------------|---------------------|----------------------|------------|---------------------|---------------------|------------|
| | | CNY | TWD | % | CNY | TWD | % | CNY | TWD | % |
| Current liabilities | | | | | | | | | | |
| 2100 Short-term borrowings | 6(10) | \$ 106,472 | \$ 476,249 | 5 | \$ 252,969 | \$ 1,098,897 | 11 | \$ 274,942 | \$ 1,183,625 | 12 |
| 2130 Current contract liabilities | 6(17) | 104,289 | 466,485 | 5 | 96,496 | 419,179 | 4 | 118,408 | 509,746 | 5 |
| 2170 Accounts payable | | 19,319 | 86,414 | 1 | 15,577 | 67,666 | 1 | 15,227 | 65,552 | 1 |
| 2180 Accounts payable - related parties | 7 | 3,633 | 16,251 | - | 7,169 | 31,144 | - | 8,346 | 35,931 | - |
| 2200 Other payables | 6(11) | 90,006 | 402,597 | 6 | 184,516 | 801,538 | 8 | 128,038 | 551,204 | 6 |
| 2220 Other payables - related parties | 7 | 1,005 | 4,495 | - | 468 | 2,033 | - | 326 | 1,403 | - |
| 2230 Current income tax liabilities | | 26,133 | 116,893 | 1 | 58,475 | 254,015 | 2 | 34,636 | 149,108 | 2 |
| 2280 Lease liabilities - current | 7 | 30,667 | 137,173 | 2 | 31,393 | 136,371 | 1 | 31,912 | 137,381 | 2 |
| 2320 Long-term borrowings - current portion | 6(12) | - | - | - | 63,720 | 276,800 | 3 | 97,038 | 417,749 | 4 |
| 2645 Guarantee deposits | | 83,905 | 375,307 | 4 | 86,194 | 374,425 | 4 | 89,183 | 383,933 | 4 |
| 21XX Total current liabilities | | <u>465,429</u> | <u>2,081,864</u> | <u>24</u> | <u>796,977</u> | <u>3,462,068</u> | <u>34</u> | <u>798,056</u> | <u>3,435,632</u> | <u>36</u> |
| Non-current liabilities | | | | | | | | | | |
| 2540 Long-term borrowings | 6(12) | 376,202 | 1,682,752 | 19 | 259,978 | 1,129,345 | 11 | 258,769 | 1,114,000 | 12 |
| 2570 Deferred income tax liabilities | | 27,691 | 123,862 | 1 | 18,712 | 81,285 | 1 | 1,922 | 8,274 | - |
| 2580 Lease liabilities - non-current | 7 | 71,893 | 321,577 | 4 | 84,311 | 366,245 | 4 | 90,255 | 388,548 | 4 |
| 2640 Net defined benefit liabilities | | 687 | 3,073 | - | 707 | 3,073 | - | 662 | 2,850 | - |
| 25XX Total non-current liabilities | | <u>476,473</u> | <u>2,131,264</u> | <u>24</u> | <u>363,708</u> | <u>1,579,948</u> | <u>16</u> | <u>351,608</u> | <u>1,513,672</u> | <u>16</u> |
| 2XXX Total liabilities | | <u>941,902</u> | <u>4,213,128</u> | <u>48</u> | <u>1,160,685</u> | <u>5,042,016</u> | <u>50</u> | <u>1,149,664</u> | <u>4,949,304</u> | <u>52</u> |
| Equity attributable to shareholders of the parent | | | | | | | | | | |
| Share capital | | | | | | | | | | |
| 3110 Common stock | 6(14) | 161,772 | 794,924 | 9 | 161,772 | 794,924 | 8 | 161,772 | 794,924 | 8 |
| Capital surplus | | | | | | | | | | |
| 3200 Capital surplus | 6(15) | 276,621 | 1,372,879 | 15 | 276,621 | 1,372,879 | 14 | 276,621 | 1,372,879 | 14 |
| Retained earnings | | | | | | | | | | |
| 3310 Legal reserve | 6(16) | 174,681 | 794,924 | 9 | 173,010 | 787,546 | 8 | 173,010 | 787,546 | 8 |
| 3320 Special reserve | | 126,475 | 565,174 | 6 | 105,661 | 473,279 | 5 | 105,661 | 473,279 | 5 |
| 3350 Unappropriated retained earnings | | 306,385 | 1,561,920 | 17 | 435,294 | 2,129,574 | 21 | 357,286 | 1,789,977 | 19 |
| Other equity | | | | | | | | | | |
| 3410 Financial statements translation differences of foreign operations | | 10,067 | (366,269) | (4) | (3,379) | (567,040) | (6) | (190) | (594,365) | (6) |
| 3420 Unrealised gains (losses) from financial assets at fair value through other comprehensive income | | 568 | 2,481 | - | 429 | 1,866 | - | 429 | 1,865 | - |
| 3XXX Total equity | | <u>1,056,569</u> | <u>4,726,033</u> | <u>52</u> | <u>1,149,408</u> | <u>4,993,028</u> | <u>50</u> | <u>1,074,589</u> | <u>4,626,105</u> | <u>48</u> |
| Significant contingent liabilities and unrecognised contract commitments | 9 | | | | | | | | | |
| 3X2X Total liabilities and equity | | <u>\$ 1,998,471</u> | <u>\$ 8,939,161</u> | <u>100</u> | <u>\$ 2,310,093</u> | <u>\$ 10,035,044</u> | <u>100</u> | <u>\$ 2,224,253</u> | <u>\$ 9,575,409</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, 2022 | | | Three months ended September 30, 2021 | | | Nine months ended September 30, 2022 | | | Nine months ended September 30, 2021 | | | |
|-------|---|---------------------------------------|------------|--------------|---------------------------------------|------------|--------------|--------------------------------------|------------|--------------|--------------------------------------|------------|--------------|-------|
| | | CNY | TWD | % | CNY | TWD | % | CNY | TWD | % | CNY | TWD | % | |
| 4000 | Operating revenue | 6(17)and 7 | \$ 274,868 | \$ 1,217,739 | 100 | \$ 323,259 | \$ 1,392,591 | 100 | \$ 680,783 | \$ 3,014,847 | 100 | \$ 868,553 | \$ 3,765,873 | 100 |
| 5000 | Operating costs | 6(5)(22)and 7 | (44,015) | (195,006) | (16) | (56,601) | (243,856) | (18) | (116,183) | (514,516) | (17) | (150,943) | (654,460) | (17) |
| 5900 | Gross profit | | 230,853 | 1,022,733 | 84 | 266,658 | 1,148,735 | 82 | 564,600 | 2,500,331 | 83 | 717,610 | 3,111,413 | 83 |
| | Operating expenses | 6(22)and 7 | | | | | | | | | | | | |
| 6100 | Selling expenses | | (72,018) | (319,126) | (26) | (117,679) | (507,100) | (36) | (233,625) | (1,034,608) | (34) | (307,511) | (1,333,306) | (35) |
| 6200 | Administrative expenses | | (41,115) | (182,157) | (15) | (42,598) | (183,531) | (13) | (106,835) | (473,119) | (16) | (113,123) | (490,476) | (13) |
| 6300 | Research and development expenses | | (1,547) | (6,855) | (1) | - | - | - | (5,520) | (24,445) | (1) | - | - | - |
| 6000 | Total operating expenses | | (114,680) | (508,138) | (42) | (160,277) | (690,631) | (49) | (345,980) | (1,532,172) | (51) | (420,634) | (1,823,782) | (48) |
| 6900 | Operating profit | | 116,173 | 514,595 | 42 | 106,381 | 458,104 | 33 | 218,620 | 968,159 | 32 | 296,976 | 1,287,631 | 35 |
| | Non-operating income and expenses | | | | | | | | | | | | | |
| 7101 | Interest income | 6(18) | 4,251 | 18,839 | 2 | 5,376 | 23,128 | 2 | 15,005 | 66,450 | 2 | 16,337 | 70,834 | 2 |
| 7010 | Other income | 6(19) | 2,971 | 13,184 | 1 | 9,523 | 40,996 | 3 | 25,527 | 113,046 | 4 | 27,361 | 118,632 | 3 |
| 7020 | Other gains and losses | 6(20) | (26,429) | (117,073) | (10) | 2,651 | 11,271 | 1 | (53,293) | (236,008) | (7) | 16,200 | 70,240 | 3 |
| 7050 | Finance costs | 6(21)and 7 | (3,537) | (15,670) | (1) | (2,524) | (10,866) | (1) | (8,914) | (39,476) | (1) | (7,196) | (31,200) | (1) |
| 7060 | Share of profit or loss of associates and joint ventures accounted for using equity method | 6(6) | (591) | (2,617) | - | 250 | 1,054 | - | 33 | 146 | - | 2,075 | 8,997 | - |
| 7000 | Total non-operating income and expenses | | (23,335) | (103,337) | (8) | 15,276 | 65,583 | 7 | (21,642) | (95,842) | (2) | 54,777 | 237,503 | 7 |
| 7900 | Profit before tax | | 92,838 | 411,258 | 34 | 121,657 | 523,687 | 40 | 196,978 | 872,317 | 30 | 351,753 | 1,525,134 | 42 |
| 7950 | Income tax expense | 6(23) | (59,884) | (265,230) | (22) | (34,175) | (146,801) | (11) | (87,341) | (386,790) | (13) | (117,551) | (509,678) | (14) |
| 8200 | Profit for the period | | \$ 32,954 | \$ 146,028 | 12 | \$ 87,482 | \$ 376,886 | 29 | \$ 109,637 | \$ 485,527 | 17 | \$ 234,202 | \$ 1,015,456 | 28 |
| | 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) | \$ - | \$ - | - | \$ - | \$ - | - | \$ 139 | \$ 615 | - | \$ 318 | \$ 1,390 | - |
| 8310 | Total other comprehensive income that will not be reclassified to profit or loss | | - | - | - | - | - | - | 139 | 615 | - | 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 | | 5,799 | 61,922 | 5 | (1,904) | (10,909) | (1) | 13,402 | 200,576 | 7 | (7,211) | (108,468) | (3) |
| 8370 | Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method | 6(6) | 101 | 446 | - | (3) | 27 | - | 44 | 195 | - | (2,907) | (12,618) | - |
| 8360 | Total comprehensive income (loss) that will be reclassified to profit or loss | | 5,900 | 62,368 | 5 | (1,907) | (10,882) | (1) | 13,446 | 200,771 | 7 | (10,118) | (121,086) | (3) |
| | Other comprehensive income (loss) for the period | | 5,900 | 62,368 | 5 | (1,907) | (10,882) | (1) | 13,585 | 201,386 | 7 | (9,800) | (119,696) | (3) |
| 8500 | Total comprehensive income for the period | | \$ 38,854 | \$ 208,396 | 17 | \$ 85,575 | \$ 366,004 | 28 | \$ 123,222 | \$ 686,913 | 24 | \$ 224,402 | \$ 895,760 | 25 |
| | Earnings per share (in dollars) | 6(24) | | | | | | | | | | | | |
| 9750 | Basic earnings per share | | \$ 0.41 | \$ 1.84 | | \$ 1.10 | \$ 4.74 | | \$ 1.38 | \$ 6.11 | | \$ 2.95 | \$ 12.77 | |
| 9850 | Diluted earnings per share | | \$ 0.41 | \$ 1.84 | | \$ 1.10 | \$ 4.73 | | \$ 1.38 | \$ 6.10 | | \$ 2.94 | \$ 12.75 | |

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

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

| | | Equity attributable to shareholders of the parent | | | | | | | | | | | | | | | |
|---|---|---|------------|-----------------|--------------|---------------|------------|-----------------|------------|----------------------------------|--------------|--|--------------|--|----------|--------------|--------------|
| | | Retained earnings | | | | | | | | 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 | | Total equity | |
| Notes | | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD |
| <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(16) | | | | | | | | | | | | | | | |
| | 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(15) | | | | | | | | | | | | | | | |
| | | - | - | (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 |
| <u>Nine months ended September 30, 2022</u> | | | | | | | | | | | | | | | | | |
| | Balance at January 1, 2022 | \$ 161,772 | \$ 794,924 | \$ 276,621 | \$ 1,372,879 | \$ 173,010 | \$ 787,546 | \$ 105,661 | \$ 473,279 | \$ 435,294 | \$ 2,129,574 | (\$ 3,379) | (\$ 567,040) | \$ 429 | \$ 1,866 | \$ 1,149,408 | \$ 4,993,028 |
| | Profit for the period | - | - | - | - | - | - | - | - | 109,637 | 485,527 | - | - | - | - | 109,637 | 485,527 |
| | Other comprehensive income for the period | - | - | - | - | - | - | - | - | - | - | 13,446 | 200,771 | 139 | 615 | 13,585 | 201,386 |
| | Total comprehensive income for the period | - | - | - | - | - | - | - | - | 109,637 | 485,527 | 13,446 | 200,771 | 139 | 615 | 123,222 | 686,913 |
| | Appropriations of 2021 earnings | 6(16) | | | | | | | | | | | | | | | |
| | Legal reserve | - | - | - | - | 1,671 | 7,378 | - | - | (1,671) | (7,378) | - | - | - | - | - | - |
| | Special reserve | - | - | - | - | - | - | 20,814 | 91,895 | (20,814) | (91,895) | - | - | - | - | - | - |
| | Cash dividends | - | - | - | - | - | - | - | - | (216,061) | (953,908) | - | - | - | - | (216,061) | (953,908) |
| | Balance at September 30, 2022 | \$ 161,772 | \$ 794,924 | \$ 276,621 | \$ 1,372,879 | \$ 174,681 | \$ 794,924 | \$ 126,475 | \$ 565,174 | \$ 306,385 | \$ 1,561,920 | \$ 10,067 | (\$ 366,269) | \$ 568 | \$ 2,481 | \$ 1,056,569 | \$ 4,726,033 |

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, 2022 | | Nine months ended September 30, 2021 | |
|---|-----------------|---|------------|---|--------------|
| | | CNY | TWD | CNY | TWD |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | | | |
| Profit before tax | | \$ 196,978 | \$ 872,317 | \$ 351,753 | \$ 1,525,134 |
| Adjustments | | | | | |
| Adjustments to reconcile profit (loss) | | | | | |
| Depreciation | 6(7)(8)(20)(22) | 56,243 | 249,072 | 54,238 | 235,166 |
| Amortization | 6(9)(22) | 2,605 | 11,537 | 2,457 | 10,653 |
| Net gain on financial assets at fair value through profit or loss | 6(2)(20) | (688) | (3,048) | (1,690) | (7,328) |
| Interest expense | 6(21) | 8,914 | 39,476 | 7,196 | 31,200 |
| Interest income | 6(18) | (15,005) | (66,450) | (16,337) | (70,834) |
| Share of profit or loss of associates and joint ventures accounted for using equity method | 6(6) | (33) | (146) | (2,075) | (8,997) |
| Loss on disposal of property, plant and equipment | 6(20) | 283 | 1,253 | 114 | 494 |
| Impairment loss on intangible assets | 6(9)(20) | 5,623 | 24,903 | - | - |
| Losses on disposal of investments | 6(6)(20) | 1,337 | 5,921 | - | - |
| Gain from lease modifications | 6(8)(20) | - | - | (5) | (22) |
| Changes in operating assets and liabilities relating to operating activities | | | | | |
| Changes in operating assets | | | | | |
| Financial assets at fair value through profit or loss | | 976 | 4,324 | 1,690 | 7,328 |
| Notes receivable | | 3 | 13 | - | - |
| Accounts receivable | | 392 | 1,736 | 87 | 377 |
| Accounts receivable - related parties | | 112 | 496 | 466 | 2,020 |
| Other receivables | | (2,021) | (8,950) | (1,985) | (8,607) |
| Other receivables - related parties | | 245 | 1,085 | (178) | (772) |
| Inventories | | (12,928) | (57,252) | (4,112) | (17,829) |
| Prepayments | | 3,760 | 16,651 | (10,831) | (46,961) |
| Changes in operating liabilities | | | | | |
| Contract liabilities | | 7,793 | 34,511 | 36,201 | 156,960 |
| Accounts payable | | 3,742 | 16,571 | 2,050 | 8,888 |
| Accounts payable - related parties | | (3,536) | (15,659) | 5,152 | 22,338 |
| Other payables | | (94,842) | (420,008) | (50,403) | (218,537) |
| Other payables - related parties | | 537 | 2,378 | (2,320) | (10,059) |
| Guarantee deposits | | (2,289) | (10,137) | 13,049 | 56,578 |
| Cash provided by operating activities | | 158,201 | 700,594 | 384,517 | 1,667,190 |
| Interest paid | | (8,582) | (38,005) | (7,304) | (31,669) |
| Income tax paid | | (104,589) | (463,172) | (135,387) | (587,011) |
| Net cash provided by operating activities | | 45,030 | 199,417 | 241,826 | 1,048,510 |

- 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, 2022 | | Nine months ended September 30, 2021 | |
|--|-------|---|---------------------|---|---------------------|
| | | CNY | TWD | CNY | TWD |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Acquisition of financial assets at amortised cost | | \$ - | \$ - | (\$ 131,350) | (\$ 569,507) |
| Proceeds from disposal of financial assets at amortised cost | | 209,962 | 929,817 | - | - |
| Acquisition of financial assets at fair value through profit or loss | | (30,000) | (134,190) | - | - |
| Decrease in other current assets | | 2 | 9 | - | - |
| Acquisition of property, plant and equipment | 6(7) | (8,738) | (38,696) | (15,148) | (65,679) |
| Acquisition of intangible assets | 6(9) | (14,044) | (62,194) | (69) | (299) |
| Proceeds from disposal of intangible assets | 6(9) | - | - | 138 | 599 |
| Decrease in other non-current assets | | 6,397 | 28,329 | 1,010 | 4,379 |
| Interest received | | 17,394 | 77,029 | 11,338 | 49,159 |
| Net cash provided by (used in) investing activities | | <u>180,973</u> | <u>800,104</u> | <u>(134,081)</u> | <u>(581,348)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Repayment of the principal portion of lease liabilities | 6(25) | (30,041) | (133,035) | (25,308) | (109,731) |
| (Decrease) increase in short-term borrowings | 6(25) | (147,186) | (651,812) | 124,565 | 540,088 |
| Proceeds from long-term borrowings | 6(25) | 492,582 | 2,181,400 | 258,215 | 1,119,567 |
| Repayments of long-term borrowings | 6(25) | (459,544) | (2,035,090) | (248,881) | (1,079,099) |
| Payment of cash dividends | 6(16) | (216,061) | (953,908) | (156,445) | (675,685) |
| Net cash flows used in financing activities | | <u>(360,250)</u> | <u>(1,592,445)</u> | <u>(47,854)</u> | <u>(204,860)</u> |
| Effects due to changes in exchange rates | | 30,679 | 307,046 | (14,872) | (156,464) |
| (Decrease) increase in cash and cash equivalents | | (103,568) | (285,878) | 45,019 | 105,838 |
| Cash and cash equivalents at beginning of period | | 1,375,044 | 5,973,191 | 1,221,784 | 5,347,749 |
| Cash and cash equivalents at end of period | | <u>\$ 1,271,476</u> | <u>\$ 5,687,313</u> | <u>\$ 1,266,803</u> | <u>\$ 5,453,587</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, 2022 AND 2021

(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 sales of cosmetics. On November 27, 2013, the Company was approved and listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 3, ‘Reference to the conceptual framework’ | January 1, 2022 |
| Amendments to 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.

(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 2023 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|---|
| 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.

(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 |
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback' | January 1, 2024 |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024 |
| Amendments to IAS 1, 'Non-current liabilities with covenants' | January 1, 2024 |

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, 2022 | December 31, 2021 | September 30, 2021 | |
| The Company | Chlitina Group Limited (Chlitina Group) | Investing | 100.00 | 100.00 | 100.00 | |
| Chlitina Group | Chlitina International Limited (Chlitina International) | Investing | 100.00 | 100.00 | 100.00 | |
| Chlitina Group | Chlitina Intelligence Limited (Chlitina Intelligence) | Investing and research and development | 100.00 | 100.00 | 100.00 | Note 1 |
| Chlitina Group | W-Amber International Limited (W-Amber International) | Investing | 100.00 | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|------------------------|--|--|--------------------|-------------------|--------------------|-------------|
| | | | September 30, 2022 | December 31, 2021 | September 30, 2021 | |
| 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 | K&S Biomedical Ltd. | Trading of skincare products and daily necessities | 100.00 | - | - | |
| 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 | Note 4 |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|--------------------|--|---|--------------------|-------------------|--------------------|-------------|
| | | | September 30, 2022 | December 31, 2021 | September 30, 2021 | |
| 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 | 100.00 | 100.00 | |
| Hong Kong Chlitina | Hong Kong Jing Tai International Investment Limited (Hong Kong Jing Tai) | Investment consulting and general trade | 100.00 | 100.00 | 100.00 | |
| Hong Kong W-Amber | Weihu (Shanghai) Trade Limited (Weihu Shanghai) | Investing, dealer of skincare products and supplementary health care products | 100.00 | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|------------------------|--|---|--------------------|-------------------|--------------------|-------------|
| | | | September 30, 2022 | December 31, 2021 | September 30, 2021 | |
| 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 | Note 5 |
| Hong Kong W-Amber | Hainan Shoumao Investment Limited (Hainan Shoumao) | Enterprise management consulting and investing | 100.00 | 100.00 | 100.00 | |
| Hong Kong Crystal Asia | Cui Jie (Shanghai) Trading Co. Ltd. (Cui Jie Shanghai) | Dealer of health food and daily necessities | 100.00 | 100.00 | 100.00 | |
| Hong Kong W-Champion | Wuguan (Shanghai) Trade Limited (Wuguan Shanghai) | Dealer of skincare products and supplementary health care products | 100.00 | 100.00 | 100.00 | |
| Chlitina China | Weishuo (Shanghai) Daily Product Limited (Weishuo) | Production and trading of skincare products | 100.00 | 100.00 | - | Note 4 |
| Chlitina China | Shanghai Zhe Mei Technology Training Co., Ltd. (Shanghai Zhe Mei) | Cosmetology training services | 100.00 | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|-------------------|--|---|--------------------|-------------------|--------------------|-------------|
| | | | September 30, 2022 | December 31, 2021 | September 30, 2021 | |
| Chlitina China | Shanghai Yongxiang Trading Co., Ltd. | Retail of cosmetics and manicure service | 100.00 | - | - | |
| Chlitina China | Shanghai Jiekan Trading Co., Ltd. (Shanghai Jiekan) | Dealer of skincare products and supplementary health care products | 100.00 | 100.00 | - | |
| Chlitina China | Hong Kong Crystal International Services Limited (Hong Kong Crystal International) | Investing, dealer of skincare products and supplementary health care products | 100.00 | - | - | Note 5 |
| Shanghai Li Shuo | Shanghai Hedeng Clinic Co., Ltd. (Shanghai Hedeng) (formerly He Deng Clinic (Shanghai) Co., Ltd. | Dealer of general practice | 100.00 | 100.00 | 100.00 | |
| Weihu Shanghai | Shanghai Yuanshuo Management Consulting Limited (Shanghai Yuanshuo) | Enterprise management consulting and investing | 100.00 | 100.00 | 100.00 | |
| 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 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|--------------------------|---|--|--------------------|-------------------|--------------------|-------------|
| | | | September 30, 2022 | December 31, 2021 | September 30, 2021 | |
| Shanghai Yuanshuo | Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd. (Nanjing Yapu Lide) | 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 | 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 | |
| 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 | 100.00 | Note 3 |
| Hong Kong Jing Tai | WAN JU International Investment Limited (WAN JU International) | Investing | 100.00 | 100.00 | 100.00 | |

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

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

Note 3: 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.

Note 4: On November 11, 2021, Chlitina China acquired 100% equity interest in Weishuo held by Hong Kong Chlitina through additional shares.

Note 5: On June 14, 2022, Chlitina China acquired 100% equity interest in Hong Kong Crystal International held by Hong Kong W-Amber through cash.

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, 2022 and 2021, the spot exchange rates of CNY to TWD were CNY \$1=TWD \$4.4730 and CNY \$1=TWD \$4.3050, respectively, and for the nine months ended September 30, 2022 and 2021, the average exchange rates of CNY to TWD were CNY \$1=TWD \$4.4285 and CNY \$1=TWD \$4.3358, respectively. Additionally, on December 31, 2021, the spot exchange rate of CNY to TWD was CNY \$1=TWD \$4.3440.

(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 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. Trademarks and licences

Separately acquired trademarks and licences are stated at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 10 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) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.
- C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(23) Employee benefits

A. Short-term employee benefits

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

(24) 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.

(25) 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.

(26) 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.

(27) 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.

(28) 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.

(29) 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.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker 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, 2022, the carrying amount of inventories was CNY \$117,639 (TWD \$526,199).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>September 30, 2022</u> | | <u>December 31, 2021</u> | | <u>September 30, 2021</u> | |
|--|---------------------------|--------------------|--------------------------|--------------------|---------------------------|--------------------|
| | <u>CNY</u> | <u>TWD</u> | <u>CNY</u> | <u>TWD</u> | <u>CNY</u> | <u>TWD</u> |
| Cash on hand | \$ 352 | \$ 1,574 | \$ 374 | \$ 1,625 | \$ 346 | \$ 1,490 |
| Check deposits and demand deposits | 668,216 | 2,988,931 | 521,796 | 2,266,682 | 528,773 | 2,276,368 |
| Time deposits | 272,810 | 1,220,279 | 379,081 | 1,646,727 | 403,699 | 1,737,924 |
| Cash equivalents | <u>330,098</u> | <u>1,476,528</u> | <u>473,793</u> | <u>2,058,157</u> | <u>333,985</u> | <u>1,437,805</u> |
| | <u>\$1,271,476</u> | <u>\$5,687,312</u> | <u>\$1,375,044</u> | <u>\$5,973,191</u> | <u>\$1,266,803</u> | <u>\$5,453,587</u> |

A. As of September 30, 2022, December 31, 2021 and September 30, 2021, 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, 2022, December 31, 2021 and September 30, 2021, the Group's time deposits with maturity term of over three months amounted to CNY \$32,000 (TWD \$143,136), CNY \$241,962 (TWD \$1,051,083) and CNY \$243,350 (TWD \$1,047,622), 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, 2022 | | December 31, 2021 | | September 30, 2021 | |
|--|--------------------|-------------------|-------------------|------------------|--------------------|------------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Non-current items: | | | | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | | | | |
| Unlisted stocks | \$ 23,290 | \$ 104,176 | \$ 21,046 | \$ 91,424 | \$ 21,399 | \$ 92,123 |
| Hybrid instruments | <u>29,712</u> | <u>132,902</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 53,002</u> | <u>\$ 237,078</u> | <u>\$ 21,046</u> | <u>\$ 91,424</u> | <u>\$ 21,399</u> | <u>\$ 92,123</u> |

- A. The hybrid instrument pertains to the hybrid contracts of Yingyi Stem Cell Biotechnology (Hainan) Co., Ltd. (Yingyi Biotechnology) which contains equity interests and embedded options. The option gave the Group rights to ask Yingyi Biotechnology, the original shareholders or its founder to repurchase some or all of the equity interest at the unfixed price agreed in the agreement. The fair value on September 30, 2022 is provided in Note 12.
- B. 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, 2022 and 2021 are listed below:

| | Three months ended September 30 | | | |
|--|---------------------------------|-----------------|---------------|-----------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Financial assets mandatorily measured at fair value through profit or loss | | | | |
| Beneficiary certificates | \$ 578 | \$ 2,561 | \$ 379 | \$ 1,622 |
| Unlisted stocks | - | - | - | - |
| Hybrid instruments | (288) | (1,275) | - | - |
| | <u>\$ 290</u> | <u>\$ 1,286</u> | <u>\$ 379</u> | <u>\$ 1,622</u> |

| | Nine months ended September 30 | | | |
|--|--------------------------------|-----------------|-----------------|-----------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Financial assets mandatorily measured at fair value through profit or loss | | | | |
| Beneficiary certificates | \$ 976 | \$ 4,323 | \$ 1,690 | \$ 7,328 |
| Unlisted stocks | - | - | - | - |
| Hybrid instruments | (288) | (1,275) | - | - |
| | <u>\$ 688</u> | <u>\$ 3,048</u> | <u>\$ 1,690</u> | <u>\$ 7,328</u> |

C. 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, 2022 | | December 31, 2021 | | September 30, 2021 | |
|---|--------------------|-------------------|-------------------|---------------------|--------------------|-------------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Current items: | | | | | | |
| Time deposits with maturity term of over three months | <u>\$ 32,000</u> | <u>\$ 143,136</u> | <u>\$ 241,962</u> | <u>\$ 1,051,083</u> | <u>\$ 211,350</u> | <u>\$ 909,862</u> |
| Non-current items: | | | | | | |
| Time deposits with maturity over one year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,000</u> | <u>\$ 137,760</u> |

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

| | Three months ended September 30 | | | |
|-----------------|---------------------------------|----------|--------|----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Interest income | \$ 255 | \$ 1,131 | \$ 909 | \$ 3,913 |

| | Nine months ended September 30 | | | |
|-----------------|--------------------------------|----------|----------|-----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Interest income | \$ 2,008 | \$ 8,892 | \$ 2,658 | \$ 11,525 |

B. As at September 30, 2022, December 31, 2021 and September 30, 2021, 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 \$32,000 (TWD \$143,136), CNY \$241,962 (TWD \$1,051,083) and CNY \$243,350 (TWD \$1,047,622), 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). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Accounts receivable

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|---------------------------------------|--------------------|-----------------|-------------------|-----------------|--------------------|-----------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Accounts receivable | \$ 331 | \$ 1,481 | \$ 723 | \$ 3,141 | \$ 705 | \$ 3,035 |
| Accounts receivable - related parties | 3 | 13 | 115 | 500 | 36 | 157 |
| | <u>\$ 334</u> | <u>\$ 1,494</u> | <u>\$ 838</u> | <u>\$ 3,641</u> | <u>\$ 741</u> | <u>\$ 3,192</u> |

- A. As of September 30, 2022, December 31, 2021 and September 30 2021, all the Group's accounts receivable arose from contracts with customers. In addition, on January 1, 2021, accounts receivable arising from contracts with customers amounted to CNY \$1,294 (TWD \$5,662).
- B. The Group does not hold any collateral as security and has no accounts receivable pledged to others.
- C. As at September 30, 2022, December 31, 2021 and September 30, 2021, 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 \$334 (TWD \$1,494), CNY \$838 (TWD \$3,641) and CNY \$741 (TWD \$3,192), respectively.
- D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

| | September 30, 2022 | | | | | |
|------------------|--------------------|-------------------|--|--------------------|-------------------|-------------------|
| | Cost | | Allowance for inventory valuation losses | | Book value | |
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Finished goods | \$ 58,468 | \$ 261,527 | (\$ 1,142) | (\$ 5,108) | \$ 57,326 | \$ 256,419 |
| Work in progress | 13,552 | 60,618 | (1,706) | (7,631) | 11,846 | 52,987 |
| Raw materials | 51,388 | 229,859 | (2,921) | (13,066) | 48,467 | 216,793 |
| | <u>\$ 123,408</u> | <u>\$ 552,004</u> | <u>(\$ 5,769)</u> | <u>(\$ 25,805)</u> | <u>\$ 117,639</u> | <u>\$ 526,199</u> |
| | December 31, 2021 | | | | | |
| | Cost | | Allowance for inventory valuation losses | | Book value | |
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Finished goods | \$ 59,546 | \$ 258,668 | (\$ 1,387) | (\$ 6,025) | \$ 58,159 | \$ 252,643 |
| Work in progress | 14,363 | 62,393 | (4,065) | (17,658) | 10,298 | 44,735 |
| Raw materials | 38,970 | 169,286 | (2,716) | (11,799) | 36,254 | 157,487 |
| | <u>\$ 112,879</u> | <u>\$ 490,347</u> | <u>(\$ 8,168)</u> | <u>(\$ 35,482)</u> | <u>\$ 104,711</u> | <u>\$ 454,865</u> |

| | September 30, 2021 | | | | | |
|------------------|---------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| | Allowance for | | | | | |
| | inventory valuation | | | | | |
| | Cost | | 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> |

A. For the three months and nine months ended September 30, 2022 and 2021, the cost of inventories recognised as expenses are as follows:

| | Three months ended September 30 | | | |
|---------------------------------|---------------------------------|-------------------|------------------|-------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Cost of goods sold | \$ 42,253 | \$ 187,195 | \$ 53,482 | \$ 230,262 |
| Loss on decline in market value | 1,762 | 7,811 | 3,119 | 13,594 |
| | <u>\$ 44,015</u> | <u>\$ 195,006</u> | <u>\$ 56,601</u> | <u>\$ 243,856</u> |

| | Nine months ended September 30 | | | |
|---------------------------------|--------------------------------|-------------------|-------------------|-------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Cost of goods sold | \$ 108,317 | \$ 479,681 | \$ 145,195 | \$ 629,538 |
| Loss on decline in market value | 7,866 | 34,835 | 5,748 | 24,922 |
| | <u>\$ 116,183</u> | <u>\$ 514,516</u> | <u>\$ 150,943</u> | <u>\$ 654,460</u> |

B. The Group has no inventories pledged to others.

(6) Investments accounted for using equity method

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|----------------------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Associates | | | | | | |
| General Biologicals Corp. | \$ 48,454 | \$ 216,735 | \$ 48,254 | \$ 209,616 | \$ 49,958 | \$ 215,070 |
| Shanghai Zhongye Trade Co., Ltd. | - | - | 1,382 | 6,003 | 1,798 | 7,740 |
| | <u>\$ 48,454</u> | <u>\$ 216,735</u> | <u>\$ 49,636</u> | <u>\$ 215,619</u> | <u>\$ 51,756</u> | <u>\$ 222,810</u> |

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

| | Three months ended September 30 | | | |
|--|---------------------------------|------------|--------|----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| (Loss) profit for the period | (\$ 591) | (\$ 2,617) | \$ 250 | \$ 1,054 |
| Other comprehensive income (loss) | 101 | 446 | (3) | 27 |
| Total comprehensive (loss) income for the period | (\$ 490) | (\$ 2,171) | \$ 247 | \$ 1,081 |

| | Nine months ended September 30 | | | |
|--|--------------------------------|--------|----------|------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Profit for the period | \$ 33 | \$ 146 | \$ 2,075 | \$ 8,997 |
| Other comprehensive income (loss) | 183 | 810 | (2,589) | (11,228) |
| Total comprehensive income (loss) for the period | \$ 216 | \$ 956 | (\$ 514) | (\$ 2,231) |

- 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, 2022, December 31, 2021 and September 30, 2021, the fair value was CNY \$53,048 (TWD \$237,285), CNY \$94,572 (TWD \$410,821) and CNY \$101,462 (TWD \$436,793), respectively.
- D. The Group is the single largest shareholder of General Biologicals Corp. with a 19.73% 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.
- E. The Group recognised an impairment loss of CNY \$25 (TWD \$112) and CNY \$1,337 (TWD \$5,921) for the three months and nine months ended September 30, 2022 as the recoverable amount of the Group's investment in Shanghai Zhongye Trade Co., Ltd. was less than the carrying amount.

(7) Property, plant and equipment

(In thousands of CNY)

| | 2022 | | | | | | |
|--|------------------|-----------------------------|-----------------------------|------------------------|----------------------------------|---|-------------------|
| | 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 | \$ 24,332 | \$ 294,166 | \$ 8,148 | \$ 16,414 | \$ 140,893 | \$ 16,177 | \$ 500,130 |
| Accumulated depreciation and impairment | - | (96,313) | (5,067) | (10,216) | (84,692) | - | (196,288) |
| | <u>\$ 24,332</u> | <u>\$ 197,853</u> | <u>\$ 3,081</u> | <u>\$ 6,198</u> | <u>\$ 56,201</u> | <u>\$ 16,177</u> | <u>\$ 303,842</u> |
| Balance at January 1 | \$ 24,332 | \$ 197,853 | \$ 3,081 | \$ 6,198 | \$ 56,201 | \$ 16,177 | \$ 303,842 |
| Additions | - | - | - | 446 | 2,060 | 6,232 | 8,738 |
| Disposals | - | - | - | (7) | (276) | - | (283) |
| Reclassifications | - | - | - | 4,078 | 11,669 | (17,436) | (1,689) |
| Depreciation charge | - | (9,839) | (575) | (851) | (14,182) | - | (25,447) |
| Net exchange differences | (702) | - | 31 | - | (245) | - | (916) |
| Balance at September 30 | <u>\$ 23,630</u> | <u>\$ 188,014</u> | <u>\$ 2,537</u> | <u>\$ 9,864</u> | <u>\$ 55,227</u> | <u>\$ 4,973</u> | <u>\$ 284,245</u> |
| <u>At September 30</u> | | | | | | | |
| Cost | \$ 23,630 | \$ 294,166 | \$ 8,197 | \$ 20,867 | \$ 151,832 | \$ 4,973 | \$ 503,665 |
| Accumulated depreciation and impairment | - | (106,152) | (5,660) | (11,003) | (96,605) | - | (219,420) |
| | <u>\$ 23,630</u> | <u>\$ 188,014</u> | <u>\$ 2,537</u> | <u>\$ 9,864</u> | <u>\$ 55,227</u> | <u>\$ 4,973</u> | <u>\$ 284,245</u> |

(In thousands of CNY)

| | 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 | \$ 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 TWD)

2022

| | 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 | \$ 105,698 | \$ 1,277,857 | \$ 35,395 | \$ 71,302 | \$ 612,039 | \$ 70,273 | \$ 2,172,564 |
| Accumulated depreciation and impairment | - | (418,384) | (22,011) | (44,378) | (367,901) | - | (852,674) |
| | <u>\$ 105,698</u> | <u>\$ 859,473</u> | <u>\$ 13,384</u> | <u>\$ 26,924</u> | <u>\$ 244,138</u> | <u>\$ 70,273</u> | <u>\$ 1,319,890</u> |
| Balance at January 1 | \$ 105,698 | \$ 859,473 | \$ 13,384 | \$ 26,924 | \$ 244,138 | \$ 70,273 | \$ 1,319,890 |
| Additions | - | - | - | 1,975 | 9,123 | 27,598 | 38,696 |
| Disposals | - | - | - | (31) | (1,222) | - | (1,253) |
| Reclassifications | - | - | - | 18,059 | 51,676 | (77,214) | (7,479) |
| Depreciation charge | - | (43,572) | (2,546) | (3,769) | (62,805) | - | (112,692) |
| Net exchange differences | (1) | 25,086 | 510 | 964 | 6,120 | 1,587 | 34,266 |
| Balance at September 30 | <u>\$ 105,697</u> | <u>\$ 840,987</u> | <u>\$ 11,348</u> | <u>\$ 44,122</u> | <u>\$ 247,030</u> | <u>\$ 22,244</u> | <u>\$ 1,271,428</u> |
| <u>At September 30</u> | | | | | | | |
| Cost | \$ 105,697 | \$ 1,315,805 | \$ 36,665 | \$ 93,338 | \$ 679,145 | \$ 22,244 | \$ 2,252,894 |
| Accumulated depreciation and impairment | - | (474,818) | (25,317) | (49,216) | (432,115) | - | (981,466) |
| | <u>\$ 105,697</u> | <u>\$ 840,987</u> | <u>\$ 11,348</u> | <u>\$ 44,122</u> | <u>\$ 247,030</u> | <u>\$ 22,244</u> | <u>\$ 1,271,428</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> |

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, 2022</u> | | <u>December 31, 2021</u> | | <u>September 30, 2021</u> | |
|------------------|---------------------------|-------------------|--------------------------|-------------------|---------------------------|-------------------|
| | Carrying amount | | Carrying amount | | Carrying amount | |
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Buildings | \$ 101,277 | \$ 453,012 | \$ 112,935 | \$ 490,589 | \$ 119,468 | \$ 514,310 |
| Office equipment | 1 | 4 | 5 | 22 | 8 | 34 |
| | <u>\$ 101,278</u> | <u>\$ 453,016</u> | <u>\$ 112,940</u> | <u>\$ 490,611</u> | <u>\$ 119,476</u> | <u>\$ 514,344</u> |

| | <u>Three months ended September 30</u> | | | |
|------------------|--|------------------|---------------------|------------------|
| | 2022 | | 2021 | |
| | Depreciation charge | | Depreciation charge | |
| | CNY | TWD | CNY | TWD |
| Buildings | \$ 10,125 | \$ 44,863 | \$ 10,108 | \$ 43,515 |
| Office equipment | 2 | 8 | 3 | 13 |
| | <u>\$ 10,127</u> | <u>\$ 44,871</u> | <u>\$ 10,111</u> | <u>\$ 43,528</u> |

| | <u>Nine months ended September 30</u> | | | |
|------------------|---------------------------------------|-------------------|---------------------|-------------------|
| | 2022 | | 2021 | |
| | Depreciation charge | | Depreciation charge | |
| | CNY | TWD | CNY | TWD |
| Buildings | \$ 30,046 | \$ 133,059 | \$ 28,991 | \$ 125,699 |
| Office equipment | 4 | 17 | 5 | 22 |
| | <u>\$ 30,050</u> | <u>\$ 133,076</u> | <u>\$ 28,996</u> | <u>\$ 125,721</u> |

D. For the nine months ended September 30, 2022 and 2021, the additions to right-of-use assets were CNY \$18,765 (TWD \$83,101) and CNY \$16,588 (TWD \$71,922), respectively.

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

| | Three months ended September 30 | | | |
|---------------------------------------|---------------------------------|----------|----------|----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| <u>Items affecting profit or loss</u> | | | | |
| Interest expense on lease liabilities | \$ 1,024 | \$ 4,537 | \$ 1,245 | \$ 5,360 |
| Expense on short-term lease contracts | 325 | 1,440 | 600 | 2,586 |
| Expense on leases of low-value assets | 1 | 5 | 1 | 4 |
| Gains from lease modifications | - | - | - | - |

| | Nine months ended September 30 | | | |
|---------------------------------------|--------------------------------|-----------|----------|-----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| <u>Items affecting profit or loss</u> | | | | |
| Interest expense on lease liabilities | \$ 3,244 | \$ 14,366 | \$ 3,576 | \$ 15,505 |
| Expense on short-term lease contracts | 1,029 | 4,557 | 1,529 | 6,629 |
| Expense on leases of low-value assets | 4 | 18 | 4 | 17 |
| Gains from lease modifications | - | - | 5 | 22 |

F. For the nine months ended September 30, 2022 and 2021, the Group's total cash outflow for leases were CNY \$34,318 (TWD \$151,976) and CNY \$30,417 (TWD \$131,882), respectively.

(9) Intangible assets

| | | 2022 | | | | | | | | | |
|---|--|-----------------|------------------|----------------------------|------------------|-----------------|------------------|-----------------|------------------|------------------|------------------|
| | | Goodwill | | Licences and trademarks | | Software | | Others | | Total | |
| | | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD |
| At January 1 | | | | | | | | | | | |
| Cost | | \$ 3,213 | \$ 13,957 | \$ 10,162 | \$ 44,144 | \$ 29,128 | \$ 126,532 | \$ 9,409 | \$ 40,873 | \$ 51,912 | \$ 225,506 |
| Accumulated amortisation and impairment | | - | - | (2,655) | (11,534) | (27,600) | (119,894) | (6,553) | (28,466) | (36,808) | (159,894) |
| | | <u>\$ 3,213</u> | <u>\$ 13,957</u> | <u>\$ 7,507</u> | <u>\$ 32,610</u> | <u>\$ 1,528</u> | <u>\$ 6,638</u> | <u>\$ 2,856</u> | <u>\$ 12,407</u> | <u>\$ 15,104</u> | <u>\$ 65,612</u> |
| Balance at January 1 | | \$ 3,213 | \$ 13,957 | \$ 7,507 | \$ 32,610 | \$ 1,528 | \$ 6,638 | \$ 2,856 | \$ 12,407 | \$ 15,104 | \$ 65,612 |
| Additions - acquired separately | | - | - | 12,264 | 54,311 | 1,752 | 7,759 | 28 | 124 | 14,044 | 62,194 |
| Disposal | | - | - | - | - | (53) | (235) | - | - | (53) | (235) |
| Amortisation charge | | - | - | (849) | (3,760) | (1,467) | (6,497) | (289) | (1,280) | (2,605) | (11,537) |
| Impairment loss | | (1,684) | (7,459) | (3,939) | (17,444) | - | - | - | - | (5,623) | (24,903) |
| Net exchange differences | | - | 341 | - | 1,302 | - | 207 | 69 | 666 | 69 | 2,516 |
| Balance at September 30 | | <u>\$ 1,529</u> | <u>\$ 6,839</u> | <u>\$ 14,983</u> | <u>\$ 67,019</u> | <u>\$ 1,760</u> | <u>\$ 7,872</u> | <u>\$ 2,664</u> | <u>\$ 11,917</u> | <u>\$ 20,936</u> | <u>\$ 93,647</u> |
| At September 30 | | | | | | | | | | | |
| Cost | | \$ 3,213 | \$ 14,372 | \$ 22,426 | \$ 100,311 | \$ 30,827 | \$ 137,889 | \$ 9,464 | \$ 42,333 | \$ 65,930 | \$ 294,905 |
| Accumulated amortisation and impairment | | (1,684) | (7,533) | (7,443) | (33,292) | (29,067) | (130,017) | (6,800) | (30,416) | (44,994) | (201,258) |
| | | <u>\$ 1,529</u> | <u>\$ 6,839</u> | <u>\$ 14,983</u> | <u>\$ 67,019</u> | <u>\$ 1,760</u> | <u>\$ 7,872</u> | <u>\$ 2,664</u> | <u>\$ 11,917</u> | <u>\$ 20,936</u> | <u>\$ 93,647</u> |
| | | 2021 | | | | | | | | | |
| | | Goodwill | | Licences and trademarks | | 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) |
| | | <u>\$ 3,213</u> | <u>\$ 14,063</u> | <u>\$ 8,226</u> | <u>\$ 36,005</u> | <u>\$ 3,328</u> | <u>\$ 14,567</u> | <u>\$ 3,234</u> | <u>\$ 14,155</u> | <u>\$ 18,001</u> | <u>\$ 78,790</u> |
| 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 | | <u>\$ 3,213</u> | <u>\$ 13,832</u> | <u>\$ 7,687</u> | <u>\$ 33,093</u> | <u>\$ 1,632</u> | <u>\$ 7,025</u> | <u>\$ 2,940</u> | <u>\$ 12,657</u> | <u>\$ 15,472</u> | <u>\$ 66,607</u> |
| 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) |
| | | <u>\$ 3,213</u> | <u>\$ 13,832</u> | <u>\$ 7,687</u> | <u>\$ 33,093</u> | <u>\$ 1,632</u> | <u>\$ 7,025</u> | <u>\$ 2,940</u> | <u>\$ 12,657</u> | <u>\$ 15,472</u> | <u>\$ 66,607</u> |

- A. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management.
- B. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risk relating to the relevant operating segments.
- C. The Group recognised impairment losses of CNY \$0 (TWD \$8), CNY \$0 (TWD \$0), CNY \$5,623 (TWD \$24,903) and CNY \$0 (TWD \$0) for the three months and nine months ended September 30, 2022 and 2021, respectively, as the operational condition of the subsidiary, Beijing YaPulide, was not as expected and the recoverable amount of the related assets of goodwill and trademarks was less than the carrying amount based on the assessment.

(10) Short-term borrowings

| Type of borrowings | September 30, 2022 | | Interest rate range | Collateral |
|----------------------|--------------------|--------------|---------------------|---------------|
| | CNY | TWD | | |
| Bank borrowings | | | | |
| Unsecured borrowings | \$ 106,472 | \$ 476,249 | 3.85%~3.95% | - |
| | | | | |
| Type of borrowings | December 31, 2021 | | Interest rate range | Collateral |
| | CNY | TWD | | |
| Bank borrowings | | | | |
| Secured borrowings | \$ 127,440 | \$ 553,600 | 0.83% | Bank deposits |
| Unsecured borrowings | 125,529 | 545,297 | 1.02%~1.19% | - |
| | \$ 252,969 | \$ 1,098,897 | | |
| | | | | |
| 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% | - |
| | \$ 274,942 | \$ 1,183,625 | | |

- A. The Group recognised interest expense in profit or loss for the three months and nine months ended September 30, 2022 and 2021, from long-term and short-term borrowings, amounting to CNY \$2,513 (TWD \$11,133), CNY \$1,279 (TWD \$5,506), CNY \$5,670 (TWD \$25,110) and CNY \$3,620 (TWD \$15,695), 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, 2022, December 31, 2021 and September 30, 2021, the Group has not violated any of the loan covenants in the borrowing agreement.

(11) Other payables

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|----------------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Wages and salaries payable | \$ 7,411 | \$ 33,149 | \$ 35,588 | \$ 154,594 | \$ 13,084 | \$ 56,327 |
| Tax payable | 14,152 | 63,302 | 51,102 | 221,987 | 18,883 | 81,291 |
| Others | 68,443 | 306,146 | 97,826 | 424,957 | 96,071 | 413,586 |
| | <u>\$ 90,006</u> | <u>\$ 402,597</u> | <u>\$ 184,516</u> | <u>\$ 801,538</u> | <u>\$ 128,038</u> | <u>\$ 551,204</u> |

(12) Long-term borrowings

| Type of borrowings | Borrowing period and repayment term | Interest rate | Collateral | September 30, 2022 | |
|--|---|---------------|------------|--------------------|------------|
| | | | | 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%~3.58% | None | \$ 81,630 | \$ 365,132 |
| Taiwan Shin Kong Commercial Bank Co., Ltd. | Borrowing period is from July 13, 2022 to August 16, 2024; interest is payable monthly; principal is payable at maturity. | 3.58% | None | 17,745 | 79,373 |

| Type of borrowings | Borrowing period and repayment term | Interest rate | Collateral | September 30, 2022 | |
|--|---|---------------|------------|--------------------|---------------------|
| | | | | CNY | TWD |
| Taiwan Shin Kong Commercial Bank Co., Ltd. | Borrowing period is from August 17, 2022 to August 16, 2024; interest is payable monthly; principal is payable at maturity. | 3.62% | None | \$ 14,196 | \$ 63,499 |
| Taiwan Shin Kong Commercial Bank Co., Ltd. | Borrowing period is from August 24, 2022 to August 16, 2024; interest is payable monthly; principal is payable at maturity. | 3.70% | None | 14,196 | 63,499 |
| Fubon Bank | Borrowing period is from August 24, 2022 to February 25, 2024; interest is payable monthly; principal is payable at maturity. | 3.93% | None | 106,472 | 476,249 |
| Cathay United Bank | Borrowing period is from August 17, 2022 to August 17, 2024; interest is payable monthly; principal is payable at maturity. | 3.85% | None | 106,472 | 476,249 |
| Cathay United Bank | Borrowing period is from August 24, 2022 to August 17, 2024; interest is payable monthly; principal is payable at maturity. | 3.95% | None | 35,491 | 158,751 |
| Less: Current portion | | | | - | - |
| | | | | <u>\$ 376,202</u> | <u>\$ 1,682,752</u> |

| Type of borrowings | Borrowing period and repayment term | Interest rate | Collateral | December 31, 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 | \$ 126,166 | \$ 548,065 |
| 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 | 63,720 | 276,800 |
| 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 | 1,274 | 5,534 |
| 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 | 19,116 | 83,040 |

| Type of borrowings | Borrowing period and repayment term | Interest rate | Collateral | December 31, 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 | \$ 12,744 | \$ 55,360 |
| Taiwan Shin Kong Commercial Bank Co., Ltd. | Borrowing period is from October 1, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity. | 0.79%~ 1.00% | None | 5,098 | 22,146 |
| 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 | 63,720 | 276,800 |
| Fubon Bank | Borrowing period is from August 25, 2021 to February 26, 2023; interest is payable monthly; principal is payable at maturity. | 0.80%~ 0.89% | None | 31,860 | 138,400 |
| Less: Current portion | | | | (63,720) | (276,800) |
| | | | | <u>\$ 259,978</u> | <u>\$ 1,129,345</u> |

| 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 |
| 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 |

| 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 17, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity. | 1.00% | None | \$ 12,938 | \$ 55,698 |
| 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> |

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, 2022, December 31, 2021 and September 30, 2021, 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) The pension costs under the defined contribution pension plan of the Group for the three months and nine months ended September 30, 2022 and 2021 were CNY \$0 (TWD \$0).
- B. (a) Effective July 1, 2005, Taiwan branches and subsidiaries 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 and subsidiaries 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, 2022 and 2021 were CNY \$4,350 (TWD \$19,273), CNY \$3,443 (TWD \$14,813), CNY \$12,292 (TWD \$54,435) and CNY \$10,405 (TWD \$45,114), respectively.

(14) Share capital

- A. As of September 30, 2022, 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:

| | 2022 | 2021 |
|-----------------------------|---------------|---------------|
| At January 1 (September 30) | <u>79,492</u> | <u>79,492</u> |

(15) Capital surplus

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

| | 2022 | | | | | | | | | | | |
|--|---------------|--------------|------------------------|----------|---------------|-------|----------|-----------|------------------------------------|-----------|------------|--------------|
| | 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 (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 |
| | 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 |

(16) Retained earnings

- A. The Company's Articles of Incorporation require that the Company's net earnings from the current year shall be used to offset prior years' deficit, pay income tax, provide 10% as legal reserve, and provide or reverse a special reserve in accordance with applicable laws. After the abovementioned appropriations, the distribution of the remaining earnings, if any, should be proposed by the Board of Directors and is subject to the stockholders' approval.
- B. The Company's business cycle is in the constant growth stage. In consideration of the Company's future capital requirements, its long-term financial plan and shareholders' satisfaction as to cash inflow, the Company's Articles of Incorporation stipulate that the Board of Directors may propose 10% or more of the distributable earnings as dividends, of which at least 10% should be distributed as cash dividends. However, such distribution depends on the current earnings and the capital condition, and is subject to the approval of stockholders.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2021 and 2020 as resolved by the shareholders at their meetings on June 8, 2022 and July 6, 2021, respectively, are as follows:

| | 2021 | | | 2020 | | |
|-----------------|-------------------|---------------------|---|-------------------|-------------------|---|
| | CNY | TWD | Dividends per share (New Taiwan dollars) | CNY | TWD | Dividends per share (New Taiwan dollars) |
| | | | | | | |
| Special reserve | \$ 20,814 | \$ 91,895 | | \$ - | \$ - | |
| Legal reserve | 1,671 | 7,378 | | 22,216 | 95,953 | |
| Cash dividends | <u>216,061</u> | <u>953,908</u> | \$ 12.00 | <u>156,445</u> | <u>675,685</u> | \$ 8.50 |
| | <u>\$ 238,546</u> | <u>\$ 1,053,181</u> | | <u>\$ 178,661</u> | <u>\$ 771,638</u> | |

Information about the appropriation of earnings as resolved by the Board of Directors 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).

(17) Operating revenue

| | Three months ended September 30 | | | |
|---------------------------------------|---------------------------------|---------------------|-------------------|---------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Revenue from contracts with customers | <u>\$ 274,868</u> | <u>\$ 1,217,739</u> | <u>\$ 323,259</u> | <u>\$ 1,392,591</u> |

| | Nine months ended September 30 | | | |
|---------------------------------------|--------------------------------|---------------------|-------------------|---------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Revenue from contracts with customers | <u>\$ 680,783</u> | <u>\$ 3,014,847</u> | <u>\$ 868,553</u> | <u>\$ 3,765,873</u> |

A. Disaggregation of revenue from contracts with customers

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

| | Three months ended September 30 | | | |
|---|---------------------------------|---------------------|-------------------|---------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Net sales of goods | \$ 258,445 | \$ 1,144,988 | \$ 305,337 | \$ 1,315,506 |
| Special affiliate income | 1,872 | 8,297 | 5,003 | 21,510 |
| Skincare service from company-operated salon and other income | 14,551 | 64,454 | 12,919 | 55,575 |
| | <u>\$ 274,868</u> | <u>\$ 1,217,739</u> | <u>\$ 323,259</u> | <u>\$ 1,392,591</u> |
| | Nine months ended September 30 | | | |
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Net sales of goods | \$ 645,280 | \$ 2,857,622 | \$ 812,948 | \$ 3,524,781 |
| Special affiliate income | 7,841 | 34,724 | 16,080 | 69,720 |
| Skincare service from company-operated salon and other income | 27,662 | 122,501 | 39,525 | 171,372 |
| | <u>\$ 680,783</u> | <u>\$ 3,014,847</u> | <u>\$ 868,553</u> | <u>\$ 3,765,873</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, 2022 | | December 31, 2021 | |
|--|--------------------|-------------------|-------------------|-------------------|
| | CNY | TWD | CNY | TWD |
| Contract liabilities - advance sales receipts from customers | <u>\$ 104,289</u> | <u>\$ 466,485</u> | <u>\$ 96,496</u> | <u>\$ 419,179</u> |
| | September 30, 2021 | | January 1, 2021 | |
| | CNY | TWD | CNY | TWD |
| Contract liabilities - advance sales receipts from customers | <u>\$ 118,408</u> | <u>\$ 509,746</u> | <u>\$ 82,207</u> | <u>\$ 359,820</u> |

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

| | Three months ended September 30 | | | |
|---|---------------------------------|-----------|----------|----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Contract liabilities - advance sales receipts from customers at the beginning of the period | \$ 7,670 | \$ 35,258 | \$ 2,029 | \$ 8,451 |

| | Nine months ended September 30 | | | |
|---|--------------------------------|------------|-----------|------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Contract liabilities - advance sales receipts from customers at the beginning of the period | \$ 77,470 | \$ 343,076 | \$ 72,978 | \$ 314,170 |

(18) Interest income

| | Three months ended September 30 | | | |
|--|---------------------------------|------------------|-----------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Interest income from bank deposits | \$ 2,793 | \$ 12,378 | \$ 2,751 | \$ 11,862 |
| Interest income from financial assets measured at amortised cost | 255 | 1,131 | 909 | 3,913 |
| Other interest income | 1,203 | 5,330 | 1,716 | 7,353 |
| | <u>\$ 4,251</u> | <u>\$ 18,839</u> | <u>\$ 5,376</u> | <u>\$ 23,128</u> |

| | Nine months ended September 30 | | | |
|--|--------------------------------|------------------|------------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Interest income from bank deposits | \$ 9,319 | \$ 41,269 | \$ 6,701 | \$ 29,054 |
| Interest income from financial assets measured at amortised cost | 2,008 | 8,892 | 2,658 | 11,525 |
| Other interest income | 3,678 | 16,289 | 6,978 | 30,255 |
| | <u>\$ 15,005</u> | <u>\$ 66,450</u> | <u>\$ 16,337</u> | <u>\$ 70,834</u> |

(19) Other income

| | Three months ended September 30 | | | |
|---------------------------|---------------------------------|------------------|-----------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Government grants revenue | \$ - | \$ 25 | \$ 8,330 | \$ 35,883 |
| Others | 2,971 | 13,159 | 1,193 | 5,113 |
| | <u>\$ 2,971</u> | <u>\$ 13,184</u> | <u>\$ 9,523</u> | <u>\$ 40,996</u> |

| | Nine months ended September 30 | | | |
|---------------------------|--------------------------------|-------------------|------------------|-------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Government grants revenue | \$ 21,340 | \$ 94,504 | \$ 22,507 | \$ 97,586 |
| Others | 4,187 | 18,542 | 4,854 | 21,046 |
| | <u>\$ 25,527</u> | <u>\$ 113,046</u> | <u>\$ 27,361</u> | <u>\$ 118,632</u> |

(20) Other gains and losses

| | Three months ended September 30 | | | |
|---|---------------------------------|---------------------|-----------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Losses on disposal of property, plant and equipment | (\$ 115) | (\$ 509) | (\$ 51) | (\$ 219) |
| Foreign exchange (losses) gains | (26,039) | (115,337) | 2,494 | 10,601 |
| Net gains on financial assets at fair value through profit or loss | 290 | 1,286 | 379 | 1,622 |
| Depreciation expense - investment property- buildings | (249) | (1,104) | (249) | (1,072) |
| Impairment losses on intangible assets | - | (8) | - | - |
| Impairment losses on investments accounted for using equity method | (25) | (112) | - | - |
| Other (losses) gains | (291) | (1,289) | 78 | 339 |
| | <u>(\$ 26,429)</u> | <u>(\$ 117,073)</u> | <u>\$ 2,651</u> | <u>\$ 11,271</u> |

| | Nine months ended September 30 | | | |
|--|--------------------------------|---------------------|------------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Losses on disposal of property, plant and equipment | (\$ 283) | (\$ 1,253) | (\$ 114) | (\$ 494) |
| Foreign exchange (losses) gains | (45,348) | (200,824) | 15,368 | 66,633 |
| Net gains on financial assets at fair value through profit or loss | 688 | 3,048 | 1,690 | 7,328 |
| Gains from lease modification | - | - | 5 | 22 |
| Depreciation expense - investment property- buildings | (746) | (3,304) | (746) | (3,235) |
| Impairment losses on intangible assets | (5,623) | (24,903) | - | - |
| Impairment losses on investments accounted for using equity method | (1,337) | (5,921) | - | - |
| Other losses | (644) | (2,851) | (3) | (14) |
| | <u>(\$ 53,293)</u> | <u>(\$ 236,008)</u> | <u>\$ 16,200</u> | <u>\$ 70,240</u> |

(21) Finance cost

| | Three months ended September 30 | | | |
|------------------------------------|---------------------------------|------------------|-----------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Interest expense - Bank borrowings | \$ 2,513 | \$ 11,133 | \$ 1,279 | \$ 5,506 |
| Interest expense - Lease liability | 1,024 | 4,537 | 1,245 | 5,360 |
| | <u>\$ 3,537</u> | <u>\$ 15,670</u> | <u>\$ 2,524</u> | <u>\$ 10,866</u> |

| | Nine months ended September 30 | | | |
|------------------------------------|--------------------------------|------------------|-----------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Interest expense - Bank borrowings | \$ 5,670 | \$ 25,110 | \$ 3,620 | \$ 15,695 |
| Interest expense - Lease liability | 3,244 | 14,366 | 3,576 | 15,505 |
| | <u>\$ 8,914</u> | <u>\$ 39,476</u> | <u>\$ 7,196</u> | <u>\$ 31,200</u> |

(22) Employee benefit expense, depreciation and amortisation

| | Three months ended September 30, 2022 | | | | | |
|----------------------------------|---------------------------------------|-----------|--------------------|------------|-----------|------------|
| | Operating costs | | Operating expenses | | Total | |
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Employee benefit expense | | | | | | |
| Wages and salaries | \$ 2,843 | \$ 12,596 | \$ 32,206 | \$ 142,701 | \$ 35,049 | \$ 155,297 |
| Labour and health insurance fees | 152 | 673 | 3,128 | 13,859 | 3,280 | 14,532 |
| Pension costs | 200 | 886 | 4,150 | 18,387 | 4,350 | 19,273 |
| Other employee benefit expense | 85 | 377 | 3,635 | 16,105 | 3,720 | 16,482 |
| Depreciation | 583 | 2,583 | 18,043 | 79,946 | 18,626 | 82,529 |
| Amortisation | 20 | 89 | 921 | 4,081 | 941 | 4,170 |

| | 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 |

| | Nine months ended September 30, 2022 | | | | | |
|----------------------------------|--------------------------------------|-----------|--------------------|------------|------------|------------|
| | Operating costs | | Operating expenses | | Total | |
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Employee benefit expense | | | | | | |
| Wages and salaries | \$ 7,080 | \$ 31,354 | \$ 96,086 | \$ 425,517 | \$ 103,166 | \$ 456,871 |
| Labour and health insurance fees | 435 | 1,926 | 8,670 | 38,395 | 9,105 | 40,321 |
| Pension costs | 564 | 2,498 | 11,728 | 51,937 | 12,292 | 54,435 |
| Other employee benefit expense | 247 | 1,094 | 9,379 | 41,535 | 9,626 | 42,629 |
| Depreciation | 1,606 | 7,112 | 53,891 | 238,656 | 55,497 | 245,768 |
| Amortisation | 263 | 1,165 | 2,342 | 10,372 | 2,605 | 11,537 |

| | 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 |

- 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, 2022 and 2021, employees' compensation was accrued at CNY \$1,402 (TWD \$6,211), CNY \$1,833 (TWD \$7,890), CNY \$2,975 (TWD \$13,175), and CNY \$5,317 (TWD \$23,053), respectively; directors' remuneration was accrued at CNY \$702 (TWD \$3,110), CNY \$917 (TWD \$3,947), CNY \$1,488 (TWD \$6,590), and CNY \$2,659 (TWD \$11,529), 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 2021 as approved by the Board of Directors on March 10, 2022 amounted to CNY \$7,157 (TWD \$31,062) and CNY \$3,578 (TWD \$15,531), respectively, which were in agreement with the amounts recognised in the financial statements for the year ended December 31, 2021. 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.

(23) Income tax

A. Income tax expense

Components of income tax expense:

| | Three months ended September 30 | | | |
|---|---------------------------------|-------------------|-------------------|-------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Current tax: | | | | |
| Current tax on profits for the period | \$ 26,136 | \$ 115,798 | \$ 35,141 | \$ 150,965 |
| Prior year income tax underestimation | (48) | (213) | - | (43) |
| Deferred tax: | | | | |
| Origination and reversal of temporary differences | <u>33,796</u> | <u>149,645</u> | <u>(966)</u> | <u>(4,121)</u> |
| Income tax expense | <u>\$ 59,884</u> | <u>\$ 265,230</u> | <u>\$ 34,175</u> | <u>\$ 146,801</u> |
| | Nine months ended September 30 | | | |
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Current tax: | | | | |
| Current tax on profits for the period | \$ 72,599 | \$ 321,504 | \$ 119,990 | \$ 520,253 |
| Prior year income tax (over) underestimation | (324) | (1,434) | 2,655 | 11,512 |
| Deferred tax: | | | | |
| Origination and reversal of temporary differences | <u>15,066</u> | <u>66,720</u> | <u>(5,094)</u> | <u>(22,087)</u> |
| Income tax expense | <u>\$ 87,341</u> | <u>\$ 386,790</u> | <u>\$ 117,551</u> | <u>\$ 509,678</u> |

B. Chlitina Marketing Taiwan Branch's and Chlitina Intelligence Taiwan Branch's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(24) Earnings per share

| Three months ended September 30, 2022 | | | | | |
|--|--------------------------|--------------------------|---|--------------------|---------------|
| | 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 | \$ 32,954 | \$ 146,028 | 79,492 | \$ 0.41 | \$ 1.84 |
| <u>Diluted earnings per share</u> | | | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 32,954 | \$ 146,028 | 79,492 | | |
| Assumed conversion of all dilutive potential ordinary shares | | | | | |
| Employees' compensation | - | - | 85 | | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 32,954 | \$ 146,028 | 79,577 | \$ 0.41 | \$ 1.84 |
| 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 | 79,608 | \$ 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 |

Nine months ended September 30, 2022

| | 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 | \$ 109,637 | \$ 485,527 | 79,492 | \$ 1.38 | \$ 6.11 |
| <u>Diluted earnings per share</u> | | | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 109,637 | \$ 485,527 | 79,492 | | |
| Assumed conversion of all dilutive potential ordinary shares | | | | | |
| Employees' compensation | - | - | 124 | | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 109,637 | \$ 485,527 | 79,616 | \$ 1.38 | \$ 6.10 |

Nine 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 | \$ 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 |

(25) Changes in liabilities from financing activities

| | <u>Short-term borrowings</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, 2022 | \$ 252,969 | \$ 1,098,897 | \$ 115,704 | \$ 502,618 | \$ 323,698 | \$ 1,406,145 |
| Changes in cash flow from financing activities | (147,186) | (651,812) | (30,041) | (133,035) | - | - |
| Proceeds from long-term borrowings | - | - | - | - | 492,582 | 2,181,400 |
| Repayments of long-term borrowings | - | - | - | - | (459,544) | (2,035,090) |
| Increase in lease liabilities | - | - | 18,765 | 83,101 | - | - |
| Impact of changes in foreign exchange rate | 689 | 29,164 | (1,868) | 6,066 | 19,466 | 130,297 |
| At September 30, 2022 | <u>\$ 106,472</u> | <u>\$ 476,249</u> | <u>\$ 102,560</u> | <u>\$ 458,750</u> | <u>\$ 376,202</u> | <u>\$ 1,682,752</u> |
| | | | | | | |
| | <u>Short-term borrowings</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 borrowings | - | - | - | - | 258,215 | 1,119,567 |
| Repayments of long-term borrowings | - | - | - | - | (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> |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Group |
|---|-----------------------------|
| 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) (Note 1) | Other related party |
| Modern Pearl Holdings Limited (Modern Pearl) | Other related party |
| Jing Yung Gi Co., Ltd. (Jing Yung Gi) | Other related party |
| Mc. Reene Co., Ltd. (Mc. Reene) (Note 2) | 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. | Other related party |
| Jinyan (Shanghai) Biotechnology Co., Ltd. | Other related party |
| Shanghai Guangqiao Biosciences Co., Ltd. (Guangqiao Biosciences) | Other related party |
| General Biologicals Corp. (General Biologicals) | Associate |
| Dongguan Gb Biotech Corporation (Dongguan Gb) | Associate |
| GB GENES CORP. (GB GENES) | Associate |
| SHANGHAI ZHONGYE TRADE CO., LTD. (Shanghai Zhongye) | Associate |
| Others (for insignificant related party transactions) | Other related party |

Note 1: 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 that date.

Note 2: Mc. Renee Co., Ltd. was disposed of by Gem Fortune Group on April 2, 2022; therefore, Mc. Reene was not a related party of the Group starting from that date.

(2) Significant related party transactions and balances

A. Operating revenue

| | Three months ended September 30 | | | |
|--------------------------------|---------------------------------|-------------------|---------------|-----------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Sales of goods and OEM income: | | | | |
| Associate | (\$ 359) | (\$ 1,588) | \$ 1 | \$ 4 |
| Other related parties | 31 | 137 | 58 | 246 |
| | <u>(\$ 328)</u> | <u>(\$ 1,451)</u> | <u>\$ 59</u> | <u>\$ 250</u> |
| | | | | |
| | Nine months ended September 30 | | | |
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Sales of goods and OEM income: | | | | |
| Associate | (\$ 274) | (\$ 1,213) | \$ 42 | \$ 183 |
| Other related parties | 77 | 340 | 267 | 1,156 |
| | <u>(\$ 197)</u> | <u>(\$ 873)</u> | <u>\$ 309</u> | <u>\$ 1,339</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. For the three months and nine months ended September 30, 2022, the Group's operating revenue from associates included the sales return in the current period.

B. Purchases

| | Three months ended September 30 | | | |
|-----------------------|---------------------------------|------------------|------------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Purchases of goods | | | | |
| Associate | \$ 1,919 | \$ 8,496 | \$ 645 | \$ 2,796 |
| Other related parties | 2,296 | 10,178 | 6,019 | 25,785 |
| Processing fees | | | | |
| Other related parties | 44 | 195 | 3,626 | 15,807 |
| | <u>\$ 4,259</u> | <u>\$ 18,869</u> | <u>\$ 10,290</u> | <u>\$ 44,388</u> |

| | Nine months ended September 30 | | | |
|-----------------------|--------------------------------|------------------|------------------|-------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Purchases of goods | | | | |
| Associate | \$ 2,153 | \$ 9,533 | \$ 736 | \$ 3,189 |
| Other related parties | 10,679 | 47,290 | 16,334 | 70,821 |
| Processing fees | | | | |
| Other related parties | 229 | 1,014 | 6,801 | 29,488 |
| | <u>\$ 13,061</u> | <u>\$ 57,837</u> | <u>\$ 23,871</u> | <u>\$ 103,498</u> |

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

C. Receivables from related parties

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|-----------------------|--------------------|--------------|-------------------|---------------|--------------------|---------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Accounts receivable: | | | | | | |
| Associate | \$ - | \$ - | \$ 79 | \$ 342 | \$ 1 | \$ 4 |
| Other related parties | 3 | 13 | 36 | 158 | 35 | 153 |
| | <u>\$ 3</u> | <u>\$ 13</u> | <u>\$ 115</u> | <u>\$ 500</u> | <u>\$ 36</u> | <u>\$ 157</u> |
| Other receivables: | | | | | | |
| Other related parties | \$ 210 | \$ 939 | \$ 455 | \$ 1,977 | \$ 372 | \$ 1,601 |

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

D. Payables to related parties

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|-----------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Accounts payable: | | | | | | |
| Associate | \$ - | \$ - | \$ 65 | \$ 284 | \$ 46 | \$ 197 |
| Other related parties | | | | | | |
| Kelti China | 2,012 | 9,001 | 4,189 | 18,197 | 5,102 | 21,964 |
| Charming Biotech | 548 | 2,452 | 1,589 | 6,920 | 2,394 | 10,306 |
| Others | 1,073 | 4,798 | 1,326 | 5,743 | 804 | 3,464 |
| | <u>\$ 3,633</u> | <u>\$ 16,251</u> | <u>\$ 7,169</u> | <u>\$ 31,144</u> | <u>\$ 8,346</u> | <u>\$ 35,931</u> |
| Other payables: | | | | | | |
| Associate | \$ - | \$ - | \$ 38 | \$ 165 | \$ 8 | \$ 34 |
| Other related parties | 1,005 | 4,495 | 430 | 1,868 | 318 | 1,369 |
| | <u>\$ 1,005</u> | <u>\$ 4,495</u> | <u>\$ 468</u> | <u>\$ 2,033</u> | <u>\$ 326</u> | <u>\$ 1,403</u> |

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

E. Services expense

| | Three months ended September 30 | | | |
|-----------------------|---------------------------------|-----------------|-------------|--------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Other related parties | | | | |
| Lee, Tsai & Partners | \$ - | \$ - | \$ - | \$ - |
| Kelti China | 509 | 2,255 | 9 | 24 |
| Others | 18 | 79 | - | - |
| | <u>\$ 527</u> | <u>\$ 2,334</u> | <u>\$ 9</u> | <u>\$ 24</u> |

| | Nine months ended September 30 | | | |
|-----------------------|--------------------------------|-----------------|-----------------|-----------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Other related parties | | | | |
| Lee, Tsai & Partners | \$ - | \$ - | \$ 377 | \$ 1,641 |
| Kelti China | 1,078 | 4,774 | 862 | 3,737 |
| Others | 22 | 97 | - | - |
| | <u>\$ 1,100</u> | <u>\$ 4,871</u> | <u>\$ 1,239</u> | <u>\$ 5,378</u> |

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

F. Property transactions - acquisition of intangible assets

| | Accounts | Nine months ended September 30 | | | |
|-----------|------------|--------------------------------|------------------|---------------|-------------|
| | | 2022 | | 2021 | |
| | | Consideration | | Consideration | |
| | | CNY | TWD | CNY | TWD |
| Associate | Trademarks | <u>\$ 12,264</u> | <u>\$ 54,311</u> | <u>\$ -</u> | <u>\$ -</u> |

G. Leasing arrangements - lessee

- (a) The Group leases directly operated store, 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 | | | |
|-----------------------|---------------------------------|------|------|------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Other related parties | \$ - | \$ - | \$ - | \$ - |

| | Nine months ended September 30 | | | |
|-----------------------|--------------------------------|------|----------|-----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Other related parties | \$ - | \$ - | \$ 3,087 | \$ 13,434 |

(c) Lease liability

i. Balance at end of the financial reporting period

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|-----------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Chen, Wu-Kang | \$ 13,715 | \$ 61,347 | \$ 15,380 | \$ 66,811 | \$ 15,936 | \$ 68,604 |
| Kelti China | 6,053 | 27,075 | 10,561 | 45,877 | 12,035 | 51,811 |
| Other related parties | 6,126 | 27,402 | 10,082 | 43,796 | 11,430 | 49,206 |
| | <u>\$ 25,894</u> | <u>\$ 115,824</u> | <u>\$ 36,023</u> | <u>\$ 156,484</u> | <u>\$ 39,401</u> | <u>\$ 169,621</u> |

ii. Interest expense

| | Three months ended September 30 | | | |
|-----------------------|---------------------------------|--------|--------|----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Other related parties | \$ 148 | \$ 657 | \$ 245 | \$ 1,270 |

| | Nine months ended September 30 | | | |
|-----------------------|--------------------------------|----------|--------|----------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Other related parties | \$ 727 | \$ 3,220 | \$ 833 | \$ 3,829 |

(3) Key management compensation

| | Three months ended September 30 | | | |
|---|---------------------------------|------------------|-----------------|------------------|
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Salaries and other short-term employee benefits | \$ 2,218 | \$ 9,784 | \$ 2,162 | \$ 9,302 |
| Post-employment benefits | 35 | 154 | 31 | 134 |
| | <u>\$ 2,253</u> | <u>\$ 9,938</u> | <u>\$ 2,193</u> | <u>\$ 9,436</u> |
| | Nine months ended September 30 | | | |
| | 2022 | | 2021 | |
| | CNY | TWD | CNY | TWD |
| Salaries and other short-term employee benefits | \$ 5,798 | \$ 25,676 | \$ 6,537 | \$ 28,343 |
| Post-employment benefits | 99 | 438 | 89 | 386 |
| | <u>\$ 5,897</u> | <u>\$ 26,114</u> | <u>\$ 6,626</u> | <u>\$ 28,729</u> |

8. PLEDGED ASSETS

| Pledged asset | Book value | | | | | | Purpose |
|---|--------------------|-------------|-------------------|-------------------|--------------------|-------------------|-----------------|
| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | | |
| | CNY | TWD | CNY | TWD | CNY | TWD | |
| Time deposits with maturity over three months | | | | | | | |
| (shown as financial assets at amortised cost-current) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 127,442</u> | <u>\$ 553,608</u> | <u>\$ 129,390</u> | <u>\$ 557,024</u> | Bank borrowings |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|-----------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| Contract signed | <u>\$ 8,308</u> | <u>\$ 37,162</u> | <u>\$ 5,388</u> | <u>\$ 23,405</u> | <u>\$ 8,988</u> | <u>\$ 38,729</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 December 31, 2021, the Group has paid the aforementioned payment amounting to CNY \$2,000. As of November 10, 2022, the Group is still negotiating the subsequent aforementioned agreement with the relevant departments of Tongji University.
- 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 December 31, 2021, the Group has paid the aforementioned payment amounting to CNY \$22,000. As of November 10, 2022, the Group is still negotiating the subsequent aforementioned agreement with the relevant departments of Tongji University.

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 2022, the Group’s strategy was to maintain the liability ratio within reasonable range, which was unchanged from 2021. The liability ratios at September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|-----------------|---------------------------|--------------------------|---------------------------|
| Liability ratio | 48% | 50% | 52% |

(2) Financial instruments

A. Financial instruments by category

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | CNY | TWD | CNY | TWD | CNY | TWD |
| <u>Financial assets</u> | | | | | | |
| Financial assets at amortised cost | | | | | | |
| Cash and cash equivalents | \$ 1,271,476 | \$ 5,687,312 | \$ 1,375,044 | \$ 5,973,191 | \$ 1,266,803 | \$ 5,453,587 |
| Financial assets at amortised cost (including current and non-current) | | | | | | |
| Notes receivable | 32,000 | 143,136 | 241,962 | 1,051,083 | 243,350 | 1,047,622 |
| Accounts receivable (including related parties) | 2 | 9 | 5 | 22 | - | - |
| Other receivables (including related parties) | 334 | 1,494 | 838 | 3,641 | 741 | 3,192 |
| | <u>14,978</u> | <u>66,996</u> | <u>15,591</u> | <u>67,728</u> | <u>13,815</u> | <u>59,471</u> |
| | <u>\$ 1,318,790</u> | <u>\$ 5,898,947</u> | <u>\$ 1,633,440</u> | <u>\$ 7,095,665</u> | <u>\$ 1,524,709</u> | <u>\$ 6,563,872</u> |
| Financial assets at fair value through profit or loss | | | | | | |
| Financial assets at fair value through profit or loss - non-current | | | | | | |
| | <u>\$ 53,002</u> | <u>\$ 237,078</u> | <u>\$ 21,046</u> | <u>\$ 91,424</u> | <u>\$ 21,399</u> | <u>\$ 92,123</u> |
| <u>Financial liabilities</u> | | | | | | |
| Financial liabilities at amortised cost | | | | | | |
| Short-term borrowings | \$ 106,472 | \$ 476,249 | \$ 252,969 | \$ 1,098,897 | \$ 274,942 | \$ 1,183,625 |
| Accounts payable (including related parties) | 22,952 | 102,665 | 22,746 | 98,810 | 23,573 | 101,483 |
| Other payables (including related parties) | 91,011 | 407,092 | 184,984 | 803,571 | 128,364 | 552,607 |
| Guarantee deposits received | 83,905 | 375,307 | 86,194 | 374,425 | 89,183 | 383,933 |
| Long-term borrowings (including current portion) | <u>376,202</u> | <u>1,682,752</u> | <u>323,698</u> | <u>1,406,145</u> | <u>355,807</u> | <u>1,531,749</u> |
| | <u>\$ 680,542</u> | <u>\$ 3,044,065</u> | <u>\$ 870,591</u> | <u>\$ 3,781,848</u> | <u>\$ 871,869</u> | <u>\$ 3,753,397</u> |
| Lease liabilities (including current and non-current) | | | | | | |
| | <u>\$ 102,560</u> | <u>\$ 458,750</u> | <u>\$ 115,704</u> | <u>\$ 502,616</u> | <u>\$ 122,167</u> | <u>\$ 525,929</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) | Foreign currency amount (In thousands) | Exchange rate | CNY | TWD |
|--|---|------------------|-----------|-----------|
| September 30, 2022 | | | | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:CNY | \$ 79 | 7.0981 | \$ 561 | \$ 2,509 |
| USD:TWD | 8,293 | 31.7500 | 58,865 | 263,303 |
| USD:HKD | 3,688 | 7.8511 | 26,178 | 117,094 |
| CNY:TWD | 995 | 4.4730 | 995 | 4,451 |
| CNY:HKD | 18,237 | 1.1061 | 18,237 | 81,574 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:CNY | \$ 1,973 | 7.0981 | \$ 14,005 | \$ 62,644 |
| USD:TWD | 68,000 | 31.7500 | 482,674 | 2,159,001 |
| USD:HKD | 84 | 7.8511 | 596 | 2,666 |

| (Foreign currency: functional currency) | Foreign currency amount (In thousands) | Exchange rate | CNY | TWD |
|--|---|------------------|-----------|-----------|
| December 31, 2021 | | | | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD : CNY | \$ 129 | 6.3720 | \$ 822 | \$ 3,571 |
| USD : TWD | 12,196 | 27.6800 | 77,713 | 337,585 |
| USD : HKD | 38,086 | 7.7994 | 242,684 | 1,054,219 |
| CNY : TWD | 25 | 4.3440 | 25 | 109 |
| CNY : HKD | 152,959 | 1.2240 | 152,959 | 664,454 |
| EUR : USD | 68 | 1.1315 | 490 | 2,129 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD : CNY | \$ 2,157 | 6.3720 | \$ 13,744 | \$ 59,704 |
| USD : TWD | 90,500 | 27.6800 | 576,667 | 2,505,042 |
| USD : HKD | 176 | 7.7994 | 1,121 | 4,870 |

| (Foreign currency: functional currency) | Foreign currency amount (In thousands) | Exchange rate | CNY | TWD |
|--|---|------------------|-----------|-----------|
| September 30, 2021 | | | | |
| <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 |

- iv. The total exchange (losses) gain, 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, 2022 and 2021, amounted to a loss of CNY \$26,039 (TWD \$115,337), a gain of CNY \$2,494 (TWD \$10,601), a loss of CNY \$45,348 (TWD \$200,824) and a gain of CNY \$15,368 (TWD \$66,633), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| (Foreign currency: functional currency) | Nine months ended September 30, 2022 | | | | |
|--|--------------------------------------|----------------------|----------|---|------|
| | Degree of variation | Sensitivity analysis | | Effect on other comprehensive income | |
| | | CNY | TWD | CNY | TWD |
| <u>Financial assets</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD : CNY | 3% | \$ 17 | \$ 75 | \$ - | \$ - |
| USD : TWD | 3% | 1,766 | 7,899 | - | - |
| USD : HKD | 3% | 785 | 3,513 | - | - |
| CNY : TWD | 3% | 30 | 134 | - | - |
| CNY : HKD | 3% | 547 | 2,447 | - | - |
| <u>Financial liabilities</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD : CNY | 3% | \$ 420 | \$ 1,879 | \$ - | \$ - |
| USD : TWD | 3% | 14,480 | 64,770 | - | - |
| USD : HKD | 3% | 18 | 80 | - | - |

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 | - | - |

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, 2022, December 31, 2021 and September 30, 2021, 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, 2022, December 31, 2021 and September 30, 2021, 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, 2022, December 31, 2021 and September 30, 2021, the carrying amount of accounts receivable (including related parties) amounted to CNY \$334 (TWD \$1,494), CNY \$838 (TWD \$3,641) and CNY \$741 (\$3,192), 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, 2022 | | | | | | | |
|------------------------------------|--|--------------------|------------|-------------------------------------|------|----------------------|------|-----------|------------|
| | | Lifetime | | | | | | Total | |
| | | 12 months | | Significant increase in credit risk | | Impairment of credit | | | |
| | | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD |
| Financial assets at amortised cost | | \$ 32,000 | \$ 143,136 | \$ - | \$ - | \$ - | \$ - | \$ 32,000 | \$ 143,136 |

| | | December 31, 2021 | | | | | | | |
|------------------------------------|--|-------------------|--------------|-------------------------------------|------|----------------------|------|------------|--------------|
| | | Lifetime | | | | | | Total | |
| | | 12 months | | Significant increase in credit risk | | Impairment of credit | | | |
| | | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD |
| Financial assets at amortised cost | | \$ 241,962 | \$ 1,051,083 | \$ - | \$ - | \$ - | \$ - | \$ 241,962 | \$ 1,051,083 |

| | | September 30, 2021 | | | | | | | |
|------------------------------------|--|--------------------|--------------|-------------------------------------|------|----------------------|------|------------|--------------|
| | | Lifetime | | | | | | Total | |
| | | 12 months | | Significant increase in credit risk | | Impairment of credit | | | |
| | | CNY | TWD | CNY | TWD | CNY | TWD | CNY | TWD |
| Financial assets at amortised cost | | \$ 243,350 | \$ 1,047,622 | \$ - | \$ - | \$ - | \$ - | \$ 243,350 | \$ 1,047,622 |

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> | | | | |
| September 30, 2022 | <u>Less than 1 year</u> | <u>Between 1</u> <u>and 2 years</u> | <u>Over 2 years</u> | |
| Short-term borrowings | \$ 106,472 | \$ - | \$ - | |
| Accounts payable (including related parties) | 22,952 | - | - | |
| Other payables (including related parties) | 91,011 | - | - | |
| Lease liabilities | 32,530 | 24,680 | 54,382 | |
| Guarantee deposits received | 83,905 | - | - | |
| Long-term borrowings (including current portion) | - | 376,202 | - | |

| <u>Non-derivative</u> | | (In thousands of CNY) | | |
|---|-------------------------|--|---------------------|--|
| <u>financial liabilities:</u> | | | | |
| December 31, 2021 | <u>Less than 1 year</u> | <u>Between 1</u> <u>and 2 years</u> | <u>Over 2 years</u> | |
| Short-term borrowings | \$ 252,969 | \$ - | \$ - | |
| Accounts payable (including related parties) | 22,746 | - | - | |
| Other payables (including related parties) | 184,984 | - | - | |
| Lease liabilities | 33,886 | 29,376 | 63,071 | |
| Guarantee deposits received | 86,194 | - | - | |
| Long-term borrowings (including current portion) | 63,720 | 31,860 | 228,118 | |

(In thousands of CNY)

| <u>Non-derivative</u> <u>financial liabilities:</u> | | | |
|--|-------------------------|----------------------------------|---------------------|
| September 30, 2021 | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Over 2 years</u> |
| Short-term borrowings | \$ 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 |

(In thousands of TWD)

| <u>Non-derivative</u> <u>financial liabilities:</u> | | | |
|--|-------------------------|----------------------------------|---------------------|
| September 30, 2022 | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Over 2 years</u> |
| Short-term borrowings | \$ 476,249 | \$ - | \$ - |
| Accounts payable (including related parties) | 102,665 | - | - |
| Other payables (including related parties) | 407,092 | - | - |
| Lease liabilities | 145,507 | 110,394 | 243,251 |
| Guarantee deposits received | 375,307 | - | - |
| Long-term borrowings (including current portion) | - | 1,682,752 | - |

(In thousands of TWD)

| <u>Non-derivative</u> <u>financial liabilities:</u> | | | |
|--|-------------------------|----------------------------------|---------------------|
| December 31, 2021 | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Over 2 years</u> |
| Short-term borrowings | \$ 1,098,897 | \$ - | \$ - |
| Accounts payable (including related parties) | 98,810 | - | - |
| Other payables (including related parties) | 803,571 | - | - |
| Lease liabilities | 147,201 | 127,609 | 273,980 |
| Guarantee deposits received | 374,425 | - | - |
| Long-term borrowings (including current portion) | 276,800 | 138,400 | 990,945 |

| <u>Non-derivative financial liabilities:</u> September 30, 2021 | (In thousands of TWD) | | |
|--|-------------------------|----------------------------------|---------------------|
| | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Over 2 years</u> |
| Short-term borrowings | \$ 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 |

- 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 borrowings, 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, 2022, December 31, 2021 and September 30, 2021 is as follows:

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

| | (In thousands of CNY) | | | |
|---|-----------------------|----------------|------------------|------------------|
| September 30, 2022 | <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 | \$ - | \$ - | \$ 23,290 | \$ 23,290 |
| Hybrid instrument | - | - | 29,712 | 29,712 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 53,002</u> | <u>\$ 53,002</u> |

| | (In thousands of CNY) | | | |
|---|-----------------------|----------------|----------------|--------------|
| December 31, 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 | \$ - | \$ - | \$ 21,046 | \$ 21,046 |

| | (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 TWD) | | | |
|---|-----------------------|----------------|-------------------|-------------------|
| September 30, 2022 | <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 | \$ - | \$ - | \$ 104,176 | \$ 104,176 |
| Hybrid instrument | - | - | 132,902 | 132,902 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 237,078</u> | <u>\$ 237,078</u> |

| | (In thousands of TWD) | | | |
|---|-----------------------|----------------|----------------|--------------|
| December 31, 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 | \$ - | \$ - | \$ 91,424 | \$ 91,424 |

| | (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 |

D. The following chart is the movement of Level 3 for the nine months ended September 30, 2022 and 2021:

| | <u>2022</u> | | <u>2021</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 | \$ 21,046 | \$ 91,424 | \$ 21,618 | \$ 94,622 |
| Acquired during the period | 30,000 | 132,855 | - | - |
| Losses recognised in the profit or loss | (288) | (1,275) | - | - |
| Effect of foreign exchange | <u>2,244</u> | <u>14,074</u> | <u>(219)</u> | <u>(2,499)</u> |
| At September 30 | <u>\$ 53,002</u> | <u>\$ 237,078</u> | <u>\$ 21,399</u> | <u>\$ 92,123</u> |

E. For the nine months ended September 30, 2022 and 2021, 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 | | Fair value at | | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|-----------------------------------|--------------------|------------|-------------------|-----------|--------------------|-----------|--|---|--------------------------|---|
| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | | | | | |
| | CNY | TWD | CNY | TWD | CNY | TWD | | | | |
| Non-derivative equity instrument: | | | | | | | | | | |
| Unlisted shares | \$ 23,290 | \$ 104,176 | \$ 21,046 | \$ 91,424 | \$ 21,399 | \$ 92,123 | 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 |
| Hybrid instrument: | | | | | | | | | | |
| Unlisted shares | 28,976 | 129,610 | - | - | - | - | 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 |
| Embedded option | 736 | 3,292 | - | - | - | - | Least-square Monte Carlo simulation method | Discount for lack of marketability | Not applicable | The higher the discount for lack of marketability, the lower the fair value |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): 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: 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: Refer to table 5.
- H. Receivables from related parties reaching TWD \$100 million or 20% of paid-in capital or more: Refer to Table 6.
- I. Trading in derivative instruments undertaken during the reporting period: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting period: Refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

Major shareholders information: 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, 2022 and 2021, 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, 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, 2022

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 | Crystal Asia Shanghai Limited | Other receivables | Yes | \$ 58,578 | \$ 58,149 | \$ - | Lower 10% of loan market rate | 2 | \$ - | Operating capital | \$ - | None | \$ - | \$ 5,581,351 | \$ 5,581,351 | Note 4, 7 |
| 1 | Chlitina (China) Trade Limited | Hong Kong Chlitina International Limited | Other receivables | Yes | 2,996,910 | 2,996,910 | - | Lower 10% of loan market rate | 2 | - | Operating capital | - | None | - | \$ 5,581,351 | \$ 5,581,351 | Note 4, 9 |
| 2 | Weishuo (Shanghai) Daily Product Limited | Wuguan (Shanghai) Trade Limited | Other receivables | Yes | 90,120 | - | - | Lower 10% of loan market rate | 2 | - | Operating capital | - | None | - | 804,605 | 804,605 | Note 4, 5 |
| 3 | Hong Kong Chlitina International Limited | Yong Li Trading Company Limited | Other receivables | Yes | 31,750 | 31,750 | - | Lower 10% of loan market rate | 2 | - | Operating capital | - | None | - | 6,462,683 | 6,462,683 | Note 4, 6 |
| 4 | Yong Li Trading Company Limited | Vinh Le Company Limited | Other receivables | Yes | 9,100 | 9,100 | 1,690 | Lower 10% of loan market rate | 2 | - | Operating capital | - | None | - | 15,425 | 15,425 | 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\$7,000,000.

Note 9: The line of credit to Hong Kong Chlitina International Limited amounted to CNY\$670,000.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Provision of endorsements and guarantees to others
Nine months ended September 30, 2022

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, 2022 | Outstanding endorsement/ guarantee amount at September 30, 2022 | 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 | \$ 1,292,537 | \$ 572,500 | \$ - | \$ - | \$ - | - | \$ 3,231,342 | 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, 2022

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, 2022 | | | | | |
|--|---|--|--|--|------------|---------------|------------|----------|--|
| | | | | Number of shares (in thousand shares/thousand unit) | Book value | Ownership (%) | Fair value | Footnote | |
| Hong Kong Chlitina International Limited | Onward Therapeutics SA | None | Financial assets at fair value through profit or loss non- current | 2,290 | \$ 104,176 | 4.00% | \$ 104,176 | None | |
| Hainan Shoumao Investment Limited | Yingyi Stem Cell Biotechnology (Hainan) Co., Ltd. | None | Financial assets at fair value through profit or loss non- current | - | 132,902 | 5.62% | 132,902 | 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, 2022

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 | ICBC Credit Suisse Salary Monetary Fund | Financial assets at fair value through profit or loss - current | - | - | - | \$ - | 895,000,000 | \$ 3,963,508 | 895,000,000 | \$ 3,967,666 | \$ 3,963,508 | \$ 4,158 | - | \$ - | |
| Weishuo (Shanghai) Daily Product Limited | ICBC Credit Suisse Salary Monetary Fund | Financial assets at fair value through profit or loss - current | - | - | - | - | 43,000,000 | 190,426 | 43,000,000 | 190,591 | 190,426 | 165 | - | - | |

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 NTS300 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 NTS10 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, 2022

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 | | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | | |
| Chlitina (China) Trade Limited | Weishuo (Shanghai) Daily Product Limited | Subsidiary | Purchases | \$ 413,746 | 74% | - | 60 days after monthly billings | - | (\$ 131,607) | 64% | Note 1 |
| British Virgin IS. Chlitina Intelligence Limited Taiwan Branch | Chlitina (China) Trade Limited | Subsidiary | Trademark license | 159,871 | 100% | - | Note 2 | - | 59,730 | 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, 2022

Table 6

Expressed in thousands of TWD
 (Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at September 30, 2022 | 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 | \$ 131,607 | 3.57 | \$ - | - | \$ 66,757 | \$ - | 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, 2022

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 | |
| 1 | Weishuo (Shanghai) Daily Product Limited | Chlitina (China) Trade Limited | 3 | Sales | \$ 413,746 | 60 days after monthly billings 14% |
| 1 | Weishuo (Shanghai) Daily Product Limited | Chlitina (China) Trade Limited | 3 | Accounts receivable | 131,607 | 60 days after monthly billings 1% |
| 2 | Hong Kong Chilitina International Limited | Weishuo (Shanghai) Daily Product Limited | 3 | Sales | 25,130 | 60 days after monthly billings 1% |
| 3 | British Virgin IS. Chlitina Marketing Limited Taiwan Branch | Hong Kong Chilitina International Limited | 3 | Sales | 24,487 | 60 days after monthly billings 1% |
| 4 | British Virgin IS. Chlitina Intelligence Limited Taiwan Branch | Chlitina (China) Trade Limited | 3 | Trademark right income | 159,871 | In accordance with mutual agreements 5% |
| 4 | British Virgin IS. Chlitina Intelligence Limited Taiwan Branch | Chlitina (China) Trade Limited | 3 | Accounts receivable | 59,730 | In accordance with mutual agreements 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, 2022

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, 2022 | | | | | Footnote |
|--------------------------------|---|------------------------|--|----------------------------------|---------------------------------|----------------------------------|---------------|--------------|-----------------------------------|------------------------------------|----------|
| | | | | Balance as at September 30, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | Net profit (loss) of the investee | Share of profit (loss) of investee | |
| Chlitina Holding Limited | Chlitina Group Limited | British Virgin Islands | Investing | \$ 800,147 | \$ 651,928 | 2,728,707,348 | 100 | \$ 6,854,980 | \$ 698,295 | \$ 698,295 | |
| Chlitina Group Limited | Chlitina International Limited | British Virgin Islands | Investing | 717,661 | 569,442 | 25,470,001 | 100 | 6,689,287 | 603,187 | - | Note 1 |
| Chlitina Group Limited | Chlitina Intelligence Limited | British Virgin Islands | Investing and researching | - | - | 1 | 100 | 164,772 | 95,092 | - | Note 1 |
| Chlitina Group Limited | W-Amber International Limited | British Virgin Islands | Investing | 50,880 | 50,880 | 1,150,000 | 100 | 74 | 7 | - | Note 1 |
| Chlitina Group Limited | W-Champion International Limited | British Virgin Islands | Investing | 34,518 | 34,518 | 930,000 | 100 | 38 | 4 | - | Note 1 |
| Chlitina Group Limited | C-Asia International Limited | British Virgin Islands | Investing | 920 | 920 | 20,000 | 100 | 103 | 10 | - | 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 | 6,462,683 | 630,946 | - | Note 1 |
| Chlitina International Limited | Chlitina Marketing Limited | British Virgin Islands | Investing and trading of skincare products | 470,025 | 397,038 | 15,742,882 | 100 | 210,560 | (25,868) | - | 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 |
| Chlitina International Limited | K&S Biomedical Ltd. | Taiwan | Trading of skincare products and daily necessities | 70,000 | - | - | 100 | 68,112 | (1,888) | - | Note 1 |

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Information on investees
Nine months ended September 30, 2022

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, 2022 | | | Share of profit | | Footnote |
|---|---|-----------|---|----------------------------------|---------------------------------|----------------------------------|---------------|------------|-----------------------------------|--------------------|-----------|
| | | | | Balance as at September 30, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | Net profit (loss) of the investee | (loss) of investee | |
| Hong Kong Chilitina International Limited | Hong Kong Crystal-Asia International Limited | Hong Kong | Investing | \$ 69,642 | \$ 69,642 | 2,300,000 | 100 | \$ 42,859 | (\$ 4,726) | \$ - | Note 1 |
| Hong Kong Chilitina International Limited | Hong Kong W-Champion International Limited | Hong Kong | Investing | 61,865 | 61,865 | 2,950,000 | 100 | 56,344 | (4,007) | - | Note 1 |
| Hong Kong Chilitina International Limited | Hong Kong W-Amber International Limited | Hong Kong | Investing | 857,939 | 857,939 | 180,603,060 | 100 | 399,872 | (142,561) | - | Note 1 |
| Hong Kong Chilitina International Limited | Yong Li Trading Company Limited | Vietnam | Dealer of skincare products | 38,218 | 38,218 | - | 100 | 15,425 | (7,460) | - | Note 1 |
| Hong Kong Chilitina International Limited | HUAPAO SDN. BHD. | Malaysia | Dealer of skincare products | 3,502 | 3,502 | 500,000 | 100 | 3,012 | 237 | - | Note 1 |
| Hong Kong Chilitina International Limited | General Biologicals Corp. | Taiwan | Manufacturing of medical appliances | 177,624 | 177,624 | 11,805,203 | 19.73 | 216,735 | (10,571) | - | Note 1, 2 |
| Hong Kong Chilitina International Limited | Hong Kong Jing Tai International Investment Limited | Hong Kong | Investment consulting and general trade | 4,392 | 4,392 | 1,000,000 | 100 | 3,957 | (321) | - | 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 | 3,003 | - | 100 | (1,498) | (1,313) | - | Note 1, 3 |

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Information on investees
Nine months ended September 30, 2022

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, 2022 | | | Net profit (loss) of the investee | Share of profit (loss) of investee | Footnote |
|---|--|------------------------|---|----------------------------------|---------------------------------|----------------------------------|---------------|------------|-----------------------------------|------------------------------------|----------|
| | | | | Balance as at September 30, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Hong Kong W-Amber International Limited | Hong Kong Crystal International Services Limited | Hong Kong | Investing, dealer of skincare products and supplementary health care products | \$ - | \$ 3,050 | - | - | \$ - | - | \$ - | Note 1 |
| Chlitina (China) Trade Limited | Hong Kong Crystal International Services Limited | Hong Kong | Investing, dealer of skincare products and supplementary health care products | 2,754 | - | 100,000 | 100 | 2,676 | (231) | - | Note 1 |
| W-Champion International Limited | W-Champion Marketing Limited | British Virgin Islands | Investing | 31,783 | 31,783 | 930,000 | 100 | 38 | 4 | - | Note 1 |
| W-Amber International Limited | W-Amber Marketing Limited | British Virgin Islands | Investing | 56,280 | 56,280 | 1,150,000 | 100 | 44 | 4 | - | Note 1 |
| Hong Kong Jing Tai International Investment Limited | WAN JU International Investment Limited | Taiwan | Investing | 2,000 | 2,000 | 200,000 | 100 | 1,754 | (89) | - | 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, 2022, the investment loss on General Biologicals Corp. was \$358.

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, 2022

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, 2022 | 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 | \$ 308,631 | 2 | \$ - | \$ - | \$ - | \$ - | \$ 868,814 | 100 | \$ 868,814 | \$ 5,581,351 | \$ - | |
| Shanghai Zhe Mei Technology Training Co., Ltd. | Cosmetology training services | 78,302 | 2 | - | - | - | - | (15,691) | 100 | (15,691) | 6,880 | - | |
| Weishuo (Shanghai) Daily Product Limited | Production and trading of skincare products | 64,207 | 2 | - | - | - | - | 8,165 | 100 | 8,165 | 804,605 | - | |
| Weihu (Shanghai) Trade Limited | Investing, dealer of skincare products and supplementary health care products | 605,565 | 2 | - | - | - | - | (108,032) | 100 | (108,032) | 124,130 | - | |
| Crystal Asia Shanghai Limited | Dealer of skincare products and supplementary health care products | 87,189 | 2 | - | - | - | - | (16,712) | 100 | (16,712) | 60,893 | - | |

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2022

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, 2022 | 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 | \$ 9,868 | 2 | \$ - | \$ - | \$ - | \$ - | (\$ 1,493) | 100 | (\$ 1,493) | \$ 5,187 | \$ - | |
| Wuguan (Shanghai) Trade Limited | Dealer of skincare products and supplementary health care products | 64,193 | 2 | - | - | - | - | (4,153) | 100 | (4,153) | 25,592 | - | |
| Shanghai Yuanshuo Management Consulting Limited | Enterprise management consulting and investing | 396,516 | 2 | - | - | - | - | (91,017) | 100 | (91,017) | 94,732 | - | |
| Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd. | Medical cosmetology services | 103,346 | 2 | - | - | - | - | (21,382) | 100 | (21,382) | 1,387 | - | |
| Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd | Medical cosmetology services | 29,810 | 2 | - | - | - | - | (15,586) | 100 | (15,586) | (3,394) | - | |
| Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd. | Medical cosmetology services | 43,374 | 2 | - | - | - | - | (15,656) | 100 | (15,656) | 12,147 | - | |

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2022

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, 2022 | Accumulated amount of investment income remitted back to Taiwan | Footnote |
|---|---|-----------------|----------------------------------|--|---|----------------------------|--|---|---|---|--|--|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Shanghai Lunxin Medical Beauty Clinic Co., Ltd. | Medical cosmetology services | \$ 25,905 | 2 | \$ - | \$ - | \$ - | \$ - | (\$ 16,303) | 100 | (\$ 16,303) | (\$ 5,529) | \$ - | |
| Jinghe Clinic (Nanjing) Co., Ltd | Dealer of general practice and foods | 87 | 2 | - | - | - | - | (1,096) | 100 | (1,096) | 2,935 | - | |
| Shanghai Hedeng Clinic Co., Ltd. | Dealer of general practice | 2,357 | 2 | - | - | - | - | (364) | 100 | (364) | 1,378 | - | |
| Cui Jei (Shanghai) Trading Co. Ltd. | Dealer of health food and daily necessities | 6,055 | 2 | - | - | - | - | 480 | 100 | 480 | 5,790 | - | |
| Shanghai Zhongye Trade Co., Ltd. | Retail of cosmetics and manicure service | 29,258 | 2 | - | - | - | - | 49,578 | 30 | 504 | - | - | |
| Hainan Shoumao Investment Limited | Enterprise management consulting and investing | 151,515 | 2 | - | - | - | - | (10,901) | 100 | (10,901) | 144,343 | - | |

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2022

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, 2022 | Accumulated amount of investment income remitted back to Taiwan | Footnote |
|---|---|--|---|--|---|----------------------------|--|---|---|---|--|--|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Shanghai Jiekan Trading Co., Ltd. | Dealer of skincare products and health food | \$ 13,129 | 2 | \$ - | \$ - | \$ - | \$ - | (\$ 9,486) | 100 | (\$ 9,486) | \$ 3,838 | \$ - | |
| Shanghai Yongxiang Trading Co., Ltd. | Retail of cosmetics and manicure service | 88,399 | 2 | - | - | - | - | (6,812) | 100 | (6,812) | 82,580 | - | |
| 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 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
Major shareholders information
September 30, 2022

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 |

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.