CHLITINA HOLDING LIMITED
AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2014 and 2013
(With Independent Auditors' Report Thereon)

Address: Cricket Square, Hutchins Drive, PO Box 2681,
Grand Cayman, KY1-1111, Cayman Islands
Tel: 86 21 22201388

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F, TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei, 11049, Taiwan, R.O.C.
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 www.kpmg.com.tw

Independent Auditors' Report

The Board of Directors
CHLITINA HOLDING LIMITED:

We have audited the accompanying consolidated balance sheets of CHLITINA HOLDING LIMITED and subsidiaries (the Group) as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income as well as the consolidated statements of changes in stockholders' equity and of cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations.

KPMG

KPMG
March 12, 2015

Note to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

CHLITINA HOLDING LIMITED and subsidiaries

Consolidated Balance Sheets

December 31, 2014 and 2013

(All amounts expressed in thousands dollars)

Assets	December 31, 2014 CNY	December 31, 2014 TWD	%	December 31, 2013 CNY	December 31, 2013 TWD	%
Current assets:						
Cash and cash equivalents (notes 6(a) and (r))	$ 473,341	2,410,252	55	537,988	2,646,363	61
Financial assets at fair value through profit or loss – current (notes 6(b) and (r))	6	31	-	13,830	68,030	1
Accounts receivable, net (notes 6(c) and (r))	19	97	-	105	516	-
Accounts receivable – related parties, net (notes 6(c), (r) and 7)	5,394	27,466	1	1,124	5,529	-
Other receivables (notes 6(c) and (r))	1,750	8,911	-	2,406	11,835	1
Other receivables – related parties (notes 6(c), (r) and 7)	6,381	32,492	1	682	3,355	-
Inventories (note 6(d))	47,021	239,431	5	47,742	234,843	6
Prepayments (note 7)	8,936	45,502	1	14,111	69,412	2
Other current financial assets (notes 6(e) and (r))	42,582	216,827	5	21,500	105,759	2
Other current assets	2,633	13,407	-	2,874	14,137	-
Total current assets	588,063	2,994,416	68	642,362	3,159,779	73
Non-current assets:						
Investments accounted for using equity method (note 6(f))	16,708	85,077	2	-	-	-
Property, plant and equipment (notes 6(g), 7 and 8)	225,578	1,148,643	26	225,518	1,109,323	26
Intangible assets (note 6(h))	21,061	107,244	3	-	-	-
Deferred income tax assets (note 6(l))	12,108	61,654	1	13,276	65,305	1
Other non-current assets	456	2,322	-	650	3,197	-
Total non-current assets	275,911	1,404,940	32	239,444	1,177,825	27
Total assets	$ 863,974	4,399,356	100	881,806	4,337,604	100

Liabilities and Stockholders' Equity	December 31, 2014 CNY	December 31, 2014 TWD	%	December 31, 2013 CNY	December 31, 2013 TWD	%
Current liabilities:						
Current portion of long-term borrowings (notes 6(j), (r) and 8)	$ -	-	-	7,657	37,665	1
Accounts payable (note 6(r))	6,771	34,478	1	2,922	14,373	-
Accounts payable – related parties (notes 6(r) and 7)	1,578	8,035	-	4,189	20,606	-
Other payables (note 6(r))	31,572	160,765	4	15,150	74,523	3
Other payables – related parties (notes 6(r) and 7)	3,711	18,896	-	2,520	12,396	-
Current income tax liabilities	14,954	76,146	2	16,143	79,407	2
Advance receipts	40,010	203,731	5	49,198	242,005	6
Guarantee deposits	53,575	272,804	6	42,770	210,386	5
Other current liabilities (note 6(i))	56,353	286,949	6	57,995	285,277	6
Total current liabilities	208,524	1,061,804	24	198,544	976,638	23
Non-current liabilities:						
Long-term borrowings (notes 6(j), (r) and 8)	-	-	-	78,324	385,276	9
Accrued pension liabilities (note 6(k))	1,565	7,969	-	1,980	9,739	-
Total non-current liabilities	1,565	7,969	-	80,304	395,015	9
Total liabilities	210,089	1,069,773	24	278,848	1,371,653	32
Equity attributable to shareholders of the parent (notes 6(m) and (n)):						
Common stock	161,772	794,924	18	160,398	757,070	17
Capital surplus	286,950	1,419,463	32	290,018	1,411,501	33
Retained earnings:						
Legal reserve	21,217	102,821	3	6,903	33,520	1
Unappropriated retained earnings	174,019	884,868	20	149,673	710,975	16
	195,236	987,689	23	156,576	744,495	17
Other equities:						
Financial statements translation differences for foreign operations	9,927	127,507	3	(4,034)	52,885	1
Total equity	653,885	3,329,583	76	602,958	2,965,951	68
Total liabilities and stockholders' equity	$ 863,974	4,399,356	100	881,806	4,337,604	100

See accompanying notes to financial statements.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

(All amounts expressed in thousands dollars)

	2014			2013		
	CNY	TWD	%	CNY	TWD	%
Operating revenue (notes 6(p) and 7)	$ 624,237	3,071,369	100	559,068	2,701,472	100
Operating costs (notes 6(d), (g), (k), 7 and 12)	120,226	591,535	19	120,700	583,234	22
Gross profit	504,011	2,479,834	81	438,368	2,118,238	78
Operating expenses (notes 6(g), (h), (k), (m), (n), 7 and 12):						
Selling expenses	220,312	1,083,978	35	173,718	839,423	31
Administrative expenses	105,273	517,964	17	96,726	467,389	17
Total operating expenses	325,585	1,601,942	52	270,444	1,306,812	48
Operating profit	178,426	877,892	29	167,924	811,426	30
Non-operating income and expenses (note 6(q)):						
Other income	26,521	130,489	4	11,008	53,192	2
Other gains and losses	1,001	4,925	-	3,174	15,337	1
Finance costs	(3,257)	(16,025)	-	(2,690)	(12,998)	(1)
Total non-operating income and expenses	24,265	119,389	4	11,492	55,531	2
Net income before tax	202,691	997,281	33	179,416	866,957	32
Less: income tax expenses (note 6(l))	49,072	241,444	8	35,953	173,729	6
Net income	153,619	755,837	25	143,463	693,228	26
Other comprehensive income (loss) (notes 6(k) and (m)):						
Financial statement translation differences for foreign operations	13,961	74,622	2	(3,224)	64,152	2
Actuarial gains (losses) on defined benefit plans	375	1,907	-	(686)	(3,372)	-
Less: income tax expense relating to components of other comprehensive income (loss)	-	-	-	-	-	-
Other comprehensive income (loss), net of tax	14,336	76,529	2	(3,910)	60,780	2
Total comprehensive income	$ 167,955	832,366	27	139,553	754,008	28
Earnings per share (note 6(o)):						
Basic earnings per share (in dollars)	$ 1.93	9.51		2.01	9.70	
Diluted earnings per share (in dollars)	$ 1.93	9.50		2.01	9.70	

See accompanying notes to financial statements.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

(All amounts expressed in thousands dollars)

	Equity attributable to shareholders of the parent													
	Common stock		Capital surplus		Legal reserve		Retained earnings Unappropriated earnings		Total		Financial statement translation differences for foreign operations		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Balance at January 1, 2013	$ 142,097	668,000	56	271	-	-	71,576	335,199	71,576	335,199	(810)	(11,267)	212,919	992,203
Appropriation and distributions:														
Legal reserve appropriated	-	-	-	-	6,903	33,520	(6,903)	(33,520)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(57,777)	(280,560)	(57,777)	(280,560)	-	-	(57,777)	(280,560)
Share-based payments	-	-	809	3,924	-	-	-	-	-	-	-	-	809	3,924
Net income	-	-	-	-	-	-	143,463	693,228	143,463	693,228	-	-	143,463	693,228
Other comprehensive income (loss)	-	-	-	-	-	-	(686)	(3,372)	(686)	(3,372)	(3,224)	64,152	(3,910)	60,780
Total comprehensive income (loss)	-	-	-	-	-	-	142,777	689,856	142,777	689,856	(3,224)	64,152	139,553	754,008
Issue of shares	18,301	89,070	289,153	1,407,306	-	-	-	-	-	-	-	-	307,454	1,496,376
Balance at December 31, 2013	160,398	757,070	290,018	1,411,501	6,903	33,520	149,673	710,975	156,576	744,495	(4,034)	52,885	602,958	2,965,951
Appropriation and distributions:														
Legal reserve appropriated	-	-	-	-	14,403	69,323	(14,403)	(69,323)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(102,243)	(492,096)	(102,243)	(492,096)	-	-	(102,243)	(492,096)
Stock dividends	7,865	37,854	-	-	-	-	(7,865)	(37,854)	(7,865)	(37,854)	-	-	-	-
Exchange differences on translation of functional currency	(6,491)	-	(3,068)	7,962	(89)	(22)	(5,137)	15,422	(5,226)	15,400	-	-	(14,785)	23,362
Net income	-	-	-	-	-	-	153,619	755,837	153,619	755,837	-	-	153,619	755,837
Other comprehensive income (loss)	-	-	-	-	-	-	375	1,907	375	1,907	13,961	74,622	14,336	76,529
Total comprehensive income (loss)	-	-	-	-	-	-	153,994	757,744	153,994	757,744	13,961	74,622	167,955	832,366
Balance at December 31, 2014	$ 161,772	794,924	286,950	1,419,463	21,217	102,821	174,019	884,868	195,236	987,689	9,927	127,507	653,885	3,329,583

See accompanying notes to financial statements.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(All amounts expressed in thousands dollars)

		2014		2013	
		CNY	TWD	CNY	TWD
Cash flows from operating activities:					
Consolidated net income before tax	$	202,691	997,281	179,416	866,957
Adjustments:					
Adjustments to reconcile profit and loss					
Depreciation		17,474	85,975	12,131	58,618
Amortization		426	2,096	-	-
Net gains on financial assets at fair value through profit or loss		(1,478)	(7,272)	(1,883)	(9,099)
Interest expenses		3,257	16,025	2,690	12,998
Interest income		(9,692)	(47,687)	(3,470)	(16,767)
Share-based payments		-	-	809	3,924
Loss on disposal of property, plant and equipment		39	192	27	130
Total adjustments to reconcile profit and loss		10,026	49,329	10,304	49,804
Changes in assets / liabilities relating to operating activities:					
Net changes in operating assets:					
Accounts receivable		86	438	55	271
Accounts receivable—related parties		(4,270)	(21,743)	861	4,235
Other receivable		184	937	(584)	(2,873)
Other accounts receivable—related parties		(5,699)	(29,019)	2,963	14,575
Inventories		721	3,671	(5,150)	(25,333)
Prepayments		5,175	26,351	(4,865)	(23,931)
Other current assets		241	1,227	(424)	(2,085)
Total changes in operating assets, net		(3,562)	(18,138)	(7,144)	(35,141)
Net changes in operating liabilities:					
Accounts payable		3,849	19,599	(1,350)	(6,641)
Accounts payable—related parties		(2,611)	(13,295)	51	251
Other payables		5,396	27,476	1,400	6,887
Other payables—related parties		1,191	6,065	(2,276)	(11,196)
Advance receipts		(9,188)	(46,785)	(2,691)	(13,237)
Other current liabilities		(550)	(2,801)	16,560	81,459
Accrued pension liabilities		28	143	24	117
Guarantee deposits		10,805	55,019	11,079	54,498
Total changes in operating liabilities, net		8,920	45,421	22,797	112,138
Total changes in operating assets / liabilities, net		5,358	27,283	15,653	76,997
Total adjustments		15,384	76,612	25,957	126,801
Cash provided by operating activities		218,075	1,073,893	205,373	993,758
Income tax paid		(49,093)	(249,982)	(40,433)	(198,890)
Net cash provided by operating activities		168,982	823,911	164,940	794,868
Cash flows from investing activities:					
Acquisition of financial assets at fair value through profit or loss		(665,820)	(3,390,355)	(344,167)	(1,692,957)
Proceeds from disposal of financial assets at fair value through profit or loss		681,122	3,468,273	374,088	1,840,139
Proceeds from disposal of available-for-sale financial assets		-	-	15,064	74,100
Acquisition of investments accounted for using equity method		(15,382)	(78,325)	-	-
Acquisition of property, plant and equipment		(18,497)	(94,187)	(132,881)	(653,642)
Proceeds from disposal of property, plant and equipment		74	374	-	-
Acquisition of intangible assets		(12,838)	(65,371)	-	-
Increase in other financial assets		(21,082)	(107,350)	(20,000)	(98,380)
Decrease (increase) in other non-current assets		194	988	(650)	(3,197)
Interest received		10,164	50,009	2,788	13,472
Net cash used in investing activities		(42,065)	(215,944)	(105,758)	(520,465)
Cash flows from financing activities:					
Proceeds from long-term borrowings		-	-	57,198	281,357
Repayments of long-term borrowings		(85,981)	(437,815)	(4,334)	(21,319)
Cash dividends paid		(102,243)	(492,096)	(57,777)	(280,560)
Issue of shares		-	-	307,454	1,496,376
Interest paid		(3,257)	(16,025)	(2,690)	(12,998)
Net cash provided by (used in) financing activities		(191,481)	(945,936)	299,851	1,462,856
Effects of changes in exchange rates		(83)	101,858	(3,230)	60,122
Increase (decrease) in cash and cash equivalents		(64,647)	(236,111)	355,803	1,797,381
Cash and cash equivalents at beginning of period		537,988	2,646,363	182,185	848,982
Cash and cash equivalents at end of period	$	473,341	2,410,252	537,988	2,646,363

See accompanying notes to financial statements.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(All amounts expressed in thousands dollars unless otherwise stated)

(1) Company history

CHLITINA HOLDING LIMITED (the Company) was incorporated in Cayman Islands on July 3, 2012, as a corporation limited by shares in accordance with the Companies Act, Cap 22 of the Cayman Islands. In order to publish the stock in Taiwan Stock Exchange, the subsidiaries were reorganized by changing the stocks. This is a holding company with no corporate income tax that should be imposed according to the local law and has limited liability. The Company and its subsidiaries (the Group) are mainly engaged in the manufacture and sale of cosmetics, instead of professional investment. On November 27, 2013, the Company was approved and listed on Taiwan Stock Exchange (TWSE).

(2) Financial statements authorization date and authorization process

The consolidated financial statements were approved by the Board of Directors and published on March 12, 2015.

(3) New and amendments to standards and interpretations not yet adopted

The new standards and amendments issued by the IASB that may have an impact to the consolidated financial statements but not yet included in the IFRS.

New standards and amendments and interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 10 and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2016
IFRS 10, IFRS 12 and IAS 28 " Investment Entities-Applying the Consolidation Exception"	January 1, 2016
IFRS 11 "Acquisitions of an Interest in Joint Operation"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
IAS 1 "Disclosure initiative"	January 1, 2016
IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
IAS 16 and IAS 41"Bearer Plants"	January 1, 2016
IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
IAS 27 "Separate Financial Statements"	January 1, 2016
IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

The Group is currently evaluating the impact from the abovementioned standards and amendments and interpretations on the Groups' financial position and operating results. Any related impact will be disclosed when the evaluation is completed.

(Continued)

(4) Summary of Significant Accounting Policies

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized as follows. Except for those described otherwise, the accounting policies have been applied consistently to all periods presented in these financial statements. In order to follow the requirements of an entity being primarily listed on Taiwan Stock Exchange (TWSE), these consolidated financial statements have been arranged and prepared according to the comparison table of account codes for general industries announced by the Taiwan security authorities, that has no influence on these financial statements, which were prepared for the purpose of transitioning to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations (hereinafter referred to as the IFRSs) applied to these consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the IFRSs.

(b) Basis of preparation

i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

i. Available-for-sale financial instruments measured at fair market value.

ii. Pension liabilities measured at the sum of pension asset, unrecognized prior service cost, and unrecognized actuarial loss, less, unrecognized actuarial gain, and the present value of the defined benefit obligations.

ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in Chinese Yuan (CNY). The assets and liabilities of foreign operations are translated to the Group's presented currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's presented currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars (TWD) has been rounded to the nearest thousand. Translated into TWD are the following exchange rates after the consolidation: Assets and liabilities - spot rates at reporting date; income and expenses - average rates during the period; shareholders' equity - historical rates. The resulting translation adjustments are recorded as cumulative translation adjustments under shareholders' equity. As of December 31, 2014 and 2013, the spot rates of CNY to TWD were CNY1=TWD5.0920 and CNY1=TWD4.9190, respectively; for the years December 31, 2014 and 2013, the average rate of CNY to TWD were CNY1=TWD4.9202 and CNY1=TWD4.8321, respectively.

(c) Basis of consolidation

i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

ii) List of subsidiaries in the consolidated financial statements

Name of subsidiary	Primary business	The creating location/date	Percentage of ownership of the Company Direct	Indirect	Issuing and paid-in /authorized capital
Chlitina Group Limited	Investing	British Virgin IS. November 8, 2011	100%		USD20,010,000/ USD20,010,000
Chlitina International Limited	Investing	British Virgin IS. June 25, 2007	-	100%	USD17,000,001/ USD17,000,001
Chlitina Marketing Limited	Investing	British Virgin IS. November 8, 2012	-	100%	USD10,695,997/ USD10,695,997
Hong Kong Chlitina International Limited (Hong Kong Chlitina)	Investing and trading of skincare products	Hong Kong December 15, 2009	-	100%	HKD62,150,001/ HKD62,150,001
Chlitina Intelligence Limited	Holder of intelligence	British Virgin IS. April 3, 2012	-	100%	USD1/ USD1
Centre de Recherche et de Developpement de CHLITINA FRANCE EURL (Chlitina France EURL)	Research and development center	France June 9, 2008	-	100%	EUR5,000/ EUR5,000
Chlitina (Shanghai)Trade Limited (Predecessor: Shanghai YONG-JI Trade Limited, Chlitina Shanghai)	Dealer of skincare products and supplementary health care products	China November 14, 2006	-	100%	USD8,570,000/ USD8,570,000
Weishuo (Shanghai) Daily Product Limited (Weishuo)	Production and trading of skincare products	China February 28, 2007	-	100%	USD2,150,000/ USD2,150,000
Hong Kong Chlitina International Limited Taiwan Branch (Hong Kong Chlitina Taiwan Branch)	Trading of skincare products	Republic of China May 2, 2012	-	100%	Working Capital TWD5,000 thousand
Chlitina Marketing Limited Taiwan Branch (Chlitina Marketing Taiwan Branch)	Trading of skincare products and research and development center	Republic of China December 27, 2012	-	100%	Working Capital TWD256,084 thousand
Crystal Asia International Limited	Investing	British Virgin IS. May 7, 2014	-	100%	USD3,000,000/ USD3,000,000
Crystal Asia Marketing Limited	Investing	British Virgin IS. May 7, 2014	-	100%	USD3,000,000/ USD3,000,000

(Continued)

Name of subsidiary	Primary business	The creating location/date	Percentage of ownership of the Company Direct	Indirect	Issuing and paid-in /authorized capital
Hong Kong Crystal Asia International Limited	Investing	Hong Kong July 11, 2014	-	100%	HKD8,500,000/ HKD8,500,000
Wuguan (Shanghai)Trade Limited (Wuguan)	Dealer of skincare products and supplementary health care products	Hong Kong November 14, 2014	-	100%	(Note 1)/ USD200,000
Weihu (Shanghai)Trade Limited (Weihu)	Investing, dealer of skincare products and supplementary health care products	Hong Kong November 6, 2014	-	100%	(Note 1)/ USD200,000

(Note 1) the capital has not been injected.

(d) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on remeasurement are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the remeasurement:

i) available-for-sale equity investment;

ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

iii) qualifying cash flow hedges to the extent the hedge is effective.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

The functional currency of the Company was the US Dollar. According to the rules in the declaration law of the financial statement published by listed companies in Taiwan, the consolidated financial statement should be reported as TWD. Considering the management policy of the Group, the main function of the Company is to plan a finance operating activity and to raise resources in TWD. In response to the rules and the policy mentioned above, the management of the Group decided to change the functional currency from US Dollar to New Taiwan Dollar. According to TAS21-The Effect of Changes in Foreign Exchange Rate, the change should prospectively apply beginning January 1 2014.

(e) Classification of current and non-current assets and liabilities

i) An entity shall classify an asset as current when:

i. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

ii. It holds the asset primarily for the purpose of trading;

iii. It expects to realize the asset within twelve months after the reporting period; or

iv. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

ii) An entity shall classify a liability as current when:

i. It expects to settle the liability in its normal operating cycle;

ii. It holds the liability primarily for the purpose of trading;

iii. The liability is due to be settled within twelve months after the reporting period even if a refinancing or a revised repayment plan is arranged between the reporting date and the issuance date of the financial statements; or

iv. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by using equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

(f) Cash and cash equivalents

Cash and cash equivalents comprised cash balances, time deposits, and short-term investments with high liquidity that are subject to an insignificant risk of changes in their fair value.

The time deposits with maturity of three months or less from the acquisition date that are listed in cash and cash equivalents which are held for the purpose of meeting short-term cash commitments instead of investment or other purposes are readily convertible to a fixed amount of cash, and are subject to an insignificant risk of changes in value.

(g) Financial instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using the trade-date accounting.

i) Financial assets

The Group classifies financial assets into the following categories:

i. Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is acquired principally for the purpose of selling or repurchasing in the short term. This type of financial asset is measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expense.

ii. Available-for sale financial assets

Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in non-operating income and expense.

Dividend income is recognized in profit or loss on the date when the Group's right to receive payment is established. However, in the case of quoted securities, the ex-dividend date is normally recognized. Such dividend income is included in non-operating income and expense.

iii. Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise trade receivables, other receivables, and other current financial assets. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using the trade-date accounting.

Interest income is recognized in profit or loss, and it is included in non-operating income and expense.

(Continued)

iv. Impairment of financial assets

A financial asset is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

The objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred the adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries are recognized in profit or loss under non-operating income and expense.

v. Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the group transfers substantially all the risks and rewards of ownership of the financial assets.

(Continued)

ii) Financial liabilities and equity instruments

i. Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, accounts payable (including related parties), other payables and guarantee deposits, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income and expense.

ii. Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation expires or has been discharged or cancelled. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income and expense.

iii. Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Operating lease

When the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except when an alternative basis is more of a representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity, and an allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If the actual capacity is higher than the normal capacity, fixed production overhead should be allocated based on the actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to the current year's cost of goods sold. If the net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(Continued)

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for under equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(k) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

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 shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight line method over its useful life. Assets are evaluated based on their individually significant components, and if the useful life of a component varies from that of others, then this component should be separately depreciated. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Buildings	20 years
Machinery equipment	10 years
Transportation equipment	2~10 years
Furniture and fixtures and other equipment	2~5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(l) Intangible asset

Computer software is measured at cost, less, accumulated amortization. And subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

The depreciable amount is the cost of an asset or other amount substituted for cost, less, its residual values.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of computer software is 5 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(m) Impairment—non-financial assets

With regard to non financial assets (other than inventories and deferred income tax assets), the Group assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred, and estimates the recoverable amount for assets with an indication of impairment. If it is not possible to determine the recoverable amount for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value, less, costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount, increasing the individual asset's or cash generating unit's carrying amount to its estimated recoverable amount. The reversal of an impairment loss of an individual asset or cash generating unit cannot exceed the carrying amount of the individual asset or cash generating unit, less, any depreciation or amortization, had it not recognized an impairment loss.

(n) Interest-bearing borrowing

Interest-bearing borrowings are recognized initially at fair value, less, attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and the redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable. Provided it is probable that the economic benefits will flow to the Group, the revenue and costs, if applicable, can be measured reliably. Revenue is recognized in profit or loss as follows:

i) Sale of goods

Revenue is recognized when the goods are delivered at customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other taxes, and is after the deduction of any trade discounts.

ii) Franchise income and training service income

One-off franchise income is recognized upon the newly-joined stores' signing of the franchise contract to join the salon channel. Service revenue from direct-operational salon is recognized upon the accomplishment of the services. Revenue received prior to the rendition of the services is recognized as unearned revenue.

iii) Service income

Processing service income is recognized upon the rendition of the service.

iv) Dividends

Dividend income from unlisted investments is recognized when the shareholders right to receive payment is established.

Dividend income from listed investments is recognized when the share price of the investment becomes ex-dividend.

v) Government grants

Grants that compensate the group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(Continued)

vi) Interest income

Interest income is recognized as it accrues using the effective interest method.

(p) Defined benefit plans

i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when related services are provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Income taxes

Income tax expenses include both current taxes and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be recognized in profit or loss.

(Continued)

Current taxes comprise the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using the tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred income taxes shall not be recognized for the below exceptions:

i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

iii) Initial recognition of goodwill.

Deferred income tax assets and liabilities shall be measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities may be offset against each other if the following criteria are met:

i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

ii) the taxing of deferred tax assets and liabilities fulfills one of the below scenarios:

    i. levied by the same income taxing authority; or

    ii. levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred income tax assets should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred income tax assets shall also be re-evaluated at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. Earnings per share (EPS) of the common stock are calculated by dividing net income (or loss) for the reporting period attributable to the common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

(Continued)

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have any dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following year's shareholders' meeting, the effect of dilution from these potential shares is taken into consideration.

If the Company may settle the obligation by cash, by issuing shares, or in combination of both cash and shares, profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of profit sharing to employees in stock by the closing price (after considering the dilutive effect of dividends) of the common shares at the end of the reporting period. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until profit sharing to employees to be settled in the form of common stocks are approved by the shareholders in the following year.

(s) Borrowing Costs

Borrowing costs that are directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are capitalized as part of those assets. Interest income earned on restricted bank accounts funded with specific borrowings to construct qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when the qualifying asset is substantially ready for use.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

(5) Significant accounting judgments, estimations, assumptions, and sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated financial statements, the major sources of accounting assumptions, judgments and estimation uncertainty are consistent with the IFRSs.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the note 6(l)—measurement of deferred income tax assets.

(Continued)

(6) Explanation of significant accounts

(a) Cash and Cash equivalents

		December 31, 2014		December 31, 2013	
		CNY	**TWD**	**CNY**	**TWD**
Cash on hand	$	176	896	182	895
Savings deposits		291,490	1,484,267	130,732	643,071
Time deposits		2,749	13,998	301,016	1,480,698
Cash equivalents		178,926	911,091	106,058	521,699
Cash and cash equivalents per consolidated statements of cash flows	$	473,341	2,410,252	537,988	2,646,363

As of December 31, 2014 and , 2013, cash equivalents refer to fixed rate financial instruments registered by Shanghai Stock Exchange with maturities of 7, 14 and 28 days, respectively.

Time deposits with maturity days beyond 3 months are recorded under "Other current financial assets". Please refer to note 6(e) for further information.

Please refer to note 6(r) for the disclosure of sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss — current

		December 31, 2014		December 31, 2013	
		CNY	**TWD**	**CNY**	**TWD**
Fund	$	6	31	13,830	68,030

The Group's financial assets at fair value through profit or loss as of December 31, 2014 were monetary fund of CNY6 thousand (TWD31 thousand) from China Universal Asset Management (Hong Kong) Company Limited. There is no maturity date in the aforementioned investment, and the market value of the fund is published on a regular basis.

The Group's financial assets at fair value through profit or loss as of December 31, 2013 included the monetary fund of CNY10,024 thousand (TWD49,308 thousand) from Fortune SG fund Management Co., Ltd., the bond amounting to CNY3,152 thousand (TWD15,505 thousand) from Bosera funds, and the monetary fund of CNY654 thousand (TWD3,217 thousand) from China Universal Asset Management Company Limited. There are no maturity dates in the aforementioned investments, and the market value of each fund is published on a regular basis.

(c) Accounts receivable and other receivables (include related party)

	December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Accounts receivable	$ 19	97	105	516
Accounts receivable—related parties	5,394	27,466	1,124	5,529
Other receivables	1,750	8,911	2,406	11,835
Other receivables—related parties	6,381	32,492	682	3,355
	$ 13,544	68,966	4,317	21,235

The accounts receivable and other receivables of the Group, net, were not pledged as collateral.

The carrying amounts of notes and accounts receivable of the Group with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

The Group has no aging analysis of overdue accounts revivable and other receivables.

(d) Inventories

The components of the Group's inventories were as follows:

	December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Finished goods	$ 34,960	178,017	37,311	183,533
Work in progress	2,190	11,151	3,866	19,017
Raw materials and supplies	9,871	50,263	6,565	32,293
	$ 47,021	239,431	47,742	234,843

As of December 31, 2014, and December 31, 2013, the inventories of the Group were not pledged as collateral.

Operating costs were as follows:

	2014 CNY	2014 TWD	2013 CNY	2013 TWD
Inventory costs	$ 119,595	588,430	118,119	570,762
Loss on market value of inventory	631	3,105	2,581	12,472
Total	$ 120,226	591,535	120,700	583,234

(e) Other financial assets—current

The components of other financial assets-current at reporting date were time deposits with a maturity of three months and above.

Please refer to note 6(r) for the disclosure of sensitivity analysis and interest rate risk of the financial assets of the Group.

(f) Investments accounted for using equity method

	December 31, 2014 CNY	December 31, 2014 TWD
Associate:		
Beijing Yujia Chengyue Investment Management Limited	$ 16,708	85,077

i) Associate

Summary financial information for investments in associates was as follows (before being adjusted to the Group's proportionate shares):

	2014 CNY	2014 TWD
Total assets	$ 20,064	102,166
Total liabilities	$ 3,231	16,452

	December 31, 2014 CNY	December 31, 2014 TWD
Revenue	$ 7,829	38,520
Net income for the period	$ (7,934)	(39,037)

ii) Assure

As of December 31, 2014, the investment accounted for using equity method of the Group was not pledged as collateral.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six month periods ended are December 31, 2014 and 2013 as follows:

Unit: CNY thousand

		Land	Buildings	Machinery	Transportation	Furniture and fixtures and other equipment	Construction in progress	Total
Cost or deemed cost:								
Balance at January 1, 2014	$	21,487	178,294	6,514	3,131	38,974	5,041	253,441
Additions		-	-	1,069	1,922	7,042	8,464	18,497
Disposals		-	-	(10)	(5)	(530)	-	(545)
Reclassification		-	4,949	3,177	-	1,203	(9,329)	-
Effect of movements in exchange rates		(730)	-	-	-	(162)	-	(892)
Balance at December 31, 2014	$	20,757	183,243	10,750	5,048	46,527	4,176	270,501
Balance at January 1, 2013	$	-	80,069	6,266	2,029	32,139	-	120,503
Additions		22,006	98,225	136	1,102	5,806	6,489	133,764
Disposals		-	-	(139)	-	(43)	-	(182)
Reclassification		-	-	251	-	1,197	(1,448)	-
Effect of movements in exchange rates		(519)	-	-	-	(125)	-	(644)
Balance at December 31, 2013	$	21,487	178,294	6,514	3,131	38,974	5,041	253,441
Depreciation and impairment loss:								
Balance at January 1, 2014	$	-	9,144	1,654	1,045	16,080	-	27,923
Depreciation		-	8,053	759	738	7,924	-	17,474
Disposal		-	-	(5)	(5)	(422)	-	(432)
Effect of changes in exchange rates		-	-	-	-	(42)	-	(42)
Balance at December 31, 2014	$	-	17,197	2,408	1,778	23,540	-	44,923
Balance at January 1, 2013	$	-	4,804	1,206	540	9,410	-	15,960
Depreciation		-	4,340	583	505	6,703	-	12,131
Disposal		-	-	(135)	-	(20)	-	(155)
Effect of movements in exchange rates		-	-	-	-	(13)	-	(13)
Balance at December 31, 2013	$	-	9,144	1,654	1,045	16,080	-	27,923
Carrying value:								
Balance at December 31, 2014	$	20,757	166,046	8,342	3,270	22,987	4,176	225,578
Balance at December 31, 2013	$	21,487	169,150	4,860	2,086	22,894	5,041	225,518

Unit: TWD thousand

	Land	Buildings	Machinery	Transportation	Furniture and fixtures and other equipment	Construction in progress	Total
Cost or deemed cost:							
Balance at January 1, 2014	$ 105,695	877,028	32,042	15,401	191,713	24,797	1,246,676
Additions	-	-	5,443	9,787	35,858	43,099	94,187
Disposals	-	-	(49)	(25)	(2,606)	-	(2,680)
Reclassification	-	25,200	16,177	-	6,126	(47,503)	-
Effect of movements in exchange rates	-	30,846	1,126	541	5,824	872	39,209
Balance at December 31, 2014	$ 105,695	933,074	54,739	25,704	236,915	21,265	1,377,392
Balance at January 1, 2013	$ -	373,122	29,200	9,455	149,768	-	561,545
Additions	105,695	458,429	669	5,421	28,560	31,919	630,693
Disposals	-	-	(672)	-	(207)	-	(879)
Reclassification	-	-	1,235	-	5,887	(7,122)	-
Effect of movements in exchange rates	-	45,477	1,610	525	7,705	-	55,317
Balance at December 31, 2013	$ 105,695	877,028	32,042	15,401	191,713	24,797	1,246,676
Depreciation and impairment loss:							
Balance at January 1, 2014	$ -	44,979	8,136	5,140	79,098	-	137,353
Depreciation	-	39,622	3,734	3,631	38,988	-	85,975
Disposal	-	-	(25)	(25)	(2,076)	-	(2,126)
Effect of movements in exchange rates	-	2,966	417	313	3,851	-	7,547
Balance at December 31, 2014	$ -	87,567	12,262	9,059	119,861	-	228,749
Balance at January 1, 2013	$ -	22,387	5,620	2,516	43,851	-	74,374
Depreciation	-	20,971	2,817	2,440	32,390	-	58,618
Depreciation	-	-	(652)	-	(97)	-	(749)
Effect of movements in exchange rates	-	1,621	351	184	2,954	-	5,110
Balance at December 31, 2013	$ -	44,979	8,136	5,140	79,098	-	137,353
Carrying value:							
Balance at December 31, 2014	$ 105,695	845,507	42,477	16,645	117,054	21,265	1,148,643
Balance at December 31, 2013	$ 105,695	832,049	23,906	10,261	112,615	24,797	1,109,323

(h) Intangible assets

The cost, amortization and impairment loss of intangible assets of the Group were as follows:

	Computer software CNY	Computer software TWD
Cost:		
Balance at January 1, 2014	$ -	-
Additions	21,446	109,203
Effect of movements in exchange rates	41	137
Balance at December 31, 2014	$ 21,487	109,340
Amortization and impairment loss:		
Balance at January 1, 2014	$ -	-
Amortization	426	2,096
Balance at December 31, 2014	$ 426	2,096
Carrying value:		
Balance at December 31, 2014	$ 21,061	107,244

(Continued)

(i) Other current liabilities

The components of other current liabilities of the Group were as follows:

	December 31, 2014		December 31, 2013	
	CNY	TWD	CNY	TWD
Accrued expense	$ 41,046	209,005	45,817	225,374
Tax payable	10,767	54,826	9,789	48,152
Deferred income	4,540	23,118	2,389	11,751
	$ 56,353	286,949	57,995	285,277

(j) Long-term borrowings

	December 31, 2013				
	Currency	Range of interest rates (%)	Year of maturity	CNY	TWD
Secured bank loans (Note 1)	TWD	2.50	2016	$ 12,198	60,000
Secured bank loans (Note 1)	CNY	6.55~7.4025	2019~2023	73,783	362,941
Total				$ 85,981	422,941
Current				$ 7,657	37,665
Non-current				78,324	385,276
Total				$ 85,981	422,941

(Note 1) The Group has prepaid the long-term borrowings of TWD 60,000 thousand and CNY 67,984 thousand (NTD 355,800 thousand) in March and in August 2014, respectively.

The Group is disclosed the related risk exposure to the financial instruments in note 6(r).

The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

(k) Employee benefits

i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Present value of unfunded benefit obligation	$ 1,565	7,969	1,980	9,739
Present value of funded benefit obligation	-	-	-	-
Total present value of obligation	1,565	7,969	1,980	9,739
Fair value of plan assets	-	-	-	-
Recognized liabilities for defined benefit obligation	$ 1,565	7,969	1,980	9,739

The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

i. Movements in present value of defined benefit plan obligation

The movements in present value of the Group's defined benefit plan obligation for the years ended December 31, 2014 and 2013, were as follows:

	2014 CNY	2014 TWD	2013 CNY	2013 TWD
Defined benefit obligation, January 1	$ 1,980	9,739	1,353	6,305
Current interest	28	137	24	116
Actuarial losses (gains)	(375)	(1,907)	686	3,372
Effect of movements in exchange rates	(68)	-	(83)	(54)
Defined benefit obligation, December 31	$ 1,565	7,969	1,980	9,739

Since August 1, 2012, Hong Kong Chlitina Taiwan Branch has undertaken the business operations endorsing its products via direct marketing to its customers in the Republic of China. The business operations mentioned above, as well as the liabilities resulted from the defined benefit plans were being transferred to Chlitina Marketing Taiwan Branch since February 1, 2013. When employees joining that plans retire, they will receive retirement pensions, depending on the wage level and the cumulative service years of the day.

ii. Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2014 and 2013, were as follows:

	2014		2013	
	CNY	TWD	CNY	TWD
Interest on obligation	$ 28	137	24	116
General and administrative expenses	$ 28	137	24	116

iii. Actuarial gains (losses) recognized in other comprehensive income

The Group's actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013, were as follows:

	2014		2013	
	CNY	TWD	CNY	TWD
Cumulative amount, January 1	$ (686)	(3,372)	-	-
Recognized during the period	375	1,907	(686)	(3,372)
Cumulative amount, December 31	$ (311)	(1,465)	(686)	(3,372)

iv. Actuarial assumptions

The following are the Group's principal actuarial assumptions at the reporting dates:

	2014	2013
Discount rate	2.00 %	2.00 %
Future salary increases	3.00 %	3.00 %

v. When calculating the present value of the defined benefit obligation, the Group uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2014, the Group's accrued pension liabilities was CNY1,565 thousand (TWD7,969 thousand). If the discount rate had increased or decreased by 0.25%, the Group's accrued pension liabilities would have decreased by CNY65 thousand (TWD330 thousand) or increased by CNY68 thousand (TWD346 thousand), respectively. If the salary increase rate had increased or decreased by 0.25%, the Group's accrued pension liabilities would have increased by CNY66 thousand (TWD337 thousand) or decreased by CNY64 thousand (TWD324 thousand), respectively.

(Continued)

ii) Defined contribution plans

i. In accordance with the China labor regulation, the Group and its China subsidiaries established the defined benefit retirement plans as follows:

Administration	Beneficiary	Pension appropriation rate
Shanghai municipality	Employees of Chlitina (Shanghai) Trade Limited and its Shanghai branch, and Weishuo (Shanghai) Daily Product Limited (Weishuo)	22%
Other municipality of China	Employees of Chlitina Shanghai and other branches	19%~20%

Employees registered in the aforementioned plan are entitled to a certain percentage of their final salary and benefit pension.

ii. In accordance with the Hong Kong Chlitina pension regulation, the subsidiary in 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 the Hong Kong employee Act. As Per the regulation of the program, the employers and the employees themselves are required to appropriate 5% of the relevant income to the program, and maximum relevant income per month was raised from HKD25,000 to HKD30,000 since June 2014.

iii. In accordance with the local labor pension Act, the subsidiary Chlitina Marketing Limited Taiwan Branch appropriates 6% of the salary of its employees to their pension accounts, and recognized the appropriated amount as expenses for the same period.

The Group established the defined benefit retirement plans in accordance with each local regulation. Besides appropriating a fixed amount of money regularly, the Group does not bear any other obligation.

Under the defined benefit retirement plans, the Group booked the pension costs of CNY8,411 thousand (TWD41,383 thousand) and CNY6,302 thousand (TWD30,452 thousand) in 2014 and 2013, respectively.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(l) Income tax

i) Income tax expenses

The amount of the Group's income tax for the years ended December 31, 2014 and 2013, was were as follows:

	2014		2013	
	CNY	TWD	CNY	TWD
Current income tax expense				
Current period	$ 46,729	229,916	43,510	210,250
Adjustment for prior periods	1,175	5,781	(142)	(686)
	47,904	235,697	43,368	209,564
Deferred income tax benefit				
Origination and reversal of temporary differences	1,168	5,747	(7,415)	(35,835)
Income tax expenses on continuing operations	$ 49,072	241,444	35,953	173,729

Reconciliations of the Group's income tax expense and the profit before tax for 2014 and 2013 were as follows:

	2014		2013	
	CNY	TWD	CNY	TWD
Income before income tax	$ 202,691	997,281	179,416	866,957
Tax expense based on the applicable tax rate of the subsidiaries	$ 44,630	219,589	40,653	196,439
Non-deductible expenses	924	4,546	353	1,706
Underestimate (overestimate) of prior year's income tax	1,175	5,781	(142)	(686)
Tax credits	-	-	(350)	(1,691)
Unrecognized loss carryforwards	2,343	11,528	1,689	8,161
Estimated withholding tax of attributable earnings of subsidiaries in Mainland China	-	-	(6,250)	(30,200)
Total	$ 49,072	241,444	35,953	173,729

ii) Deferred income tax assets and liabilities

i. Unrecognized deferred income tax liabilities

In accordance with the dividend policy of the subsidiaries, it is very unlikely that the undistributed earnings as of December 31, 2014 and 2013 are to be distributed in the foreseeable future. As a result, the unrecognized deferred income tax liability amounted to CNY17,477 thousand (TWD88,993 thousand) and CNY11,632 thousand (TWD57,218 thousand), respectively.

ii. Unrecognized deferred income tax assets

Deferred income tax assets have not been recognized in respect of the following items:

	December 31, 2014		December 31, 2013	
	CNY	TWD	CNY	TWD
Loss carryforwards	$ 5,341	27,196	3,156	15,524

The income tax benefits of Hong Kong Chlitina, Chlitina marketing Taiwan branch, Weihu (Shanghai)Trade Limited, Wuguan (Shanghai)Trade Limited, and Hong Kong Crystal Asia International Limited, resulted from the accumulated net losses, are unlikely to be realized in the future; therefore, no deferred income tax assets is recognized. The tax deduction for net loss is effective permanently for no expiration date, ten years, five year, five years and no expiration date.

iii. Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2014 and 2013 were as follows:

Deferred income tax assets and liabilities:

	Accounts payable and other payable		Inventories		Withholding tax of attributable earnings		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Balance at January 1, 2014	$ 5,710	28,088	7,566	37,217	-	-	13,276	65,305
Recognized in profit or loss	1,613	7,936	(2,781)	(13,683)	-	-	(1,168)	(5,747)
Effect of movements in exchange rates	-	1,265	-	831	-	-	-	2,096
Balance at December 31, 2014	$ 7,323	37,289	4,785	24,365	-	-	12,108	61,654
Balance at January 1, 2013	$ 4,052	18,882	8,059	37,555	(9,000)	(41,940)	3,111	14,497
Recognized in profit or loss	1,658	8,016	(493)	(2,382)	6,250	30,201	7,415	35,835
Shifted to current-yaer income tax	-	-	-	-	2,750	13,288	2,750	13,288
Effect of movements in exchange rates	-	1,190	-	2,044	-	(1,549)	-	1,685
Balance at December 31, 2013	$ 5,710	28,088	7,566	37,217	-	-	13,276	65,305

(m) Capital and other equity

As of December 31, 2014 and 2013, the total nominal ordinary shares amounted to 79,492 and 75,707 thousand shares, respectively, face value of each share is $10. The aforementioned shares are all common stocks. All issued shares were paid up upon issuance.

A reconciliation of the Company's outstanding shares of the years 2014 and 2013 were as follows:

	2014	(Thousand shares) 2013
Balance at January 1	75,707	66,800
Issue of shares	-	8,907
Capitalization from retained earnings	3,785	-
Balance at December 31	79,492	75,707

i) Common stock

On June 19, 2014, the Company's stockholders approved a resolution to issue 3,785 thousand shares of common stocks by using TWD37,854 thousand of undistributed earnings, making the capital of TWD794,924 thousand after the issuance. On September 23, 2013, TWSE approved the Company's initial public offer. With a face value of TWD10 and a market price of TWD168 per share, the Company obtained TWD89,070 thousand of cash through the issuance of 8,907 thousand shares of common stocks. The Company has successfully completed the funding on November 25, 2013 and the listing on TWSE on November 27, 2013.

ii) Additional paid-in Capital

Additional paid-in Capital of the consolidated financial statement is composed of the additional paid-in capital resulted from the equity restructuring of the Group and the share premium.

iii) Retained earnings

The Company's articles of incorporation require that the Company's net earnings from the current year shall be used to offset prior years' deficits, pay income tax, provide 10% as legal reserve, provide or reverse a special reserve in accordance with applicable law, and pay 1% to 5% as employee bonuses and no more than 3% as directors' and supervisors' remuneration. 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.

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.

(Continued)

The Company estimated the employee bonuses of CNY2,520 (TWD12,401) and CNY2,536 (TWD12,253) for the years 2014 and 2013, respectively, and the directors' and supervisors' emoluments of CNY1,267 (TWD6,232) and CNY1,258 (TWD6,077) for the years 2014 and 2013, respectively. These amounts are calculated based on the Company's net profit for the period by using the earnings allocation method as stated under the Company's articles of association. These bonuses are expensed under operating expenses. The relevant information can be obtained from the Market Observation Post System after shareholders' meeting. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as a change in accounting estimates, and are recognized in profit or loss in 2015.

Earnings distribution for 2013 and 2012 was decided during the shareholders' meeting held on June 19, 2014 and April 8, 2013, respectively. The relevant dividend distributions to shareholders were as follows:

	2013			2012		
	Amount per share (New Taiwan dollars)	Amount CNY	Amount TWD	Amount per share (New Taiwan dollars)	Amount CNY	Amount TWD
Dividends distributed to common shareholders:						
Cash	$ 6.50	102,243	492,096	4.20	57,777	280,560
Stock	0.50	7,865	37,854	-	-	-
Total		$ 110,108	529,950		57,777	280,560

The Company estimated the employee bonuses amounting to CNY2,536 (TWD12,253) and the directors' and supervisors' emoluments amounting to CNY1,258 (TWD6,077) in 2013. There were no difference between the actual amount distributed and the amount stated in the financial statements.

iv) Other equities (net of tax)

	Foreign exchange differences arising from foreign operation CNY	TWD
Balance at January 1, 2014	$ (4,034)	52,885
Foreign exchange differences arising from net assets of foreign operation	13,961	74,622
Balance at December 31, 2014	$ 9,927	127,507
Balance at January 1, 2013	$ (810)	(11,267)
Foreign exchange differences arising from net assets of foreign operation	(3,224)	64,152
Balance at December 31, 2013	$ (4,034)	52,885

(Continued)

(n) Share based payment

On September 23, 2013, TWSE approved the foreign company's initial public offer. The foreign company then issued common stocks for cash injection and entitled its employee the right to purchase the newly issued common stocks in accordance with the relevant regulation. Due to the aforementioned capital increase, the Company recognized each of its relevant compensation cost and additional paid-in capital the amount of CNY809 thousand (TWD3,924 thousand) in 2013.

(o) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for years ended December 31, 2014 and 2013 were as follows:

i) Basic earnings per share

	2014		2013	
	CNY	**TWD**	**CNY**	**TWD**
Profit attributable to ordinary shareholders of the Company	$ 153,619	755,837	143,463	693,228
Weighted-average number of ordinary shares (Retroactively adjusted)	79,492	79,492	71,439	71,439
Basic earnings per share (in dollars)	$ 1.93	9.51	2.01	9.70

ii) Diluted earnings per share

	2014		2013	
	CNY	**TWD**	**CNY**	**TWD**
Profit attributable to ordinary shareholders of the Company (diluted)	$ 153,619	755,837	143,463	693,228
Weighted-average number of ordinary shares (Retroactively adjusted)	79,492	79,492	71,439	71,439
Impact of potential common shares				
Effect of employee stock bonus	103	103	42	42
Weighted-average number of ordinary shares (diluted)	79,595	79,595	71,481	71,481
Diluted earnings per share (in dollars)	$ 1.93	9.50	2.01	9.70

(p) Revenue

The details of the Group's revenue for the years December 31, 2014 and 2013 were as follows:

	2014		2013	
	CNY	TWD	CNY	TWD
Net sale of goods	$ 597,688	2,940,742	540,314	2,610,851
Special affiliate income	12,084	59,456	14,243	68,823
Skin care service from direct retail outlets and other income	7,481	36,809	4,332	20,933
Trademark right income	6,485	31,907	-	-
Service income	499	2,455	179	865
	$ 624,237	3,071,369	559,068	2,701,472

(q) Non-operating income and expenses

i) Other income

	2014		2013	
	CNY	TWD	CNY	TWD
Government grants	$ 5,593	27,519	6,151	29,723
Interest income-bank deposits	9,692	47,687	3,470	16,767
Other	11,236	55,283	1,387	6,702
	$ 26,521	130,489	11,008	53,192

ii) Other gains and losses

	2014		2013	
	CNY	TWD	CNY	TWD
Gain (loss) on foreign exchange	$ (438)	(2,155)	1,318	6,368
Net gains on financial assets at fair value through profit or loss	1,478	7,272	1,883	9,099
Losses on disposal of property, plant and equipment	(39)	(192)	(27)	(130)
	$ 1,001	4,925	3,174	15,337

iii) Finance expenses

	2014		2013	
	CNY	TWD	CNY	TWD
Interest expenses	$ 3,257	16,025	2,690	12,998

(Continued)

(r) Financial instruments

i) Categories of financial instruments

i. Financial assets

	December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Financial assets at fair value through profit or loss	$ 6	31	13,830	68,030
Cash and cash equivalents	473,341	2,410,252	537,988	2,646,363
Accounts receivable and other receivable (include related party)	13,544	68,966	4,317	21,235
Other financial assets	42,582	216,827	21,500	105,759
Total	$ 529,473	2,696,076	577,635	2,841,387

ii. Financial liabilities

	December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Current portion of long-term borrowings	$ -	-	7,657	37,665
Accounts payable and other payable (including related parties)	43,632	222,174	24,781	121,898
Long-term borrowing	-	-	78,324	385,276
Guarantee deposits	53,575	272,804	42,770	210,386
Total	$ 97,207	494,978	153,532	755,225

ii) Credit risk

The Group's cash and cash equivalents and other financial assets are the main source of potential credit risk. The group deposits its cash and cash equivalents in credit –well financial institutions. Therefore, the group concluded that it is not exposed to credit risk. The Group's management have already built up the applicable policy and being monitored the credit risk they may be confronted with.

The maximum credit risk of each financial assets presents in financial statement after deducting Allowance for uncollectible accounts. The Group didn't produce credit risk due to the collateral. Please refer to note6(c) for the disclosure of accounts receivables and other receivables of the Group.

iii) Liquidity risk

The following table shows the contract maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Unit: CNY thousand

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2014						
Non-derivative financial liabilities						
Accounts payable (including related parties)	$ 8,349	8,349	8,349	-	-	-
Accrued expenses	41,046	41,046	41,046	-	-	-
Other payables (including related parties)	35,283	35,283	35,283	-	-	-
Guarantee deposits	53,575	53,575	53,575	-	-	-
	$ 138,253	138,253	138,253	-	-	-
December 31, 2013						
Non-derivative financial liabilities						
Borrowings	$ 85,981	108,947	12,657	12,657	49,280	34,353
Accounts payable (including related parties)	7,111	7,111	7,111	-	-	-
Accrued expenses	45,817	45,817	45,817	-	-	-
Other payables (including related parties)	17,670	17,670	17,670	-	-	-
Guarantee deposits	42,770	42,770	42,770	-	-	-
	$ 199,349	222,315	126,025	12,657	49,280	34,353

Unit: TWD thousand

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2014						
Non-derivative financial liabilities						
Accounts payable (including related parties)	$ 42,513	42,513	42,513	-	-	-
Accrued expenses	209,005	209,005	209,005	-	-	-
Other payables (including related parties)	179,661	179,661	179,661	-	-	-
Guarantee deposits	272,804	272,804	272,804	-	-	-
	$ 703,983	703,983	703,983	-	-	-

(Continued)

December 31, 2013						
Non-derivative financial liabilities						
Borrowings	$ 422,941	535,910	62,260	62,260	242,408	168,982
Accounts payable (including related parties)	34,979	34,979	34,979	-	-	-
Accrued expenses	225,374	225,374	225,374	-	-	-
Other payables (including related parties)	86,919	86,919	86,919	-	-	-
Guarantee deposits	210,386	210,386	210,386	-	-	-
	$ 980,599	1,093,568	619,918	62,260	242,408	168,982

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

iv) Currency risk

i. Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

		Foreign currency	Exchange rate	CNY	TWD
December 31, 2014					
Financial assets:					
Monetary items:					
USD	$	8,274	6.2156	51,428	2,961,871
HKD	$	4,598	0.8013	3,684	18,759
CNY	$	107,940	1.0000	107,940	549,630
Financial liabilities:					
Monetary items:					
USD	$	33	6.2156	205	1,044
CNY	$	2,467	1.0000	2,467	12,562
HKD	$	2,505	0.8013	2,007	10,220
December 31, 2013					
Financial assets:					
Monetary items:					
USD	$	633	6.1440	3,889	19,130
CHF	$	167	6.8073	1,137	5,593
HKD	$	1,713	0.7813	1,338	6,582
CNY	$	323,309	1.0000	323,309	1,590,357
Financial liabilities:					
Monetary items:					
USD	$	548	6.1440	3,367	16,562
CNY	$	2,758	1.0000	2,758	13,567

ii. Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents that are denominated in foreign currency. A strengthening (weakening) 3% of appreciation (depreciation) of the TWD against the USD, HKD, CNY and the TWD for the years December 31, 2014 and 2013 would have increased (decreased) the net profit after tax by CNY4,659 thousand (TWD23,724 thousand) and CNY9,575 thousand (TWD47,099 thousand) , respectively. The analysis assumes that all other variables remain constant.

iii. Interest rate risk analysis

Regarding from the Group's interest risk which is mainly the result from borrowings from its related parties and bank loan ,the Group is exposed to the interest of cash flow risk and fair-value interest risk.

1) Interest model

	December 31, 2013		
	CNY	TWD	Average interest rate (%)
Floating interest rate:			
Bank loan	$ 28,783	141,586	Base interest rate of The People's Bank of China times 5%
Bank loan	45,000	221,355	Base interest rate of The People's Bank of China
Bank loan	12,198	60,000	Shin Kong Commercial Bank pluses 1.12%
Total	$ 85,981	422,941	

2) Sensitivity analysis

Through the reporting date, if the interest rate had increased / decreased by 1%, the Group's net income and retained earnings would have increased / decreased by CNY359 thousand (TWD1,735 thousand) for the year ended December 31, 2013, with all other variable factors remaining constant. Floating rates have no influence with other stockholder's equity.

v) Fair value

The carrying value of the financial instrument of the Group is close to fair value for the year ended 2014 and 2013.

The fair value assessment is based on the market and financial instrument information on the specified date. Due to the uncertainty and estimation, no exact assessment could be made. Any change in assumptions could bring significant differences in the assessment.

(s) Financial risk management

i) Overview

The Group is exposed to the following risks arising from financial instruments:

i. Liquidity risk

ii. Market risk

This note expresses the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes to each risk.

ii) Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports to the Board of Directors on its activities.

The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters and to optimize return on investments.

The Group didn't engage in derivative financial instruments so there is not financial liabilities.

(t) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Group. The Board of Directors monitors the return on capital.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	December 31, 2014	December 31, 2013
Debt-to-adjusted-capital ratio	24 %	32 %

As of December 31, 2014, there were no changes in the Group's approach of capital management.

(7) Related-party transactions

(a) Parent Company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Significant related party transactions

i) Operating revenue

The amounts of significant sales transactions between the Group and the related parties were as follows:

	2014		2013	
	CNY	TWD	CNY	TWD
Other related parties	$ 19,653	96,696	7,397	35,744

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

ii) Purchases

The amount of purchase transactions between the Group and the related parties were as follows:

	2014		2013	
	CNY	TWD	CNY	TWD
Other related parties	$ 29,447	144,884	21,423	103,517

The selling price is the agreed price between the Company and each related party, and the payment term is two months, which is similar to those of the non-related suppliers.

iii) Receivables from related parties

The receivables due from related parties were as follows:

Accounts	Type of related parties		December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Accounts receivable	Other related parties	$	5,394	27,466	1,124	5,529
Other receivable	Other related parties		6,381	32,492	682	3,355
		$	11,775	59,958	1,806	8,884

Receivables from related parties are unsecured and interest-free.

iv) Payables to related parties

The payables to related parties were as follows:

Accounts	Categories of related parties		December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Accounts payable	Other related parties	$	1,578	8,035	4,189	20,606
Other payable	Other related parties		3,711	18,896	2,520	12,396
		$	5,289	26,931	6,709	33,002

Payables to related parties are unsecured and interest-free.

v) Prepayments

The prepayments to related parties (recorded under prepayments) were as follows:

		December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Other related parties	$	315	1,604	1,599	7,866

vi) Property exchange—acquisition of property, plant and equipment

The acquisition price for property, plant and equipment from related parties were as follows:

		2014 CNY	2014 TWD	2013 CNY	2013 TWD
Other related parties	$	-	-	21,965	105,500

In January of 2013, the Group has purchased the land of Meishan plant for TWD105,500 thousand. As of December 31, 2013, the ownership has been transferred. For the acquisition price of the land, the evaluation report of Honda Assets Valuation Co., Ltd. is used as a reference.

(Continued)

vii) Services expense

	2014		2013	
	CNY	TWD	CNY	TWD
Other related parties	$ 3,005	14,785	2,070	10,002

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

viii) Leases

	2014		2013	
	CNY	TWD	CNY	TWD
Other related parties	$ 9,334	45,925	9,036	43,662

The lease contract was signed in which the rental fee is determined based on the ongoing market rate and mutual agreements.

(c) Key management personnel compensations

Key management personnel compensation comprised the following:

	2014		2013	
	CNY	TWD	CNY	TWD
Short-term employee benefits	$ 10,908	53,666	12,592	60,844
Post-employment benefits	74	364	72	348
Compensation cost of employee stock option	-	-	247	1,200
	$ 10,982	54,030	12,911	62,392

Please refer to note6 (n) for the disclosure of compensation cost of employee stock option.

(8) Pledged assets

Pledged assets	Object	December 31, 2014 CNY	December 31, 2014 TWD	December 31, 2013 CNY	December 31, 2013 TWD
Fixed assets：					
Property, plant and equipment	Long-term borrowings	$ -	-	190,637	937,744

(Continued)

(9) Commitments and contingencies

(a) Capital expenditure

		December 31, 2014		December 31, 2013	
		CNY	TWD	CNY	TWD
Contact signed	$	6,161	31,372	12,529	61,630
Contract approved yet not been signed		5,989	30,496	20,114	98,941
	$	12,150	61,868	32,643	160,571

(b) Operating lease commitments

As of December 31, 2014, and December 31, 2013, the Group's future minimum lease payments under the non-cancellable operating leases are as follows:

		December 31, 2014		December 31, 2013	
		CNY	TWD	CNY	TWD
Not later than 1 year	$	5,087	25,903	5,436	26,740
Not later than 1 year and not later than 2 years		439	2,235	393	1,933
Later than 2 years		-	-	272	1,338
	$	5,526	28,138	6,101	30,011

The duration of the Group's operating lease is from 1 to 10 years. The contract can be renewed upon expiration. Lease asset does not generate any contingent expense.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

The employee benefit expenses, depreciation, depletion, and amortization categorized by function, were as follows:

By function	December 31, 2014					
	Operating costs		Operating expenses		Total	
By item	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefits						
Salary	3,845	18,918	71,091	349,782	74,936	368,700
Labor and health insurance	471	2,317	5,506	27,091	5,977	29,408
Pension	662	3,257	7,777	38,263	8,439	41,520
Others	259	1,274	4,442	21,856	4,701	23,130
Depreciation	869	4,276	16,605	81,699	17,474	85,975
Amortization	36	177	390	1,919	426	2,096

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

By function / By item	December 31, 2013					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefits						
Salary	2,824	13,646	65,776	317,836	68,600	331,482
Labor and health insurance	402	1,943	5,078	24,538	5,480	26,481
Pension	596	2,880	5,730	27,688	6,326	30,568
Others	195	942	4,186	20,227	4,381	21,169
Depreciation	586	2,832	11,545	55,786	12,131	58,618
Amortization	-	-	-	-	-	-

(Continued)

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

i) Loans extended to other parties:

Unit: thousand dollars

No.	Name of Lenders	Name of borrowers	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers	Transaction amount of business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	The Company	Hong Kong Chlitina	Other receivables	Yes	560,000	480,000	-	Not lower than 2.5%	2	-	Operating capital	-		-	665,917 (Note 1)	1,331,833 (Note 1)
1	Hong Kong Chlitina	Chlitina Shanghai	Other receivable	Yes	560,000	480,000	-	Not lower than 3.5%	2	-	Operating capital	-		-	2,289,282 (Note 2)	2,289,282 (Note 2)
1	Hong Kong Chlitina	Weishuo	Other receivable	Yes	560,000	480,000	-	Not lower than 3.5%	2	-	Operating capital	-		-	2,289,282 (Note 2)	2,289,282 (Note 2)
2	Chlitina Shanghai	Weihu	Other receivable	Yes	79,262	79,262	79,262	Lower 10% of loan prime rate	2	-	Operating capital	-		-	1,613,288 (Note 2)	1,613,288 (Note 2)

Note 1: The allowable aggregate amount of financing provided to others cannot exceed 40% of the Company's stockholders' equity; the maximum financing provided to an individual counterparty cannot exceed 20% of the Company's stockholders' equity.

Note 2: Based on the Company's guidelines, when the Group directly or indirectly owns 100% of the controlling power, the allowable aggregate of financing provided to others cannot exceed 40% of the Company's stockholders' equity; the maximum financing provided to an individual counterparty cannot be exceed 100% of the Company's stockholders' equity.

Note 3: For the purpose of lending, the numbering are classified as follows:

(1) Business relationship is 1.

(2) Short-term financing is 2.

ii) Guarantees and endorsements for other parties: None.

iii) Information regarding securities held at balance sheet date (Investment in subsidiaries, associates and joint ventures were excluded):

Unit: thousand dollars

Name of holder	Category and name of security	Relationship with the security issuer	Recorded account	Ending Balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
Weishuo	Fund : China Universal money fund(519888)	-	Financial assets at fair value through profit or loss	160,234	31	-	31	

iv) Accumulated holding amount of a single security in excess of $300 million or 20% of the paid-in capital:

Unit: thousand dollars

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Disposal gain	Shares	Amount
Weishuo	China Universal money fund(519888)	Financial assets at fair value through profit or loss	-	-	65,241,167	3,217	43,563,310,000	2,218,243	43,628,046,192	2,225,816	2,221,429	4,128	160,234 (Note 1)	31
Weishuo	Southern cash Zengli money B	Financial assets at fair value through profit or loss	-	-	-	-	11,000,000,000	560,120	11,000,000,000	561,546	560,168	1,378	-	-
Weishuo	Chinese cash	Financial assets at fair value through profit or loss	-	-	-	-	10,000,000,000	509,200	10,000,000,000	510,386	509,240	1,146	-	-
Chlitina Holding Limited	Chlitina Group Limited	Investee at equity	-	Long-term investment at equity	1,000,000	1,476,330	2,000,000,000	600,805	-	-	-	-	2,001,000,000	2,785,212 (Note 2)
Chlitina Group Limited	Chlitina International Limited	Investee at equity	-	Long-term investment at equity	1	1,377,049	17,000,000	511,274	-	-	-	-	17,000,001	2,579,246 (Note 2)
Chlitina Group Limited	Crystal Asia International Limited	Investee at equity	-	Long-term investment at equity	-	-	3,000,000	88,023	-	-	-	-	3,000,000	93,774 (Note 2)
Chlitina International Limited	Hong Kong Chlitina	Investee at equity	-	Long-term investment at equity	1	1,377,049	62,150,000	245,947	-	-	-	-	62,150,001	2,289,282 (Note 2)
Chlitina International Limited	Chlitina Marketing Limited	Investee at equity	-	Long-term investment at equity	3,695,997	71,424	7,000,000	210,629	-	-	-	-	10,695,997	225,397 (Note 2)
Crystal Asia International Limited	Crystal Asia Marketing Limited	Investee at equity	-	Long-term investment at equity	-	-	3,000,000	88,023	-	-	-	-	3,000,000	93,774 (Note 2)
Crystal Asia Marketing Limited	Hong Kong Crystal Asia International Limited	Investee at equity	-	Long-term investment at equ-	-	-	8,500,000	34,682	-	-	-	-	8,500,000	34,407

Note 1: The units of profit distribution by Mutual Fund Company.

Note 2: The ending balance includes the gain or loss under long-term equity method and the effect of changes in exchange rates.

v) Acquisition of real estate in excess of $300 million or 20% of the paid-in capital: None.

vi) Disposal of real estate in excess of $300 million or 20% of the paid-in capital: None.

(Continued)

vii) Sales to and purchases from related parties in excess of $100 million or 20% of the paid-in capital:

Unit: thousand dollars

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Chlitina Shanghai	Weishou	Subsidiary	Purchase	390,190	67	Credit period 60 days	-		(63,591)	(92)	Note
Weishou	Chlitina Shanghai	Subsidiary	(Sale)	(390,190)	(88)	Credit period 60 days	-		63,591	71	Note

Note : The transactions have been eliminated upon consolidation.

viii) Receivables from related parties in excess of $100 million or 20% of the paid-in capital: None.

ix) Financial derivative instruments transactions: None.

x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of the Company	Name of counter-parties	Existing relationship with the counter-parties	Transaction details			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
1	Weishuo	Chlitina Shanghai	3	Accounts receivable	63,591	Credit period 60 days	1.45 %
1	Weishuo	Chlitina Shanghai	3	Sales	390,190	Credit period 60 days	12.70 %
2	Chlitina Shanghai	Chlitina Intelligence Limited	3	Selling expense	151,989	In accordance with mutual agreements	4.95 %
3	Hong Kong Chlitina	Chlitina Marketing Taiwan Branch	3	Purchases	41,047	Credit period 60 days	1.34 %
3	Hong Kong Chlitina	Weishuo	1	Sales	41,215	Credit period 60 days	1.34 %

Note 1: Company numbering is as follows:
(1) Parent company is 0.
(2) Subsidiary starts from 1.

Note 2: The numbering below represents the relationships on the business transactions with counterparties:
(1) 1 represents downstream transactions.
(2) 2 represents upstream transactions.
(3) 3 represents sidestream transactions.

(b) Information on investees:

The following is the information on investees for the years December 31, 2014:

Unit: thousand dollars

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income of investee	Investment income (losses)	Notes
				December 31, 2014	December 31, 2013	Shares	Ratio of shares	Book value			
Chlitina Holding Limited	Chlitina Group Limited	British Virgin IS.	Investing	601,102	299	2,001,000,000	100	2,785,212	765,721	765,721	Note
Chlitina Group Limited	Chlitina Intelligence Limited	British Virgin IS.	Holder of intelligence	-	-	1	100	112,401	160,059	160,059	〃
〃	Chlitina International Limited	British Virgin IS.	Investing	511,274	-	17,000,001	100	2,579,246	608,373	608,373	〃
〃	Crystal Asia International Limited	British Virgin IS.	Investing	88,023	-	3,000,000	100	93,774	69	69	〃
Chlitina International Limited	Chlitina France EURL	France	Research and development center	188	188	500	100	-	-	-	〃
〃	Hong Kong Chlitina	Hong Kong	Investing and trading of skincare products	245,947	-	62,150,001	100	2,289,282	674,097	674,097	〃
〃	Chlitina Marketing Limited	British Virgin IS.	Investing, trading of skincare products and research and development	320,781	109,586	10,695,997	100	225,397	(61,212)	(61,212)	〃
Crystal Asia International Limited	Crystal Asia Marketing Limited	British Virgin IS.	Investing	88,023	-	3,000,000	100	93,774	69	69	〃
Crystal Asia Marketing Limited	Hong Kong Crystal Asia International Limited	Hong Kong	Investing	34,682	-	8,500,000	100	34,407	(266)	(266)	〃

Note: The transactions have been eliminated upon consolidation.

(Continued)

(c) Information on investment in Mainland China:

i) Information on investment in Mainland China:

Unit: thousand dollars

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2014	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2014	Net income on investee	Direct / indirect investment holding percentage	Investment income (loss) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Chlitina Shanghai	Dealer of skincare products and wealth food	255,923	(3)	-	-	-	-	524,931	100 %	524,931 (1)	1,613,288	-
Weishuo	Production and trading of skincare products	64,207	(3)	-	-	-	-	115,054	100 %	115,054 (1)	674,797	-
Wuguan	Dealer of wealth products and wealth food	(Note 3)	(3)	-	-	-	-	(20)	100 %	(20) (2)	(20)	-
Weihu	Investing,dealer of skincare products and wealth food	(Note 3)	(3)	-	-	-	-	(113)	100 %	(113) (2)	(117)	-
Yujia	Service in medical and beauty treatment	203,680	(3)	-	-	-	-	(39,037)	49 %	- (1)	85,077	-

Note 1: The method of investment is divided into the following four categories

(1) Remittance from third region companies to invest in Mainland China.

(2) Through the establishment of third region companies then investing in Mainland China.

(3) Through transferring the investment to third region existing companies then investing in Mainland China.

(4) Other methods: EX: delegated investments.

Note 2: Amounts of investment income (loss) were recognized based on:

(1) The financial statements audited by an international accounting firm that has a cooperative relationship with accounting firms of the Republic of China.

(2) The financial statements audited by the auditors of the parent company.

(3) Others

Note 3: The capital has not been injected.

ii) Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by the Ministry of Economic Affairs Investment Commission	Limitation on investment in Mainland China in accordance with the regulations of Ministry of the Economic Affairs Investment Commission
-	-	- (Note)

Note: For foreign issuers listed on TWSE, investments in China need not be limited in accordance with the Investment Commission, MOEA.

iii) Significant transactions with investees in Mainland China:

Please refer to note 13(a) for transactions with investees in Mainland China for the year ended December 31, 2014. All transactions were eliminated upon consolidating.

(14) Segment information

The Group is engaged in the manufacturing, distributing, and business operations of beauty products under the brand of Chlitina.

The Group uses the following channels to endorse their products:

(a) Via direct marketing to its customers

(b) Through direct distribution of merchandise to its skin-care-service centers, wherein, the benchmark of its net profits, required quota, and total assets for the three months ended December 31, 2014 and 2013 are below 10% of all the sales channels combined.

Furthermore, the management believes that the second channel mentioned above should not be classified as a separate segment in the financial statements due to insufficiency in value, which thereupon, cannot be used as a reference. Hence, the information on assets, liabilities, and capital expenditures cannot be disclosed.

By the year ended 2014 and 2013, the Group had no major customer who constituted 10% or more of the total revenue.

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2014		2013	
Geographic information	**CNY**	**TWD**	**CNY**	**TWD**
Revenue from external customers:				
China	$ 601,464	2,959,322	541,110	2,614,697
Others	22,773	112,047	17,958	86,775
Total	$ 624,237	3,071,369	559,068	2,701,472

Geographical information	**December 31, 2014**		**December 31, 2013**	
	CNY	**TWD**	**CNY**	**TWD**
Non-current assets:				
China	$ 219,085	1,115,582	200,413	985,831
Others	28,010	142,627	25,755	126,689
Total	**$ 247,095**	**1,258,209**	**226,168**	**1,112,520**

Non-current assets include property, plant and equipment, intangible assets, and other assets. They do not include financial instruments and deferred income tax assets.

(15) Total difference illustration between IFRS and the IFRS approved by Financial Supervisory Commission R.O.C

The differences between the IFRS and the IFRS approved by the FSC (ROC) had no material impact on the Group's consolidated balance sheet as of December 31, 2014 and 2013, as well as the consolidated income statement for the six months periods ended December 31, 2014 and 2013.