

Stock Code: 4137

麗豐股份有限公司

Chlitina Holding Limited

2020 Annual Report

Annual report is available at: MOPS – <http://mops.twse.com.tw>

Company website: <http://www.chlitina.com>

Prepared by Chlitina Holding Limited | Published on May 7, 2021

I. Name, Title, Contact Tel. and E-mail for Spokesperson and Vice Spokesperson

Spokesperson:

Name: Hu, An-Rong

Title: Director, Accounting and Investor

Relations

TEL.: (886)2-27238666

E-mail: ir@chlitinaholding.com

Vice Spokesperson:

Name: MARCOUT Laurence

Title: Manager, Chairman Office

TEL.: (886)2-27238666

E-mail: ir@chlitinaholding.com

II. Address and Tel. of Headquarters, Branches and Plant

(I) The Company

Name: Chlitina Holding Limited

Website: <http://www.chlitina.com>

Address: Cricket Square, Hutchins Drive, P.O.
Box 2681, Grand Cayman ,KY1-1111,
Cayman Islands

TEL.: (886)2-27238666

(II) Subsidiaries and Branches:

1. Subsidiary:

Name: Chlitina Group Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: Chlitina International Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: Chlitina Intelligence Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: W-Amber International Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: W-Champion International Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: C-Asia International Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: Centre de Recherche et de Developpement de
CHLITINA FRANCE EURL

Website: <http://www.chlitina.com>

Address: 102, avenue des Champs Elysees, 75008
Paris

TEL.: (886)2-27238666

Name: Hong Kong Chlitina International Limited

Website: <http://www.chlitina.com>

Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28
Canton Road, Tsimshatsui, Kowloon, Hong
Kong

TEL.: (852)-23763068

Name: Chlitina Marketing Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: W-Amber Marketing Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: W-Champion Marketing Limited

Website: <http://www.chlitina.com>

Address: OMC Chambers, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands

TEL.: (886)2-27238666

Name: Yong Li Trading Company Limited

Website: <http://www.chlitina.com>

Address: 102 Ha huy Tap,Khu Pho Nam
 Thien1,Phuong Tan Phong,Quan 7,Ho Chi Minh City,Vietnam
 Name: Vinh Le Company Limited
 Address: 102 Ha huy Tap,Khu Pho Nam
 Thien1,Phuong Tan Phong,Quan 7,Ho Chi Minh City,Vietnam
 Name: Huapao Sdn. Bhd.
 Address: Level 02.02A(I), Menara KeckSeng 203
 Jalan BukitBintang55100 Kuala Lumpur W.P.
 Kuala Lumpur Malaysia
 Name: Hong Kong W-Amber International Limited
 Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28
 Canton Road, Tsimshatsui, Kowloon, Hong Kong
 Name: Hong Kong W-Champion International Limited
 Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28
 Canton Road, Tsimshatsui, Kowloon, Hong Kong
 Name: Hong Kong C-Asia International Limited
 Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28
 Canton Road, Tsimshatsui, Kowloon, Hong Kong
 Name: Hong Kong Crystal International Services Limited
 Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28
 Canton Road, Tsimshatsui, Kowloon, Hong Kong
 Name: Hong Kong Jing Tai International Investment Limited
 Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28
 Canton Road, Tsimshatsui, Kowloon, Hong Kong
 Name: Chlitina (China) Trade Limited
 Address: Building F, Room 1201, 1033 Zhaojiabang
 Road, Xuhui District, Shanghai City, China
 Name: Weishuo (Shanghai) Daily Product Limited
 Address: 1F and 3F of Building 2, No.58, Jingxi Rd.,
 Songjiang Industrial Park, Shanghai City,
 China
 Name: W-Champion (Shanghai) Trade Limited
 Address: Site B81, 2F., Building 2, No.251, Jihying S.
 Rd., Pilot Free Trade Zone, Shanghai City,
 China
 Name: Shanghai Zhemei Vocational Training Co., Ltd.
 Address: No.2, Alley 100, Jingxi Rd., Songjiang
 Industrial Park, Shanghai City, China
 Name: W-Amber (Shanghai) Trade Limited
 Address: Room 213, No.1, Alley 180, Shanxi S. Rd.,
 Xuhui District, Shanghai City, China
 Name: C-Asia (Shanghai) Trade Limited

TEL.: (84)028-54130700
 Website: <http://www.chlitina.com>
 TEL.: (84)028-54130709
 Website: <http://www.chlitina.com>
 TEL.: (886)2-27238666
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 Website: <http://www.chlitina.com>
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 TEL.: (852)-23763068
 Website: <http://www.chlitina.com>
 TEL.: (86)21-22201388
 Website: <http://www.chlitina.com>
 TEL.: (86)21-57075707
 Website: <http://www.chlitina.com>
 TEL.: (86)21-22201388
 Website: <http://www.chlitina.com>
 TEL.: (86)21-33528811
 Website: <http://www.chlitina.com>
 TEL.: (86)21-22201388
 Website: <http://www.chlitina.com>

Address: Room 315, 3F., No.238 Shaanxi S. Road,
Xuhui District, Shanghai City, China
Name: Cui Jie (Shanghai) Trading Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: Site 332, 3F., Building 1, No.310, Fassai Rd.,
Pilot Free Trade Zone, Shanghai City, China
Name: Lishuo Biotechnology (Shanghai) Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: Room 366 of Building 2, No.692, Yongjia
Rd., Xuhui District, Shanghai City, China
Name: Yuanshuo (Shanghai) Enterprise
Management Consulting Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: Room 320, 9F., No.583 Lingling Rd., Xuhui
District, Shanghai City, China
Name: Beijing Uplider Medical Beauty Treatment
Clinic Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: Room 107, Building No.23, Tianshuiyuan,
Chaoyang District, Beijing City, China
Name: Shanghai Lunxin Medical Beauty Treatment
Clinic Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: 1-2F., No.518 (Temp.), Hongqiao Rd., Xuhui
District, Shanghai City, China
Name: Hedeng Clinic (Shanghai) Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: Room 1403, No.666, Huaihai W. Rd.,
Changning Dist., Shanghai City, China
Name: Shanghai Uplider Medical Beauty Treatment
Clinic Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: Room 1404-1406, No.666, Huaihai W. Rd.,
Changning Dist., Shanghai City, China
Name: Uplider Medical Beauty Treatment Clinic
(Nanjing) Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: Shop No. 1F-16 and 2F-01, No.2-12,
Shuiximen St., Qinhui District, Nanjing City,
Jiangsu Province, China
Name: Jinghe Clinic (Nanjing) Co., Ltd.
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

Address: Shop No. 2F-03, No.2, Shuiximen St., Qinhui
District, Nanjing City, Jiangsu Province,
China
TEL.: (86)21-22201388
Website:
<http://www.chlitina.com.cn>

2. Branch:

Name: British Virgin IS. Chlitina Marketing
Limited
Website: <http://www.chlitina.com>

Address: 2F., No. 68, Zhulin Rd., Yonghe Dist., New
Taipei City
TEL.: (886)2-22311698

Name: British Virgin IS., Chlitina Intelligence
Limited
Website: <http://www.chlitina.com>

Address: 10F., No.107, Songren Rd., Xinyi District,
Taipei City
TEL.: (886)2-27238666

Name: Chlitina (China) Trade Limited, Ningbo
Haishu Branch
Website:
<http://www.chlitina.com.cn>

Address: Room 97, No.8, Lengjing Street, Haishu
District, Ningbo City, Zhejiang, China
TEL.: (86)574-87354885

Name: Chlitina (China) Trade Limited, Dalian
Branch
Website:
<http://www.chlitina.com.cn>

Address: Room 2209, Hongyuan Building, No.23, Renmin Rd., Zhongshan District, Dalian City, Liaoning, China	TEL.: (86)411-82563000
Name: Chlitina (China) Trade Limited, Jiangxi Branch	Website: http://www.chlitina.com.cn
Address: Room 2011, Site A, Building 16, Hengmao Guoji Huacheng, No.205, Guangchang South Rd., Xihu District, Nanchang City, Jiangxi Province, China	TEL.: (86)791-86100920
Name: Chlitina (Shanghai) Trade Limited, Beijing Branch	Website: http://www.chlitina.com.cn
Address: 201, 2F., No.11, Dongda Rd., Zhushikou, Dongcheng District, Beijing City, China	TEL.: (86) 10-87923880
Name: Chlitina (Shanghai) Trade Limited, Tianjin Branch	Website: http://www.chlitina.com.cn
Address: No.20-1, Pingan St., Hebei District, Tianjin City, China	TEL.: (86) 22-58656188
Name: Chlitina (Shanghai) Trade Limited, Chengdu Branch	Website: http://www.chlitina.com.cn
Address: No.228, Zhiquan Sectuon, Dongda St., Jinjiang District, Chengdu City, China	TEL.: (86) 28-86139017
Name: Chlitina (China) Trade Limited, Chengdu Second Branch	Website: http://www.chlitina.com.cn
Address: No.3904, 3905, 39F, Building 2, No.530, Tianfu Avenue Middle Section, Gaoxin District, Chengdu City, China	TEL.: (86) 28-86132535
Name: Chlitina (Shanghai) Trade Limited, Changning Branch	Website: http://www.chlitina.com.cn
Address: Room 1402, No.666, Huaihai W. Rd., Shanghai City, China	TEL.: (86)21-22201388
Name: Chlitina (Shanghai) Trade Limited, Hebei Branch	Website: http://www.chlitina.com.cn
Address: Room 1632, Ximei Building, No.6, Jianshe S. Main St., Shijiazhuang City, Hebei Province, China	TEL.: (86)311-66611366
Name: Chlitina (China) Trade Limited, Fujian Branch	Website: http://www.chlitina.com.cn
Address: 01-03, 05-06, 55F., Building Shiowangzhuangcheng 2#F., No.19, Jinlian Rd., Jinan District, Fuzhou City, Fujian Province, China	TEL.: (86)591-87388010
Name: Chlitina (China) Trade Limited, Shaanxi Branch	Website: http://www.chlitina.com.cn
Address: Room 301, 3F., Jinding Building, No. 116, Heping Rd., Xian City, Shanxi Province, China	TEL.: (86)29-87206345
Name: Chlitina (China) Trade Limited, Wenzhou Branch	Website: http://www.chlitina.com.cn
Address: Room 1904, Wenzhou Fortune Center, No.577, Station Avenue, Lucheng District, Wenzhou City, Zhejiang Province, China	TEL.: (86)577-88309620
Name: Chlitina (China) Trade Limited, Xuhui Branch	Website: http://www.chlitina.com.cn
Address: No.2, Alley 1390, Huaihai W. Rd., Xuhui District, Shanghai City, China	TEL.: (86)21-22201388
Name: Chlitina (Shanghai) Chlitina (Shanghai) Trade Limited, Nanjing Qinhuai Branch	Website: http://www.chlitina.com.cn

Address: 401-403, 405-411, No.80, Jiqing Rd., Qinhuai District, Nanjing City, Jiangsu Province, China	TEL.: (86)25-52601169
Name: Chlitina (China) Trade Limited, Shandong Branch	Website: http://www.chlitina.com.cn
Address: Room 1030, Tianye International Tower, No. 264, Quancheng Road, Lixia District, Jinan City, Shandong Province, China	TEL.: (86)531-86905166
Name: Chlitina (China) Trade Limited, Jilin Branch	Website: http://www.chlitina.com.cn
Address: Room 1514, 15F., Building 2, Hengxing International Building, Jiefangda Road and Dajing Road Intersection, Nangan District, Changchun City, Jilin Province, China.	TEL.: (86)21-22201388
Name: Chlitina (China) Trade Limited, Qingdao Branch	Website: http://www.chlitina.com.cn
Address: Room 908, Zhongtianheng Building, No.8, Fuzhou S. Rd., Shinan Dist., Qingdao City, Shandong Province, China	TEL.: (86)21-22201388
Name: Chlitina (China) Trade Limited, Inner Mongolia Branch	Website: http://www.chlitina.com.cn
Address: Room 908, 906, 904, Jinding Business Building, No.46, Gangtie St., Qingshan Dist., Baotou City, Inner Mongolia Autonomous Region, China	TEL.: (86)21-22201388
Name: Chlitina (China) Trade Limited, Anhui Branch	Website: http://www.chlitina.com.cn
Address: Room 1208-1209, Building 1 and 2-1, Minshang International Trade Center, Southeast side at the intersection of Feidong Rd. and Changjiang East St., Yaohai Dist., Hefei City, Anhui Province, China	TEL.: (86)21-22201388
Name: Chlitina (China) Trade Limited, Guangzhou Branch	Website: http://www.chlitina.com.cn
Address: Room 2008-2010, Yian Plaza, No.33, Jiansheliuma Rd., Yuexiu Dist., Guangzhou City, Guangdong Province, China	TEL.: (86)21-22201388
Name: Chlitina (China) Trade Limited, Shanxi Branch	Website: http://www.chlitina.com.cn
Address: 7F., Site B, Sunshine International Business Center, No.103, Changzhi Rd., Xiaodian Dist., Taiyuan City, Shanxi Province, China	TEL.: (86)21-22201388
Name: Chlitina (Shanghai) Trade Limited, Tianjin Branch	Website: http://www.chlitina.com.cn
Address: No. 1661, 1660, 1659, 13-1658-3, 11, Nanma Rd., Nanshi St., Heping Dist., Tianjin City, China	TEL.: (86)21-22201388
Name: Chlitina (Shanghai) Trade Limited, Hangzhou First Branch	Website: http://www.chlitina.com.cn
Address: Room 907, No. 203, Zhaohui Rd., Xiacheng District, Hangzhou City, Zhejiang Province, China	TEL.: (86)21-22201388
Name: Chlitina (Shanghai) Trade Limited, Hubei Branch	Website: http://www.chlitina.com.cn

Address: 15F., No. 3 and 4, Zheshang International Building, No.718, Jianshe Avenue, Jiangan District, Wuhan City, Hubei Province, China
TEL.: (86)21-22201388

Name: Chlitina (Shanghai) Trade Limited, Hubei Branch
41F., 01, 02 & 03, Shimao World Financial Center, No.393, Jianxiang Road, Furong District, Changsha City, Hunan Province, China
Website: <http://www.chlitina.com.cn>
TEL.: (86)21-22201388

- III. Name, Address, Website and Tel. for Stock Transfer Organization
Name: Share Administration Department, Fubon Securities Co., Ltd.
Address: 2F., No. 17, Xuchang St., Taipei City
Website: <http://www.fubon.com>
TEL.: (886)2-23611300
- IV. Name, Office, Address, Website and Tel. of CPA for recent financial reports
Name: Accountant Lin, Chun-Yao and Chang, Shu-Chiun
Accounting Firm: PwC Taiwan
Address: 27F., No.333, Sec. 1, Keenlung Rd., Xinyi Dist., Taipei City
Website: <http://www.pwc.tw>
TEL.: (886)2-27296666
- V. Name, Title, Tel. and E-mail of Litigation and Non-litigation Agent within the Republic of China
Name: Pi-Hua Joanna Chen Title: Chairman
TEL.: (886)2-2723-8666 Email: investor@chlitina.com
- VI. Name of Overseas Securities Exchange Office and the method to inquire into information of securities: None
- VII. Company website: <http://www.chlitina.com>

VIII. List of Board of Directors

Title	Nationality	Name	Gender (Female / Male)	Major education background and work experiences	Concurrent positions at the Company and other companies
Chairman	Republic of China	Pi-Hua Chen	F	EMBA, Tongji University PhD of Keuka College, USA	Note 1
Director	British Virgin IS.	Wealthy Garden Investment Limited	-	-	-
	Republic of China	Representative: Chen, Pei-Wen	F	MBA, US Seton Hall University – MBA, Stillman School of Business	Note 2
Director	Republic of China	Chu, Yi	F	Graduated from Dept. of Business Administration, Fu Jen Catholic University Regis University MBA, USA Harvard Business School - Advanced Management Program 1996 The first President of Estee Lauder Group in Taiwan Founding director and honor director of Taiwan Cosmetics Industry Association	Alchemy Corporation USA / President Vice Chairman of Taiwan Clinical Oncology Research Foundation
Director	Mainland China	Wu, Sizong	M	Master of Economics, Shanghai University of Finance and Economics Bachelor of Economics, Jiangxi University of Finance and Economics Professor of Jiangxi University of Finance and Economics	Professor of Tongji University Independent Director of Top Spring International Holdings Limited Independent Director of Shanghai Shimao Group Independent Director of Namtai Property Group
Director	Republic of China	Tsai, Yu-Ling	F	Department of Law, National Taiwan University Co-founder of Lee, Tsai & Partners	Member of Taipei Smart City Committee Member of International Affairs Committee, Taipei City Government Member of Data Governance Committee, Taipei City Government Municipal Advisor of Taipei City Government Chairman of Ching Chu Co., Ltd. Director of Jess Link Products Co., Ltd. Director of Le Gala International Ltd. Director of Chenbro Micom Co., Ltd. Chairman of Taiwan FinTech Association

					<p>Supervisor of Artificial Intelligence Director of K.T. Li Foundation for Development of Science and Technology Standing Director of Spark Taiwan Chairman of Taiwan Women on Boards Association Supervisor of Huafan University Director of the Chinese Arbitration Association CEO of Fair Winds Foundation Convener of Legal Assistance Working Group, Taiwan Blockchain Alliance Member of International Affairs Committee, Taitung County Government</p>
Independent Director	Republic of China	Tsai, Yu-Chin	F	<p>PhD, School of Accounting, Shanghai University of Finance and Economics Master, College of Accounting, National Chengchi University Director of the Audit Dept., KPMG Assistant Professor, Dept. of Accounting, China University of Technology Passing High Level CPA Civil Test</p>	<p>Supervisor of Nichidenbo Corporation ITEQ CORPORATION – Independent Director ITEQ CORPORATION – Member of Audit Committee ITEQ CORPORATION – Member of Remuneration Committee Assistant Professor, Dept. of Accounting, China University of Technology</p>
Independent Director	Republic of China	Kao, Peng-Wen	F	<p>MBA, Duke University, USA – graduation President and COO of Walsin Lihwa Corp.</p>	—
Independent Director	Republic of China	Yu, Hung-Ding	M	<p>Dept. of Computer & Applied Sciences, Soochow University – graduation System Engineer, Products Manager and Business Manager of IBM Taiwan President, UNIX Server Products Department, IBM China President, Midranger Server System Department, Greater China, IBM China President, East and Central China, IBM China President, Production, Great China, IBM China CEO, IBM Taiwan</p>	<p>Independent Director of Tymphony Acoustic Technology HK Ltd.</p>

Note 1: Representative of juristic person of General Biologicals Corp., Director of (BVI) Chlitina Group Limited, Director of (BVI) Chlitina International Limited, Director of (BVI) Chlitina Intelligence Limited, Director of Centre de Recherche et de Developpement de Director of CHLITINA FRANCE EURL, Director of Hong Kong Chlitina International Limited, Director of (BVI) Chlitina Marketing Limited, Director of (BVI) W-Amber International Limited, Director of (BVI) W-Amber Marketing Limited, Director of Hong Kong W-Amber International Limited, Director of (BVI) W-Champion International Limited, Director of (BVI) W-Champion Marketing Limited, Director of Hong Kong W-Champion International Limited, Director of (BVI) C-Asia International Marketing Limited, Director of Hong Kong C-Asia International Marketing Limited, Director of Hong Kong Crystal International Services Limited, Director of Huapao Sdn. Bhd., Director of Bi Ning Limited Liability Co., Director of Yong Li Trading Company Limited, Director of Yong Li Company Limited, Executive Director of Chlitina (China) Trade Limited, Executive Director of Weishuo (Shanghai) Daily Product Limited, Executive Director of W-Amber (Shanghai) Trade Limited, Executive Director of W-Champion (Shanghai) Trade Limited, Executive Director of C-Asia (Shanghai) Trading Co., Ltd., Executive Director of Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd., Executive Director and President of Cuijie (Shanghai) Trading Co., Ltd., Executive Director of Li Shuo (Shanghai) Biotechnology Co., Ltd., Executive Director of Shanghai Uplider Medical Beauty Treatment Clinic Co., Ltd., Manager of Branch of British Virgin IS., Chlitina Marketing Limited Taiwan Branch, Manager of Branch of British Virgin IS., Chlitina Intelligence Limited Taiwan Branch, Director of (BVI) Desheng Global Limited Ltd., Director of (BVI) Wealthy Garden Investment Limited, Director of (BVI) J&R International Holding Limited, Director of (BVI) Pure Sky International Limited, Director of Dida Biomedical Limited, Director of San Yen So International Co., Director of Cheng Yang Trading Co., Ltd., Supervisor of Chlitina International Limited, Director of Quan Feng Sheng Investment Co., Ltd., Director of Jin Yongji Co., Ltd., Director of Chaoneng Biochemical Technology Co., Ltd.

Note 2: Supervisor of C-Asia (Shanghai) Trading Co., Ltd., Director of J&V Global Limited, Director of TuTu & Bow International Limited, Director of FORTUNE RADIANCE INVESTMENT LIMITED, Director of Huapao Sdn. Bhd., Director of Bi Ning Limited Liability Co., Supervisor of Kelti (China) Daily Product Co., Ltd., Supervisor of Jin Yen (Shanghai) Biotech Co., Ltd., Supervisor of Zhaocang (Shanghai) Trading Co., Ltd., Chairman of San Yen So International Co., Ltd., Representative/Director of TuTu & Bow International Limited, Representative/Director of Chlitina International Limited, Director of Chlitina International Trade Co., Ltd., Director of Charming Biotech Corporation, Director of Dida Biomedical Limited, Supervisor of Zhaocang (Shanghai) Trading Co., Ltd., Supervisor of Chaoneng Biochemical Technology, Supervisor of Jin Yongji Co., Ltd., Supervisor of Quan Feng Sheng Investment Co., Ltd.

Note 3: Director's domestic representative: mutually appointed between general directors and mutually appointed between independent directors. Contact details for domestic agent: TEL.: (886)27238666-mail: 27238666 E-mail: investor@chlitina.com

Chlitina Holding Limited

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VI. If the Company has financial difficulty, it shall state its influence on the Company's financial condition during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

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IV. Other Important Supplementary Information

Chapter 9 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one.

Chlitina Holding Limited 2020 Business Report

Chlitina Holding Limited (hereinafter referred to as the “Company”) hereby reports its 2020 operating results and the summary of the business plan for 2021:

I. 2020 operating results:

(I) Business plan and implementation:

Consolidated revenue of the Company in 2020 was NT\$4,055,996 thousand, down by 21.07% as compared to NT\$5,138,879 thousand in 2019. Net income after taxes was NT\$959,636 thousand, as compared to NT\$1,432,163 thousand in 2019, or a 32.99% decline.

In terms of geographical breakdown, 96.55% of sales, or NT\$3,916,121 thousand, were made in Mainland China, as the region remained the largest market for the Company and its focus for business expansion.

(II) Analysis of financial revenues and expenditures and profitability:

For the financial balance and structure, the assets to liabilities ratio was 51%, the current ratio was 210%, and the net profit margin was 23% in 2020, with a net cash inflow of NT\$1,521,646 thousand. This demonstrates that even under the severe impact of the epidemic, the Company was still able to maintain ample cash flow, stable profitability, and an excellent financial structure.

(III) Performance in research and development

The Company strives to apply the concept of a “medicine-based, beauty-oriented” skincare by providing professional solutions to women’s skin issues. Introducing advanced technology to the industry and focusing on various consumer groups in different market segments, the company continues to launch new products and broaden the distribution of its lines of products. In 2020, the Company’s franchise channels launched a series of essential oils extracted from the highest quality plants available from around the world, as well as new references in our skin repair and anti-ageing lines: the Timeless Youthful Complexion Series and the Youthkeeper Serum – this product integrating the fruit of our own patented R&D, the nanostructured advanced lipid carrier technology, and being formulated with 7 core nanopeptides. Meanwhile, as an extension of our franchise channel, our e-commerce channel continues to offer products selected for their “trendiness,” “high-efficiency,” and “fast action” qualities. Different products are launched through different channels in order to satisfy the needs of each individual consumer in terms of personalized skincare and healthy lifestyles to the greatest extent possible.

(IV) Status of budget implementation

As there was no disclosure of any financial forecast in 2020, there is no information on budget achievement.

II. Summary of the business plan for 2021:

(V) Operation guidance:

1. We will continue to promote the brand’s philosophy of “Women, Love Bravely,” truly taking consumers’ needs as the basis for exclusive and precise skin care solutions, and responding to the key imperatives that are “timely, suitable, and economical.” The Company also intends to strengthen its high-quality, high-end brand image by promoting the brand by varied means such as in-depth reports in the traditional and in the new media, sponsoring prestigious international events, holding large-scale events, and advertising through other types of media in order to increase brand awareness among consumers and to attract high-end consumers. We will also organize online and offline marketing events to

strengthen loyalty to the brand among consumers as well as among franchisees. And we will actively expand business scale and improve operational performance to maximize shareholder's equity.

2. Regarding the franchise channel, based on the marketing principle of “intensive cultivation,” we will work on improving management at existing franchises to help them increase profitability and overall quality, in the constant pursuit of long-term robust growth.

In Mainland China, we will actively tap consumption potential and consumers’ needs in markets where we have low coverage. In each area, we will continue to strengthen the management at every level, maintain an efficient network expansion, while also taking into account the quality of that expansion.

In Hong Kong, Taiwan, and Southeast Asia, we will deepen brand awareness and speed up the addition of new stores to the network. We will reach out to local beauty markets by improving and enforcing franchise management strategies that are adapted to local developments. Furthermore, we will research and develop beauty and health products that are suitable for local consumers.

3. As far as e-commerce is concerned, the focus will continue to be on the steady growth of both the number of members and the quantity of purchase orders. We will combine the existing distribution channel resources of the Company while developing middle- and high-end products for the expansion of the width and length of the product chain complemented by 24/7 marketing approaches with no geographical limit in order to improve the network deployment and product coverage.

4. In the field of aesthetic medicine, we have promoted the development of our own aesthetic medicine clinics. Combining aesthetics, medicine and science, we are providing consumers with comprehensive beauty, health, and anti-ageing services. We also set foot in the high-end cosmetic medicine industry, taking advantage of advanced artificial intelligence and regenerative medicine to bring additional momentum to the Company’s revenue.

(I) Future development strategy:

The Company will continue to achieve non-stop sales growth for different channels, expand the group’s business territory and push forward the process of internationalization, by implementing the strategies of “high-efficiency treatment products,” “multi-channel selling,” and “diversified marketing” in accordance with the macro environment, industry characteristics, and market preference.

III. The impact of external competition, legal environment, and overall business operation environment

(I) The impact of external competition and overall business operation environment:

In 2020, despite the severe impact of the new coronavirus epidemic, China’s economic growth rate recovered steadily and better than expected, and China finally proved to be the only major economy around the world to achieve annual GDP growth. According to the “2020 National Economic and Social Development Statistics Bulletin” published by the National Bureau of Statistics of China, in 2020, China’s total economic output exceeded the one-hundred-trillion-RMB mark, and the GDP was RMB101.6 trillion, or a year-on-year increase of 2.3%. Tertiary industries accounted for 54.5% of China’s total GDP. Under the stimulation of multiple factors such as industrialization, the development of the information technology and elevated consumer spending, growth in the tertiary, especially in the service industry, remained strong. Consumption continues to be a driving force with an annual contribution of 57.3% to economic growth for the whole year. The level of urbanization keeps on increasing and the income gap between urban and rural residents continues to narrow. Local residents’ income grew faster than economic growth. The annual per capita disposable income increased by 4.7% as compared to the previous

year. Excluding price factors, the real growth rate was 2.1%. The development of the service industry, continuing urbanization and the increase of per capita disposable income of urban residents all show the huge potential of the consumer goods market in China. The annual total retail sales of consumer goods reached RMB39.2 trillion, a decrease of 3.9% from the previous year. Among the retail sales of goods above the designated size limit, cosmetics saw a growth rate of 9.5%. Even under the overall adverse economic situation, cosmetics still have market support for stable growth. It is worth noting that in 2020, online retail sales of physical goods reached RMB9.8 trillion, an increase of 14.8% over the previous year, accounting for 24.9% of the total retail sales of consumer goods.

In 2020, against the backdrop of the severe impact of the new coronavirus, while the rest of the global economies were entering deep recession, China's giant economy moved forward firmly. As the economy improves and gradually returns to normal, the quality of development also improves steadily. Quality of life and wellbeing are likewise on the rise, and all kinds of social activities are flourishing, with overall improvements in ecological and environmental quality. Meanwhile, with the support of a series of innovative and entrepreneurial activities and achievements, new industries, new formats and new business models have been emerging and are becoming the new driving force for economic growth and structural adjustment. In 2020, online retail sales grew by 14.8% as compared to the previous year, accounting for 24.9% of the total retail sales of consumer products, an increase of 4.0 percentage points from the previous year.

In a rapidly changing external environment, the markets for beauty and skincare franchise and consumer goods are becoming more and more competitive. In a fragmented competitive market, high-quality brands have a strong market appeal and more opportunities for market integration. At the same time, franchisees' business operations are directly affected by the macroeconomic environment and consumers' disposable income. Under the current urbanization and mass entrepreneurship drives, the development of e-commerce will help break down geographical limits and expand consumer groups, which will bring more business opportunities to the Company. The transformation and upgrading of traditional industries and the online-and-offline integrated marketing methods have further highlighted the Company's competitive advantage in combining unique products and services.

(II) Impact from the Legal Environment:

To operate skin care products manufacturing and franchise business in China, companies need to obtain numerous licenses and approvals and comply with the following regulations: "Hygienic Standard for Cosmetics," "Regulations Concerning the Hygiene Supervision over Cosmetics," "Detailed Rules for the Implementation of the Regulation on the Hygiene Supervision over Cosmetics," "Industrial Production Authorization Regulations," "Domestic Non-special Purpose Cosmetics Record Management Method," and "Cosmetics Labels Instructions Management Regulations," as well as "Regulation on the Administration of Commercial Franchises." Obtaining relevant licenses in accordance with the laws and regulations has a significant impact on the Company's business operations. As of the date of publication of this annual report, the Company has not yet obtained all of the licenses and permits required for business operations.

Chairperson: Chen, Pi-Hua

Manager: Chao, Chen-Yu

Accounting Supervisor: Yeh, Chien-Chih



Chapter 2 Company profile

I. Date of establishment: July 3, 2012

II. Company and group history

Year	Significant events of the Company and group history
1989	The brand of “CHLITINA” was formally established in Taiwan.
1997	CHLITINA entered Shanghai and formally expanded to the market of Mainland China.
1999	CHLITINA opened its first flagship store on Huaihai Rd., Shanghai.
2002	CHLITINA set up the training center in Shanghai and opened various professional curriculum.
2003	With advanced production equipment, the Songjiang firm strictly follows scientific production management and quality control system. Its supreme quality control successfully passed the “Certification Rules for Cosmetics Good Manufacturing Practice (GMP)” published by UK’s Intertek Testing Services Ltd., Shanghai, and was awarded the international “URS certification” of ISO9001 and the ISO9001 international quality certification of “Shanghai Audit Center of Quality System” successively. It became an enterprise obtaining the above two certifications simultaneously, which was rare in China’s daily cosmetic industry.
2004	To enhance customer service, Chlitina have aggressively expanded their market reach, setting up offices in Beijing, Guangzhou, Chengdu and Dalian to drive customer awareness and brand recognition.
2005	It expanded to markets in many regions around the country, with franchises exceeding 2,000.
2006	Shanghai Yongji Trading Co., Ltd. (abbreviated as Yongji Limited in the following text) was established and its franchise store number reached 2,475.
2007	The Chengdu regular chain store of CHLITINA was established. Weishuo (Shanghai) Daily Product Limited (abbreviated as WeiShuo Company in the following text) was established. CHLITINA International Limited was established.
2008	The Dalian regular chain store of CHLITINA was established. The development center in France, Centre de Recherche et de Developpement de CHLITINA FRANCE EURL, was set up. CHLITINA formed R&D alliance with partners in France.
2009	Hong Kong CHLITINA International Limited was set up. WeiShuo Company formally started production.
2011	In the list of “China Well-known Trademark” published by the Trademark Office of the State Administration for Industry and Commerce, the Chinese and English names of “克麗緹娜” and “CHLITINA” were respectively rewarded the honor of “China Well-known Trademark.” CHLITINA Group Limited was established.
2012	CHLITINA Intelligence Limited was established. CHLITINA participated in the 17th China Beauty Expo (in Shanghai), and the brand won the honors of “Leading Brand” and “The Most Influential Beauty Chain in 2012.” “Chlitina Holding Limited (麗豐股份有限公司)” was set up in the Cayman Islands as the body in applying for primary listed company.

Year	Significant events of the Company and group history
	<p>CHLITINA was awarded “Asia Brand Store Award” and “China’s Most High-Growth Franchises” by China Chain Store & Franchise Association.</p> <p>On the 4th Hers Premium Lifestyle 100 held by the magazine “Urban Housewives,” CHLITINA won the prize of “Best Loved Brand of Thousands of Females.”</p> <p>At the “Top 50 Growth Chain-Style Business in China – Forum and Award Ceremony” held by CYZONE in 2012, CHLITINA won the award of “Top 50 Growth (Franchise 50) Chain-Style Business in China” for its brand reputation, popularity and future growth potential.</p> <p>Shanghai Yongji Trading Co., Ltd. was renamed to “CHLITINA (Shanghai) Trade Limited.”</p> <p>CHLITINA Marketing Limited and its Taiwan branch were established.</p>
2013	<p>CHLITINA’s brand won “Asia’s Top 10 Brands with the Most Investment Values Award” at the Asia Brand Association Annual Meeting and China Brand Ranking Ceremony.</p> <p>Weishuo Company was awarded the “Advance Business Award” by People’s Government of Songjiang District.</p> <p>In May 2013, CHLITINA won the “2013 Most Influential Venture Capital Brand Award” and “2013 Venture Capital Expo Gold Award” on the National Brand Franchise Expo.</p> <p>In May 2013, CHLITINA was awarded the “Top 10 Business Model Award” by the “Beauty Salon” magazine.</p> <p>Also in May 2013, CHLITINA received the “Leading Brand Award” and “Most Brand Value Beauty Chain in 2013 Award” on the 18th China Beauty Expo.</p> <p>In August 2013, CHLITINA won the award of “2013 Top 50 Growth Chain-Style Business in China” from “CYZONE” magazine.</p> <p>In November 2013, CHLITINA won the “2013 Trusted Hairdressing and Beauty Brand Award” from Shanghai Municipal Commission of Commerce, “Shanghai Morning Post” and Shanghai Hair & Beauty Trade Association (SHBTA).</p> <p>On November 27, 2013, CHLITINA were listed on the Taiwan Stock Exchange (TWSE).</p>
2014	<p>In January 2014, CHLITINA won the “2013 7.6 Million Metro Time Readers’ Most Favorite Fashion Brand Award” at the 2013 Fashion City Light Ceremony.</p> <p>Also in January 2014, CHLITINA’s “E.P.O. Facial Cleanser” won the award of “2013 Most Classic Facial Cleaning Product” at the 2013 Fashion City Light Ceremony.</p> <p>In February 2014, CHLITINA won the “2013 China Charity Collective Award” at the 3rd China Charity Festival.</p> <p>Also in February 2014, CHLITINA’s project of “Light up the Light” won “The Best Charity Spirit Award” at the 3rd China Charity Festival in 2013.</p> <p>On March 3, 2014, CHLITINA launched the “Women, Love Bravely” campaign for CHLITINA’s 25th anniversary festival.</p> <p>In May 2014, CHLITINA won the “Investors’ Most Favorite Brand Award” at the 15th China Venture Capital Fortune Making Expo in Shandong, China.</p> <p>In June 2014, CHLITINA’s “E.P.O. Facial Cleanser” won the “2014 Most</p>

Year	Significant events of the Company and group history
	<p>Potential Venture Project Award” and “The 2014 Gold Award of Entrepreneurship Exposition” at the 20th Joining China Franchise & China Venture Exhibition in 2014.</p> <p>Also in June 2014, CHLITINA won the “2014 Best Brand Image Award” at the 3rd China Finance Summit.</p> <p>In September 2014, CHLITINA won the “2014 Boutique Tour Special Contribution Award” and the “Business Leader Award” from China Association of Fragrance Flavor and Cosmetic Industries.</p> <p>Also in September 2014, CHLITINA won the “2014 Most Fashionable Beauty Chain Award.”</p> <p>In November 2014, CHLITINA was awarded the “2013 China Franchise Venture Contribution Award” and the “Top 120 Chain-Style Business of China in 2013” by China Chain Store & Franchise Association.</p> <p>Also in November 2014, CHLITINA won the “Project Hope 25 Years Special Contribution Award” from China Youth Development Foundation.</p>
2015	<p>In January 2015, CHLITINA’s Chairman, Ms. Pi-Hua Chen, received the “2014 China Charity Character Award.”</p> <p>Also in January 2015, CHLITINA won the “2014 China Charity Collective Award.”</p> <p>In June 2015, CHLITINA and Hubei TV collaborated on the production of a TV show, “Perhaps Love,” which illustrate a legendary journey of brave love.</p> <p>In July 2015, CHLITINA grandly launched the opening ceremony of “Beauty, Heath, Happiness” campaign in Xiamen, China.</p> <p>In October 2015, CHLITINA was named “Taiwan’s Best 20 Global Brands” by Interbrand, the largest brand-consulting firm around the globe.</p> <p>In November 2015, CHLITINA’s “Deluxe Renew Firming Cream” won the “The Best 4D Contour Award” in blind tests of magazine “femina.”</p>
2016	<p>In January 2016, CHLITINA’s Chairman, Ms. Pi-Hua Chen, received the “2015 China Charity Character Award.”</p> <p>Also in January 2016, CHLITINA won the “2015 Responsible Brand Award.”</p> <p>In March 2016, CHLITINA joined the official cooperation press conference of the 19th Shanghai International Film Festival.</p> <p>In March 2016, CHLITINA and its spokesperson, A-Lin, launched the brand concept of “Cocoon” at a brand festival on the Shanghai Culture Square.</p> <p>Also in March 2016, CHLITINA and Shanghai International Film Festival announced a global call for documentary films on the subject of “Women Love Bravely.”</p> <p>In April 2016, the spokesperson of CHLITINA, A-Lin, helped the Company broadcast on television and printed ads in Mainland China and Taiwan at the same time.</p> <p>In April 2016, CHLITINA’s charity computer donation, “Lit The Light Plan,” was held in Jinzhai, Anhui Province.</p> <p>In April 2016, CHLITINA’s Spinning Series product, “Nine Peptide Lotion” was awarded the “Best Whitening Repair Award” by the magazine “femina.”</p> <p>In May 2016, CHLITINA’s national teacher training course of “Lit the</p>

Year	Significant events of the Company and group history
	<p>Light Plan” was opened during May 11 – May 16 in Shanghai.</p> <p>In June 2016, CHLITINA became the official cooperative partner of the 19th Shanghai International Film Festival and the only skin care brand designated by Shanghai International Film Festival.</p> <p>In June 2016, CHLITINA’s Chairman, Ms. Pi-Hua Chen, was elected as President of the National Medical Beauty Industry Branch.</p> <p>In April to July 2016, CHLITINA Taiwan branch invested and were titled on China’s hot-broadcasted drama, “The Legend of MiYue,” to enhance the brand’s reputation.</p> <p>In July 2016, CHLITINA won the “2016 Outstanding Brand Image Award” at the 5th Financial Summit. The Chairman, Ms. Pi-Hua Chen, won the award of “2016 Best Man of Wealth and Wisdom.”</p> <p>In August 2016, the COO of CHLITINA, Cheng-Yu Zhao, became the only representative of the industry that were invited to attend the B20 Summit in Hangzhou.</p> <p>In November 2016, CHLITINA’s new concept store debuted on Huaihai Road in the Shanghai core business district, which created a unique five-sense experience to build a new concept of luxurious skin care. Consumers can understand the “cocoon” spirit of the brand culture from the inside to the outside.</p> <p>In November 2016, CHLITINA became the only representative of the industry that continuously won the honor of “Top 20 International Brands in Taiwan” twice, after which the value of the brand rose by 19%. As compared with the average value of all 20 top brands selected, CHLITINA’s growth rate of brand value is higher than the others’ by about 18%.</p> <p>In November 2016, as a contributive and successful leader of the Company, Chairman Ms. Pi-Hua Chen, was awarded an honorary PhD degree of Humanities from Keuka College in New York because of her insistence on humanistic care and continuous attention to supporting cultural exchanges between Mainland China and Taiwan.</p> <p>In November 2016, CHLITINA’s protein cream won “The Best Tightening Firming Award” of the year given by the magazine “femina.”</p>
2017	<p>In January 2017, CHLITINA won the “2016 Special Tribute Award” of the 6th China Charity Festival. Chairman Ms. Pi-Hua Chen, won the “2016 China Charity Character Award” at the same festival.</p> <p>In February 2017, the press conference for official cooperation between CHLITINA and the 6th Shanghai International Film Festival was held.</p> <p>Also in February 2017, CHLITINA cooperated with Shanghai Hongqiao International Airport for the female art exhibition, “Women, Brave to Love.”</p> <p>Also in February 2017, CHLITINA held the brand festival, “Stand on the 20th Anniversary and Take off,” upgraded the brand declaration into “Woman, be Brave to Love and be More Beautiful,” and released three humanities videos which were designed to “pay tribute to every woman who is brave to love.”</p> <p>In May 2017, CHLITINA donated to Shanghai Tongji University Education Development Foundation with the grant used in supporting human resource development in medicine and management and scientific research.</p> <p>In May 2017, the Company’s medical cosmetology clinic, Up Lider, was</p>

Year	Significant events of the Company and group history
	<p>formally established.</p> <p>In June 2017, CHLITINA’s condensed teacher training course of “Lit the Lint Plan” was held in Shanghai.</p> <p>Also in June 2017, CHLITINA became the official cooperative partner of the 20th Shanghai International Film Festival and the only skin care brand designated by Shanghai International Film Festival.</p> <p>Also in June 2017, CHLITINA cooperated with the 20th Shanghai International Film Festival in elegantly broadcasting the venture capital documentary film project of “Woman, be Brave to Love,” “Ganglamedo.”</p> <p>Also in June 2017, CHLITINA held the annual festival of “Pink Power.”</p> <p>In July 2017, the brand sponsored the hot-broadcasting drama, “The First Half of My Life.”</p> <p>Also in July 2017, CHLITINA won the “2017 Best Brand Image Award” at the 6th China Finance Summit.</p> <p>Also in July 2017, CHLITINA’s Chairman, Ms. Pi-Hua Chen, won the “2017 (Industry) Influential Characters” at the 6th China Finance Summit.</p> <p>Also in July 2017, CHLITINA’s brand COO in Greater China area, Chao, Cheng-You, won the honor of “2017 Best Man of Wealth and Wisdom” at the 6th China Finance Summit.</p> <p>In October 2017, CHLITINA Research Institute of Regenerative Medicine, Tongji University, was formally established.</p> <p>In November 2017, CHLITINA broke the industry’s record again in continuously winning the honor of “Top 20 International Brands in Taiwan” three times.</p> <p>In December 2017, CHLITINA won the “Annual Best Classical Skin Care Series Award” of SINA’s “Best Taste 2017.”</p> <p>Also in December 2017, CHLITINA was awarded the honor of “2017 Best Cooperative Partner” and the “2017 Annual Project Hope Contribution Award” by China Youth Development Foundation (CYDF).</p>
2018	<p>In January 2018, CHLITINA won the “2017 Annual Special Tribute Award” at the 7th China Charity Festival.</p> <p>In January 2018, CHLITINA’s Chairman, Ms. Pi-Hua Chen, won the “2017 China Charity Character Award” at the 7th China Charity Festival.</p> <p>In February 2018, the franchisee number has reached over 4,000.</p> <p>In February 2018, CHLITINA was awarded the “Golden Award – the Top 10 Innovative Cases of National Service Industry” from Business Daily.</p> <p>In March 2018, CHLITINA held an honoring festival at Kerry Center in Pudong, Shanghai.</p> <p>In March 2018, CHLITINA signed the “Lighting Charity Fund” alliance with the China Youth Development Foundation to promote reading in Taiwan.</p> <p>In June 2018, CHLITINA became the official cooperative partner of the 21st Shanghai International Film Festival and 21st Shanghai TV Festival, as well as the only skin care brand designated by Shanghai International Film Festival.</p> <p>In June 2018, CHLITINA was awarded the “Top 100 Chain-Style Business of China in 2017” and the “China Outstanding Franchisor 2018” by the China Chain Store Association.</p> <p>In July 2018, the CHLITINA brand was promoted on the dating program</p>

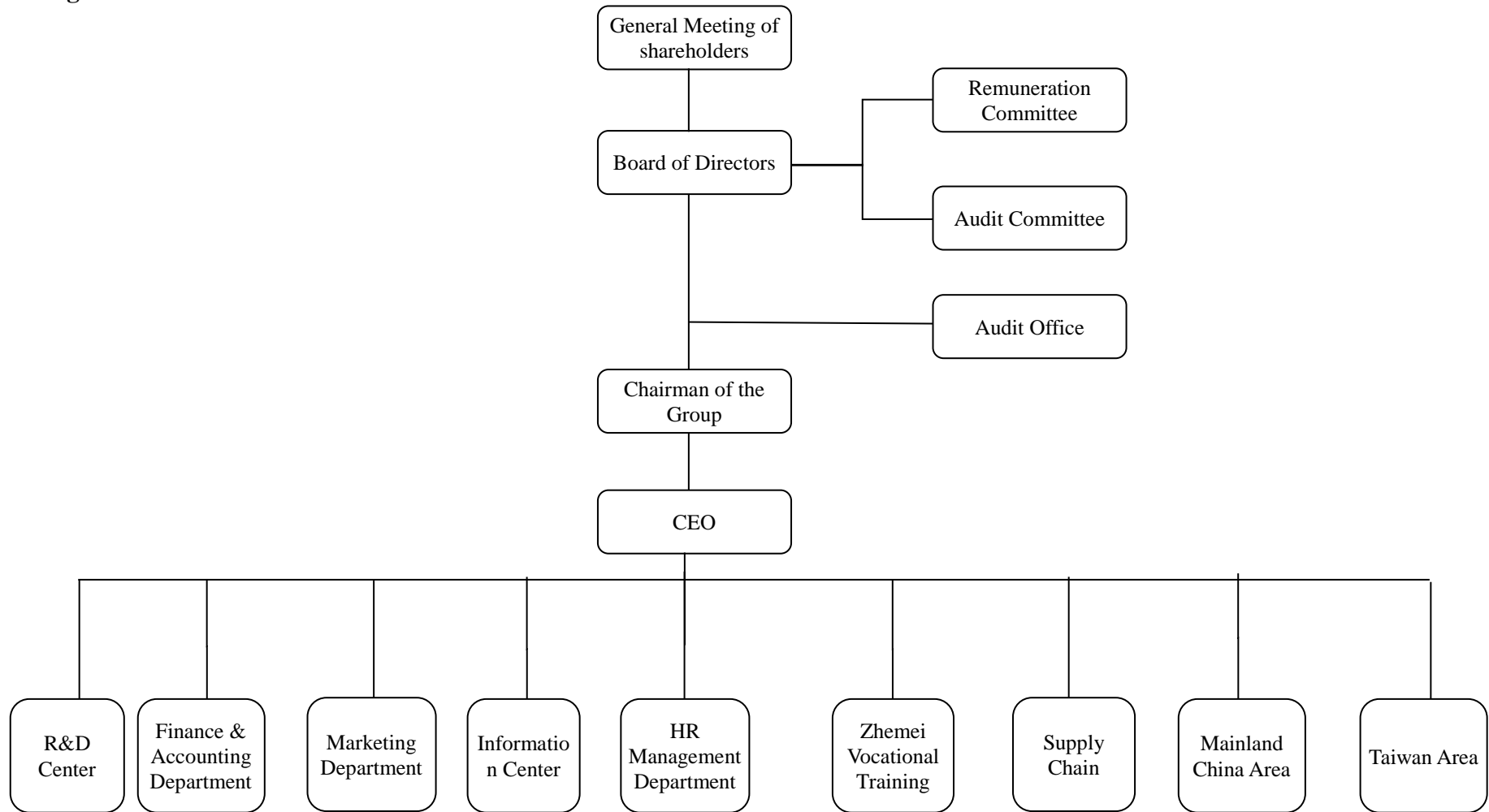
Year	Significant events of the Company and group history
	<p>“Searching for True Love – Wei Jian Zhong Qing” on AHTV.CN.</p> <p>In October 2018, CHLITINA’s Crystal Clear Eye Serum won the RuiLi Yi Style magazine’s 2018 “Brilliant Eyes Pioneer Award”</p> <p>In October 2018, CHLITINA’s COO Mr. Chao, Cheng-You represented the domestic beauty industry and attended the 18th Forbes Global CEO in 2018.</p> <p>In November 2018, CHLITINA was given the prestigious honor of the “2018 Most Influential Industries” award at the 2018 Financial Summit. CHLITINA’s COO Mr. Chao, Cheng-You was named the “2018 New Economy Entrepreneurs”</p> <p>December 2018, the documentary Ganglamedo, invested in by CHLITINA and aired in six languages across nine countries, was given the ‘Gold ribbon’ for excellent TV program.</p>
2019	<p>In January 2019, CHLITINA won the “2018 Charity Collective Award.” COO, Chao, Cheng-You, won the honor of “2018 China Charity Character Award.”</p> <p>January 2019, CHLITINA won the prestigious award “Top 100 Corporations in XuHui District.” COO Mr. Chao, Cheng-You became the Vice Chairman of the “Shanghai City Taiwanese Association for XuHui District.”</p> <p>In March 2019, CHLITINA was awarded the In June 2018, CHLITINA was awarded the “Top 100 Chain-Style Business of China in 2018,” the “China Outstanding Brand 2019” and “Outstanding Franchisor.”</p> <p>In June 2019, CHLITINA became the official cooperative partner of the 22nd Shanghai International Film Festival and 20th Shanghai TV Festival, as well as the only skin care brand designated by Shanghai International Film Festival.</p> <p>In July 2019, CHLITINA held the first reading camp naming [Lighting Charity Fund: The Power of Reading] in Duchang County, Jiangxi Province.</p> <p>In July 2019, CHLITINA won the “Corporate Social Responsibility Model Award” and the COO Mr. Chao, Cheng-You, won the “Influential Characters” at the 8th China Finance Summit.</p> <p>In October 2019, CHLITINA broke the industry’s record again in continuously winning the honor of “Top 20 International Brands in Taiwan” four times.</p> <p>In October 2019, CHLITINA once again worked with the brave woman Ma Yi-Li to film the new promotion “Love Bravely without Hesitation.”</p> <p>In October 2019, CHLITINA’s CEO Mr. Chao, Cheng-You represented the domestic beauty industry to attend the 17th Global views Leaders Forum.</p> <p>In November 2019, CHLITINA won the “Project Hope 30 Years Special Contribution Award” from the China Youth Development Foundation.</p> <p>In December 2019, the popular skincare gift box and the anti-aging cream of CHLITINA separately won the “Full care Award” and the “Popularity Award” at the 2019 Beauty Awards ranked by PClady.</p> <p>In December 2019, CHLITINA promoted its brand on the legal drama “The Gold Medal Lawyer.”</p> <p>In December 2019, CHLITINA held the unveiling ceremony for the Lifeng Institute of Regenerative Medicine of Tongji University at the Jicheng Building on the Hubei campus of Tongji University. The Lifeng Institute of</p>

Year	Significant events of the Company and group history
	Regenerative Medicine of Tongji University was jointly established by CHLITINA, in the name of the parent company Chlitina Holding Limited, and Tongji University.
2020	<p>In January 2020, CHLITINA won the “2019 Responsible Charity Awards.”</p> <p>In January 2020, the charity project [The Power of Reading] of CHLITINA’s Lighting Charity Fund won the “2019 Charity Practice Award” of the 9th China Charity Festival while the founder of the Lighting Charity Fund, Ms. Yu-Shan Su, received the “2019 Charity Character Award.”</p> <p>In February 2020, CHLITINA promoted its brand on the drama “I Will Find You a Better Home.”</p> <p>In February 2020, CHLITINA received the donation certificate “Fight Against Coronavirus with Love” from China Youth Development Foundation.</p> <p>In March 2020, CHLITINA joined the CCFA “Convention of Safe Consumption.”</p> <p>In July 2020, CHLITINA was awarded the “Top 100 Chain-Style Business of China in 2019.” It was the third time that CHLITINA was ranked as one of the Top 100 in China-Style Business.</p> <p>In July 2020, CHLITINA received two awards of the 2020 7th China Brand Influence in the categories of “Quality Brand” and “Customer Satisfaction Brand.”</p> <p>In August 2020, CHLITINA won the “2020 Industry Influence Brand” award and the Mr. Chao, Cheng-You, the CEO of the Group, won the “2020 Industry Influential Figure” award at the 9th China Finance Summit.</p> <p>In August 2020, the awarding ceremony of Shanghai Television Festival was held in Shanghai Theater. As an official partner of the Shanghai Television Festival for four consecutive years, CHLITINA was the designated skin-care brand and the only brand sponsor this year.</p> <p>In September 2020, the Phase-II project of the “Lighting Charity Fund” in Shanxi was launched officially.</p> <p>In October 2020, the micro-web series of “She and Their Stories” that CHLITINA and Maoyan Entertainment produced jointly was launched on Youku platform.</p> <p>In November 2020, CHLITINA won the “Rejuvenation Award” of the special awards for the 75th Anniversary of ELIE Beauty Star with our brand new CHLITINA Youthkeeper Serum.</p> <p>In November 2020, Luo, Chun-Di, CHLITINA’s store manager in Jiangsu Area, won the honor of “2020 CCFA Gold Store Manager.”</p> <p>In November 2020, CHLITINA won the honor of “Top 25 International Brands in Taiwan” the fifth time.</p> <p>In November 2020, Chlitina (China) Trade Limited won the honor of Outstanding Taiwan Enterprise.</p> <p>In November 2020, CHLITINA was ranked as one of the Forbes Asia’s 200 Best Under A Billion.</p> <p>In December 2020, “She and Their Stories” won the TopTouch 2020 Global Business Innovation Award in the category of “The Best Commercial Video.”</p>
2021	In January 2021, the Kritina brand won the "2020 Outstanding Contribution

Year	Significant events of the Company and group history
	<p data-bbox="386 241 1364 344">Enterprise to Anti-epidemic" by the 10th China Charity Festival in 2020, and Ms. Su Yushan, the founder of Randeng Fund, won the "2020 Public Welfare Figure".</p> <p data-bbox="386 349 1364 452">In February 2021, Cristina Tongyan essence was awarded the top innovation award in the professional SPA category at the Victoires de la Beauté Victoria Beauty Awards in France.</p> <p data-bbox="386 456 1364 515">In March 2021, Kritina won the double honor of "2021 Consumer Rights Advanced Unit" & "2021 National 3.15 Ingenious Brand (Product)".</p>

Chapter 3 Corporate Governance Report

I. Organization



Department Name	Responsible of Department
R&D Center	<ol style="list-style-type: none"> 1. Increased the company's self-development ability and support the market's early period developing work of new product marketing. 2. Formulated the standardized costs and realized effective cost control. Manage and maintain periodical regulatory business of previously launched products. Completed the mission of communication and negotiation between the management and the employees.
Finance & Accounting Department	<ol style="list-style-type: none"> 1. Made the Group's annual budget and final report 2. Formulated the Group's tax policy and relevant planning 3. Dealt with the Group's accounting process, financial and capital planning. 4. Investor relationships
Marketing Department	<ol style="list-style-type: none"> 1. Responsible for the establishment of brand image, shaping of values, and upgrading of brand image based on the business development of the Company to promote the character of the Company; 2. Develop new products, optimize product lines, plan product promotion programs, and proceed with implementation; 3. Draw up brand promotion programs, advertisement promotions and ultimate promotional programs, execute brand broadcasting strategies and budget the expenses; 4. Collect the market information, analyze the market trend, consumer demands, and the industry development trend and complete the market research, and sales forecasting; 5. Responsible for the planning and operation of the new media platforms (Wechat, Weibo, TikTok and Xiaohongshu); 6. Responsible for the building and maintenance of the media and public relations; 7. Responsible for the organization, planning, creative output, and copywriting of the marketing activities;
Information Center	<ol style="list-style-type: none"> 1. Make reasonable budget for the IT Dept., arrange the Group's software and hardware resources appropriately. 2. Establish the Internet system, apps, operation system needed by each of the departments. 3. Established, managed and executed the SAP System; conglomerate the Company's ERP management operation 4. Establish and execute the Management Information System (MIS) and integrate the computerized management operation of the Company.
HR Management Department	<ol style="list-style-type: none"> 1. Arranged human resources, established and executed employee management system. 2. Established and executed administrative and general affairs system.
ZHEMEI Vocational Training	Develop training courses, teach internal and external courses, and provide relevant support.
Supply Chain	Responsible for production and outsourced manufacturing, complete and meet the annual production plans and goals.
Mainland China Area	Take charge of the business in China.
Taiwan Area	Take charge of the business in Taiwan.

II. Information concerning the directors, supervisors, president, vice presidents, assistant vice presidents, and department and branch managers

(I) Information of directors and supervisors

April 30, 2021; Unit: 1000 shares; %

Title (Note 1)	Nationality or Place of Registration	Name	Gender (Female / Male)	Date of Election (Appointment) Date (Note 1)	Term (years) (Note 1)	Date when first elected (Note 1)	Shareholding when elected		Current shareholding		Current shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Concurrent positions at the Company and other companies	Other senior managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)			Title	Name	Relation ship	
Chairman	Republic of China	Pi-Hua Chen	F	June 5, 2018	3	July 3, 2012	-	-	-	-	-	-	-	-	EMBA, Tongji University PhD of Keuka College, USA	Note 2	Director	Chen, Pei-Wen	Sister	Note 4
Director	British Virgin IS.	Wealthy Garden Investment Limited	-	June 5, 2018	3	August 23, 2012	28,056 (Note 2)	35.29	28,056	35.29	-	-	-	-	-	-	-	-	-	-
	Republic of China	Chen, Pei-Wen	F	June 5, 2018	3	June 17, 2015	-	-	-	-	-	-	-	-	MBA, US Seton Hall University – MBA, Stillman School of Business Graduated from Daren Girls' High School	Note 3	Director	Pi-Hua Chen	Sister	-
Director	Republic of China	Chu, Yi	F	June 5, 2018	3	August 23, 2012	-	-	-	-	-	-	-	-	Graduated from Dept. of Business Administration, Fu Jen Catholic University Regis University MBA, USA Harvard Business School – Advanced Management Program 1996 The first President of Estee Lauder Group in Taiwan Founding director and honor director of Taiwan Cosmetics Industry Association	Alchemy Corporation USA /President Vice Chairman of Taiwan Clinical Oncology Research Foundation	-	-	-	-
Director	Mainland China	Wu, Sizong	M	June 5, 2018	3	August 23, 2012	-	-	-	-	-	-	-	-	Master of Economics, Shanghai University of Finance and Economics Bachelor of Economics, Jiangxi University of Finance and Economics Professor of Jiangxi University of Finance and Economics	Professor of Tongji University Independent Director of Top Spring International Holdings Limited Independent Director of Shanghai Shimao Group Independent Director of Nantai Property Group	-	-	-	-
Director	Republic of China	Tsai, Yu-Ling	F	June 5, 2018	3	August 23, 2012	-	-	-	-	-	-	-	-	Department of Law, National Taiwan University Co-founder of Lee, Tsai & Partners	Member of Taipei Smart City Committee Member of International Affairs Committee, Taipei City Government Member of Data Governance Committee, Taipei City Government Municipal Advisor of Taipei City Government Chairman of Ching Chu Co., Ltd. Director of Jess Link Products Co., Ltd. Director of Le Gala International Ltd.	-	-	-	-

																		Director of Chenbro Micom Co., Ltd. Chairman of Taiwan FinTech Association Supervisor of Artificial Intelligence Director of K.T. Li Foundation for Development of Science and Technology Standing Director of Spark Taiwan Chairman of Taiwan Women on Boards Association Supervisor of Huafan University Director of the Chinese Arbitration Association CEO of Fair Winds Foundation Convener of Legal Assistance Working Group, Taiwan Blockchain Alliance Member of International Affairs Committee, Taitung County Government					
Independent Director	Republic of China	Tsai, Yu-Chin	F	June 5, 2018	3	August 23, 2012	-	-	-	-	-	-	-	-	-	-	-	PhD, School of Accounting, Shanghai University of Finance and Economics Master, College of Accounting, National Chengchi University Director of the Audit Dept., KPMG Assistant Professor, Dept. of Accounting, China University of Technology Passing High Level CPA Civil Test	Supervisor of Nichidenbo Corporation ITEQ CORPORATION – Independent Director ITEQ CORPORATION – Member of Audit Committee ITEQ CORPORATION – Member of Remuneration Committee Assistant Professor, Dept. of Accounting, China University of Technology	-	-	-	-
Independent Director	Republic of China	Kao, Peng-Wen	F	June 5, 2018	3	November 12, 2021	-	-	-	-	-	-	-	-	-	-	-	MBA, Duke University, USA – graduation President and COO of Walsin Lihwa Corp.		-	-	-	-
Independent Director	Republic of China	Yu, Hung-Ding	M	June 5, 2018	3	November 12, 2021	-	-	-	-	-	-	-	-	-	-	-	Dept. of Computer & Applied Sciences, Soochow University – graduation System Engineer, Products Manager and Business Manager of IBM Taiwan President, UNIX Server Products Department, IBM China President, Midranger Server System Department, Greater China, IBM China President, East and Central China, IBM China President, Production, Great China, IBM China CEO, IBM Taiwan	Independent Director of Tymphony Acoustic Technology HK Ltd.	-	-	-	-

Note 1: The Company was established in the Cayman Islands on July 3, 2012. The four directors of the Company were elected by the Ad Hoc Shareholders' Meeting in accordance with the Company Act of the Cayman Islands on August 23, 2012. After the Company discussed and resolved on the Articles of Incorporation and the "Procedures for Election of Directors" on August 23, 2012, the other four directors were elected with cumulative voting on November 12, 2012. The first term of the

directors was November 12, 2012 – August 22, 2015. The second term was June 17, 2015 – June 16, 2018. The third term will be June 5, 2018 – June 4, 2021. The Company has eight directors in total, among which three are independent directors.

Note 2: Representative of juristic person of General Biologicals Corp., Director of (BVI) Chlitina Group Limited, Director of (BVI) Chlitina International Limited, Director of (BVI) Chlitina Intelligence Limited, Director of Centre de Recherche et de Developpement de Director of CHLITINA FRANCE EURL, Director of Hong Kong Chlitina International Limited, Director of (BVI) Chlitina Marketing Limited, Director of (BVI) W-Amber International Limited, Director of (BVI) W-Amber Marketing Limited, Director of Hong Kong W-Amber International Limited, Director of (BVI) W-Champion International Limited, Director of (BVI) W-Champion Marketing Limited, Director of Hong Kong W-Champion International Limited, Director of (BVI) C-Asia International Marketing Limited, Director of Hong Kong C-Asia International Marketing Limited, Director of Hong Kong Crystal International Services Limited, Director of Yong Li Trading Company Limited, Director of Yong Li Company Limited, Director of Huapao Sdn. Bhd., Director of Bi Ning Limited Liability Co., Executive Director of Chlitina (China) Trade Limited, Executive Director of Weishuo (Shanghai) Daily Product Limited, Executive Director of W-Amber (Shanghai) Trade Limited, Executive Director of W-Champion (Shanghai) Trade Limited, Executive Director of C-Asia (Shanghai) Trading Co., Ltd., Executive Director of Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd., Executive Director and President of Cuijie (Shanghai) Trading Co., Ltd., Executive Director of Li Shuo (Shanghai) Biotechnology Co., Ltd., Executive Director of Shanghai Uplider Medical Beauty Treatment Clinic Co., Ltd., Manager of Branch of British Virgin IS., Chlitina Marketing Limited Taiwan Branch, Manager of Branch of British Virgin IS., Chlitina Intelligence Limited Taiwan Branch, Director of (BVI) Desheng Global Limited Ltd., Director of (BVI) Wealthy Garden Investment Limited, Director of (BVI) J&R International Holding Limited, Director of (BVI) Pure Sky International Limited, Director of Dida Biomedical Limited, Director of San Yen So International Co., Director of Cheng Yang Trading Co., Ltd., Supervisor of Chlitina International Limited, Director of Quan Feng Sheng Investment Co., Ltd., Director of Jin Yongji Co., Ltd., Director of Chaoneng Biochemical Technology Co., Ltd.

Note 3: Supervisor of C-Asia (Shanghai) Trading Co., Ltd., Director of J&V Global Limited, Director of TuTu & Bow International Limited, Director of FORTUNE RADIANCE INVESTMENT LIMITED, Director of Huapao Sdn. Bhd., Director of Bi Ning Limited Liability Co., Supervisor of Kelti (China) Daily Product Co., Ltd., Supervisor of Jin Yen (Shanghai) Biotech Co., Ltd., Supervisor of Zhaocang (Shanghai) Trading Co., Ltd., Chairman of San Yen So International Co., Ltd., Representative/Director of TuTu & Bow International Limited, Representative/Director of Chlitina International Limited, Director of Chlitina International Trade Co., Ltd., Director of Charming Biotech Corporation, Director of Dida Biomedical Limited, Director of Action Life, Supervisor of Zhaocang (Shanghai) Trading Co., Ltd., Chaoneng Biochemical Technology, Supervisor of Jin Yongji Co., Ltd., Supervisor of Quan Feng Sheng Investment Co., Ltd.

Note 4: If the Chairman, President, or person holding an equivalent position (top manager) of the Company are the same person, have spouse relationship or relative relationship within the first degree of kinship, the Company shall describe the reason, rationality, necessity and information related to the response measures (such as increasing the number of seats for independent directors and the directors with concurrent positions as employees or managers shall not exceed half of the directors).

The Company's Chairman Pi-Hua Chen and the CEO Chao, Cheng-You are relatives within the first degree of kinship. The description is as follows:

- a. Reason, legitimacy and necessity: The CEO Chao, Cheng-You once served as the COO of CHLITINA and Zhemei Vocational Training and the Special Assistant of the Chairman, therefore he is familiar with the product development and marketing of the Group with sharp and precise market insights. With his learning and living experience abroad, our CEO Chao, Cheng-You can lead the reforms and development of the Company by a more internationalized perspective and thinking.
- b. Response measures: Currently, the Company has three independent directors and will increase the number of independent directors in line with the corporate governance plan of the competent authority. More than half of the Company's directors do not presently have concurrent positions as employees or managers

Major shareholders of institutional shareholders

Friday, April 30, 2021

Institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)
Wealthy Garden Investment Limited	Best Honour Development Limited (55%) De Sheng Global Limited (9%) Fortune Radiance Holdings Limited (9%) Yong Shun Group Limited (9%) Fortune Radiance Investment Limited (9%) Smart Fortune Asia Limited (9%)

Note 1: Directors and supervisors are the representatives of legal-person shareholders, which shall be listed with the name of the legal person (institution).

Note 2: List the name of the main shareholder for the legal-person shareholder (whose shareholding ratio ranks the top 10) and their shareholding ratio. If its main shareholder is also a legal person, the following (Table II) shall be filled in.

Note 3: For those who are not the juristic person of the Company, the Company shall disclose the name of the shareholder and the shareholding ratio, i.e. the name of the contributor or donator and their contribution or donation ratio.

Major institutional shareholders of institutional shareholders, if any

Friday, April 30, 2021

Name of juristic person (Note 1)	Major shareholders of juristic person (Note 2)
Best Honour Development Limited (55%)	Chen, Wu-Kang (100%)
De Sheng Global Limited (9%)	Pi-Hua Chen (100%)
Fortune Radiance Holdings Limited (9%)	Chen, Le-Wei (100%)
Yong Shun Group Limited (9%)	Chen, Ssu-Fan (100%)
Fortune Radiance Investment Limited (9%)	Chen, Pei-Wen (100%)
Smart Fortune Asia Limited (9%)	Chen, Chao-Ching (100%)

Information of directors and supervisors (II)

Friday, April 30, 2021

Qualification	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 2)												Number of positions as an Independent Director in other public listed companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Name (Note 1)																
Pi-Hua Chen	-	-	V	-	-	-	-	-	-	-	-	V	-	V	V	-
Chen, Pei-Wen	-	-	V	-	-	-	-	-	-	-	-	V	-	V	-	-
Chu, Yi	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	-
Wu, Sizong	V	-	V	V	V	V	V	V	V	V	V	V	V	V	V	2 (Note 3)
Tsai, Yu-Ling	-	V	V	V	V	V	V	V	V	V	V	V	V	V	V	-
Tsai, Yu-Chin	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	1
Kao, Peng-Wen	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	-
Yu, Hung-Ding	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	1 (Note 4)

Note 1: The column amounts are adjusted based on the actual number needed.

Note 2: A "✓" is marked in the space beneath a condition number when a director and a supervisor has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

- (1) Not an employee of the company or an affiliate.
- (2) Not a director or supervisor of the Company's affiliates (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (3) Not the director, or his or her spouse or minor who holds, in his or her own name or in another name, more than 1% of the Company's total outstanding shares, or is one of the Company's ten largest natural-person shareholders.
- (4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in (2) and (3).
- (5) Not a director, supervisor, or employee that has 5% or higher ownership interest in the company, being the top-5 corporate shareholders or the institutional shareholders who designate representative as the corporate director or supervisor in accordance with Paragraph 1 or 2, Article 27 of the Company Act (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (6) Not a director, supervisor or employee of other Company in which the number of directors or more than half of the voting shares is under the control of the same person (the same does not apply,

however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

- (7) Not a director, President or employee of other Company or institution in which the chairman, president or personnel with equivalent position are the same person or have spouse relationship (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company (the same does not apply, however, in cases where the specified company or institution holds 20 % or more and no more than 50 % of the total number of issued shares of the public Company and the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (9) Not a professional who provides audits or commercial, legal, financial or accounting services accumulating more than NTD 500,000 of remuneration obtained in recent two years to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, this shall not apply to members of the remuneration committee, review committee for public acquisitions or special committee for mergers executing their duties in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.
- (10) Is not the spouse or relative within the second degree of kinship of another director.
- (11) Is not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.
- (12) Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act.

Note 3: Director Wu, Sizong serves as an independent director in a non-public company.

Note 4: Independent Director Yu, Hung-Ding serves as an independent director in a non-public company.

(II) Information concerning the president, vice presidents, assistant vice presidents, and department and branch managers

April 30, 2021; Unit: 1000 shares

Title	Nationality	Name	Gender	Date of appointment	Shares held		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding ratio (%)			Title	Name	Relationship	
CSO	Republic of China	Pi-Hua Chen	F	August 11, 2020	-	-	-	-	-	-	EMBA, Tongji University PhD of Keuka College, USA	Note	-	-	Parent-child	Note 1
CEO	Republic of China	Chao, Cheng-You	M	November 12, 2019	10.036	0.01	15	0.02	-	-	Bachelor of Communication, Fudan University Master's, School of Economy and Management, Tongji University	Note	-	-	Parent-child	Note 1
President of Mainland China Area	Mainland China	Yang, Chi-Chih	M	August 8, 2017	45	0.06	-	-	-	-	EMBA, Business Administration Section, National Sun Yat-sen University President, Mainland China and Asia Pacific, Tianlufen (Shanghai) Cosmetics Co., Ltd.	Note	-	-	-	-
Vice President of the Supply Chain	Republic of China	Lin, Mei-Fang	F	December 20, 2018	10	0.01	-	-	-	-	Master of Communication, Fort Hays University President, Youyue (Beijing) Education Technology Co., Ltd.	Note	-	-	-	-
Senior CFO	Republic of China	Yeh, Chien-Chih	M	August 8, 2017	45	0.06	-	-	-	-	Bachelor of Accounting, Tunghai University Assistant Manager, Pricewaterhouse Coopers Certified Public Accountants Supervisor of Strategy Development Department and Finance Department, Cowealth Investment Co. Ltd.	Note	-	-	-	-

Note 1: If the Chairman, President, or person holding an equivalent position (top manager) of the Company are the same person, have spouse relationship or relative relationship within the first degree of kinship, the Company shall describe the reason, rationality, necessity and information related to the response measures (such as increasing the number of seats for independent directors and the directors with concurrent positions as employees or managers shall not exceed half of the directors).

The Company's Chairman Pi-Hua Chen and the CEO Chao, Cheng-You are relatives within the first degree of kinship. The description is as follows:

- a. Reason, legitimacy and necessity: The CEO Chao, Cheng-You once served as the COO of CHLTINA and Zhemei Vocational Training and the Special Assistant of the Chairman, therefore he is familiar with the product development and marketing of the Group with sharp and precise market insights. With his learning and living experience abroad, our CEO Chao, Cheng-You can lead the reforms and development of the Company by a more internationalized perspective and thinking.
- b. Response measures: Currently, the Company has three independent directors and will increase the number of independent directors in line with the corporate governance plan of the competent authority. More than half of the Company's directors do not presently have concurrent positions as employees or managers

Note: The concurrent positions in the Company and other companies that the President, Vice President, Associate President and the supervisor of each department and branch are listed as follows.

Title	Name	The concurrent position in the Company (including companies inside the Group)	The concurrent position in the Company (excluding companies inside the Group)
CSO	Pi-Hua Chen	(BVI) Chlitina Group Limited Director (BVI) Chlitina International Limited Director (BVI) Chlitina Intelligence Limited Director Centre de Recherche et de Developpement de CHLITINA FRANCE EURL Director Hong Kong Chlitina International Limited Director (BVI) Chlitina Marketing Limited Director (BVI) W-Amber International Limited Director (BVI) W-Amber Marketing Limited Director Hong Kong W-Amber International Limited Director (BVI) W-Champion International Limited Director (BVI) W-Champion Marketing Limited Director Hong Kong W-Champion International Limited Director (BVI) C-Asia International Marketing Limited Director Hong Kong C-Asia International Marketing Limited Director Hong Kong Jingya International Services Limited Director Yong Li Trading Company Limited Director Yong Li Company Limited Director Huapao Sdn. Bhd. Director Bi Ning Limited Liability Co. Director Chlitina (China) Trade Limited Executive Director Weishuo (Shanghai) Daily Product Limited Executive Director W-Amber (Shanghai) Trade Limited Executive Director W-Champion (Shanghai) Trade Limited Executive Director C-Asia (Shanghai) Trading Co., Ltd. Executive Director Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd. Executive Director	General Biologicals Corp. Representative of Juristic Person (BVI) Desheng Global Limited Ltd. Director (BVI) Wealthy Garden Investment Limited Director (BVI) J&R International Holding Limited Director (BVI) Pure Sky International Limited Director Dida Biomedical Limited Director San Yen So International Co., Ltd. Director Shanghai Cheng Yang Trading Co., Ltd. Director Chlitina International Trade Co., Ltd. Supervisor Full Blooming Investment Co., Ltd. Director Jin Yongji Co., Ltd. Director Chaoneng Biochemical Technology Co., Ltd. Director

		<p>Cuijie (Shanghai) Trading Co., Ltd. Executive Director and President Li Shuo (Shanghai) Biotechnology Co., Ltd. Executive Director Shanghai Uplider Medical Beauty Treatment Clinic Co., Ltd. Executive Director Manager of British Virgin IS., Chlitina Marketing Limited Taiwan Branch Manager of British Virgin IS., Chlitina Intelligence Limited Taiwan Branch</p>	
CEO	Chao, Cheng-You	<p>Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd. Supervisor Shanghai Zhemei Vocational Training Co., Ltd. President and Executive Director Cui Jie (Shanghai) Trading Co., Ltd. Supervisor Shanghai Hedeng Clinic Co., Ltd. Supervisor Shanghai Uplider Medical Beauty Treatment Clinic Co., Ltd. Supervisor Shanghai Lunxin Medical Beauty Clinic Co., Ltd. Supervisor</p>	<p>Shanghai Zhongye Trading Co., Ltd. Executive Director Shanghai Cheng Yang Trading Co., Ltd. Executive Director Cheng Yang Trading Co., Ltd. Chairman Kangshuo biomedical Co., Ltd. Representative and Director Yahe Consulting Co., Ltd. Director (BVI) CAPITAL FAITH DEVELOPMENT LIMITED Director</p>
President of Mainland China Area	Yang, Chi-Chih	Chlitina (China) Trade Limited President of Mainland China Area	None
Vice President of the Supply Chain	Lin, Mei-Fang	Weishuo (Shanghai) Daily Product Limited Vice President	None
Senior Financial Director	Yeh, Chien-Chih	Senior Financial Director of Chlitina (China) Trade Limited	None

III. Remuneration to directors, supervisor, president and vice president for the recent year:

1. Remuneration to General Directors and Independent Directors

December 31, 2020; Unit: NTD 1,000

Title	Name	Remuneration to directors								Sum of A, B, C, and D as Percentage of Net Income (Note 10)	Remuneration from concurrently servings as employees								Sum of A, B, C, D, E, F, and G as percentage of net income (Note 10)	Remuneration from investees other than the subsidiaries or parent company (Note 11)		
		Wages (A) (Note 2)		Pension upon retirement (B)		Directors' remuneration (C) (Note 3)		Service Expenses (D) (Note 4)			Wages, bonuses, and special allowances, etc. (E) (Note 5)		Pension upon retirement (F)		Employee Compensation (G) (Note 6)							
		The Company	Companies included into the financial statement (Note 7)	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement (Note 7)	The Company	Companies included into the financial statement (Note 7)		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement (Note 7)	The Company		Companies included into the financial statement (Note 7)				The Company	Companies included into the financial statement (Note 7)
														Cash dividend amount	Share dividend amount	Cash dividend amount	Share dividend amount					
Chairman	Pi-Hua Chen																					
Director	Wealthy Garden Investment Limited Representative: Chen, Pei-Wen	-	2,645	---	-	6,679	6,679	240	240	0.72%	1.00%	-	11,604	-	-	150	-	150	-	0.74%	2.22%	-
Director	Chu, Yi																					
Director	Wu, Sizong																					
Director	Tsai, Yu-Ling																					
Independent Director	Tsai, Yu-Chin																					
Independent Director	Kao, Peng-Wen	-	-	-	-	4,007	4,007	396	396	0.46%	0.46%	-	-	-	-	-	-	-	-	0.46%	0.46%	-
Independent Director	Yu, Hung-Ding																					
<p>1. Please specify the policy, system, standard, and structure of the remuneration for independent directors and its relation to factors including the responsibility assumed, risks, and amount of time invested: In compliance with Article of the Articles of Incorporation, the remuneration to independent directors of the Company is resolved by the Board of Directors after being reviewed by the Remuneration Committee based on the following factors: a. involvement in the operation of the Company, b. contribution to the Company, c. evaluation result of directors' performance, d. reference to the typical pay levels adopted by peer companies and e. suggestions from the Remuneration Committee and other relevant factors.</p> <p>2. In addition to the disclosures in the above Table, the remuneration of directors from providing services (e.g. as the consultant of non-employee) to all companies in financial statements in recent year: None.</p>																						

Range of remuneration

Thursday, December 31, 2020

Breakdown of remuneration to directors	Directors			
	Sum of foregoing four items (A+B+C+D)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	The Company	Companies included into the consolidated financial statement (I)	The Company	Companies included into the consolidated financial statement (J)
Below 1,000,000	-	-	-	-
1,000,000 (inclusive) – 2,000,000 (exclusive)	Pi-Hua Chen, Chen, Pei-Wen, Chu, Yi, Wu, Sizong, Tsai, Yu-Ling, Tsai, Yu-Chin, Kao, Peng-Wen, Yu, Hung-Ding	Chen, Pei-Wen, Chu, Yi, Wu, Sizong, Tsai, Yu-Ling, Tsai, Yu-Chin, Kao, Peng-Wen, Yu, Hung-Ding	Pi-Hua Chen, Chen, Pei-Wen, Chu, Yi, Wu, Sizong, Tsai, Yu-Ling, Tsai, Yu-Chin, Kao, Peng-Wen, Yu, Hung-Ding	Chen, Pei-Wen, Chu, Yi, Wu, Sizong, Tsai, Yu-Ling, Tsai, Yu-Chin, Kao, Peng-Wen, Yu, Hung-Ding
2,000,000 (inclusive) – 3,500,000 (exclusive)	-	-	-	-
3,500,000 (inclusive) – 5,000,000 (exclusive)	-	Pi-Hua Chen	-	-
5,000,000 (inclusive) – 10,000,000 (exclusive)	-	-	-	-
10,000,000 (inclusive) – 15,000,000 (exclusive)	-	-	-	-
15,000,000 (inclusive) – 30,000,000 (exclusive)	-	-	-	Pi-Hua Chen
30,000,000 (inclusive) – 50,000,000 (exclusive)	-	-	-	-
50,000,000 (inclusive) – 100,000,000 (exclusive)	-	-	-	-
Over 100,000,000	-	-	-	-
Total	8 persons	8 persons	8 persons	8 persons

Note 1: The names of directors shall be listed separately (for legal-person shareholder, the names of the shareholder and its representative shall be listed separately) with general directors and independent directors listed respectively and their remuneration details shall be summarized for disclosure. If any of the directors have concurrent position of President or Vice President, they shall be listed in this table or the following Table (3-1) or Table (3-2-1) and (3-2-2).

Note 2: The remuneration of directors in the recent fiscal year, including wages, position bonuses, severance pay, rewards and other bonuses.

Note 3: The listing of the remuneration amount of directors resolved and distributed by the Board of Directors in the recent fiscal year.

Note 4: Expenses related to business execution of directors, (including traveling expense, special disbursement, allowance, dormitory, vehicles and other physical materials provided). For example, when providing houses, cars and other transportation tools or exclusive personal expenditure, the characteristic and cost of the asset provided, rent evaluated at actual or fair market value, refuel expense and other expenditures shall be disclosed. Besides this, if there is any director accompanied with a driver, please explain the related payoff that the Company pays to the driver in footnotes, but the payoff shall not be calculated into remuneration.

Note 5: The remuneration that a director receives for the concurrent position of employees (including concurrent President, Vice President, and other managers and employees) in the recent fiscal year, such as wage, position bonuses, severance pay, reward and bonus, traveling expense, special disbursement, allowance, dormitory, vehicles and other physical materials provided. For example, when providing houses, cars and other transportation tools or exclusive personal expenditure, the characteristic and cost of the asset provided, rent evaluated at actual or fair market value, refuel expense and other expenditures shall be disclosed. Besides this, if there is any director accompanied with a driver, please explain the related payoff that the Company pays to the driver in footnotes, but the payoff shall not be calculated into remuneration. According to “Share-based Payment” of IFRS 2, the wage expenses recognized include obtaining employees’ share option certificates, issuing new restricted employee shares and participating in share issuance by cash, which shall also be calculated into remuneration.

Note 6: The directors with concurrent positions as employees (including concurrent President, Vice President, and other managers and employees) who obtained employee remuneration in the recent fiscal year shall disclose the remuneration amount resolved and distributed by the Board of Directors in the latest year. If the amount could not be estimated, the expected distributed amount for this year shall be calculated based on the actual distribution percentage in last year, and shall be listed in the attached Table 1-3.

Note 7: The total amount of remuneration distributed to the Company’s directors by all the companies (including the Company) in the Consolidated Financial Report.

Note 8: The subtotal of remuneration distributed to each of the director along with their names shall be disclosed in their corresponding remuneration ranges.

Note 9: The total amount of remuneration distributed to the Company’s directors by all the companies (including the Company) in the Consolidated Financial Report along with the name of director shall be disclosed in the corresponding remuneration ranges.

Note 10: Net income after tax is the after-tax net income in the recent fiscal year. For companies having adopted the IFRS, net income after tax is the after-tax net income in the individual financial statement in the recent fiscal year.

Note 11: a. In this column, the related remuneration amount that the Company’s directors received from investees other than the Company’s subsidiaries or the parent company shall be listed (if none, please fill in “None” in the column).

b. If the Company’s directors received remuneration from investees other than the Company’s subsidiaries or the parent company, the Company shall list their remuneration received from investees other than the subsidiaries or the parent company in Column I of the remuneration range table, and change the column name into “Parent Company and All Joint Ventures.”

c. The remuneration is the payoff, wage (including the wage of employee, director and supervisor) and business execution expense that the Company’s directors obtain from the positions of the directors, supervisors or managers of the investee other than the subsidiaries or the parent company.

2. Remuneration to supervisors: Not applicable

3. Remuneration to President, and Vice Presidents

December 31, 2020; Unit: NTD 1,000

Title	Name	Wages (A) (Note 2)		Pension upon retirement (B)		bonuses, and special allowances, etc. (C) (Note 3)		Employee compensation (D) (Note 4)				Sum of A, B, C, and D as percentage of net income (%) (Note 8)		Remuneration from investees other than the subsidiaries <u>or parent</u> <u>company</u> (Note 9)
		The Company	Companies included into the financial statement (Note 5)	The Company	Companies included into the financial statement (Note 5)	The Company	Companies included into the financial statement (Note 5)	The Company		Companies included into the financial statement		The Company	Companies included into the financial statement (Note 5)	
								Cash dividend amount	Share dividend amount	Cash dividend amount	Share dividend amount			
CSO	Pi-Hua Chen	-	28,902	-	-	-	27,074	750	-	750	-	0.08%	5.91%	None
CEO	Chao, Cheng-You													
President of Mainland China Area	Yang, Qizhi													
Vice President of the Supply Chain	Lin, Mei-Fang													
Senior CFO	Yeh, Chien-Chih													

Range of remuneration

December 31, 2020; Unit: NTD 1,000

Breakdown of remuneration to president and vice presidents	President and vice presidents	
	The Company	Companies included into the consolidated financial statement (E)
Below 1,000,000	-	-
1,000,000 (inclusive) – 2,000,000 (exclusive)	-	-
2,000,000 (inclusive) – 3,500,000 (exclusive)	-	Yeh, Chien-Chih
3,500,000 (inclusive) – 5,000,000 (exclusive)	-	-
5,000,000 (inclusive) – 10,000,000 (exclusive)	-	Lin, Mei-Fang
10,000,000 (inclusive) – 15,000,000 (exclusive)	-	Chao, Cheng-You; Yang, Chi-Chih
15,000,000 (inclusive) – 30,000,000 (exclusive)	-	Pi-Hua Chen
30,000,000 (inclusive) – 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) – 100,000,000 (exclusive)	-	-
Over 100,000,000	-	-
Total	-	5 persons

Note 1: The names of the President and Vice President shall be listed separately and their remuneration details shall be summarized for disclosure. If any of the directors have concurrent position of President or Vice President, they shall be listed in this table and the above Table (1-1) or Table (1-2-1) and (1-2-2).

Note 2: The remuneration of the President and Vice President in the recent fiscal year, including wage, position bonus and severance pay.

Note 3: Expenses related to business execution of the President and Vice President, including reward, traveling expense, special disbursement, allowance, bonus, dormitory, vehicles, physical materials and other remuneration amount. For example, when providing houses, cars and other transportation tools or exclusive personal expenditure, the characteristic and cost of the asset provided, rent evaluated at actual or fair market value, refuel expense and other expenditures shall be disclosed. Besides this, if there is any director accompanied with a driver, please explain the related payoff that the Company pays to the driver in footnotes, but the payoff shall not be calculated into remuneration. According to "Share-based Payment" of IFRS 2, the wage expenses recognized include obtaining employees' share option certificates, issuing new restricted employee shares and participating in share issuance by cash, which shall also be calculated into remuneration.

Note 4: The employee remuneration amount resolved and distributed to the President and Vice President by the Board of Directors in the recent year (including shares and cash). If the amount could not be estimated, the expected distributed amount for this year shall be calculated based on the actual distribution percentage in last year, and shall be listed in the attached Table 1-3. Net income after tax is the after-tax net income in the recent fiscal year. For companies having adopted the IFRS, net income after tax is the after-tax net income in the individual financial statement in the recent fiscal year.

Note 5: The total amount of remuneration distributed to the Company's president and vice president by all the companies (including the Company) in the Consolidated Financial Report.

Note 6: The subtotal of remuneration distributed to each President and Vice President along with their names shall be disclosed in their corresponding remuneration ranges.

Note 7: The total amount of remuneration distributed to the Company's president and vice president by all the companies (including the Company) in the Consolidated Financial Report along with the name of president and vice president shall be disclosed in the corresponding remuneration ranges.

Note 8: Net income after tax is the after-tax net income in the recent fiscal year. For companies having adopted the IFRS, net income after tax is the after-tax net income in the individual financial statement in the recent fiscal year.

Note 9:

- In this column, the related remuneration amount that the Company's President and Vice President received from investees other than the Company's subsidiaries shall be listed (if none, please fill in "None" in the column).
- If the Company's President and Vice President receive remuneration from investees other than the Company's subsidiaries or the parent company, the Company shall list their remuneration received from investees other than the subsidiaries or the parent company in Column E of the remuneration range table, and change the column name into "Parent Company and All Joint Ventures."
- The remuneration is the payoff, wage (including the wage of employee, director and supervisor) and business execution expense that the Company's President and Vice President obtain from their position as director, supervisor, or manager of investees other than the subsidiaries or the parent company.

* Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

4. Managers receiving employee compensation and state of distribution

December 31, 2020; Unit: NTD 1,000

	Title	Name	Share remuneration amount	Cash remuneration amount	Total	The sum as percentage of net income (%)
Managers	CSO	Pi-Hua Chen	-	750	750	0.08%
	CEO	Chao, Cheng-You				
	President of Mainland China Area	Yang, Qizhi				
	Vice President of the Supply Chain	Lin, Mei-Fang				
	Senior Financial Director	Yeh, Chien-Chih				

- (I) Please compare and illustrate separately the following details of the Company and all the subsidiaries stated in the Consolidated Financial Report: the ratio of total remuneration distributed to the Company's directors, supervisors, President and Vice President in the recent two fiscal years to the net income after tax stated in the individual financial reports, the policy, standard and combination of remuneration, Procedure for setting remuneration, and the relation between operating performance and future risk.
1. The analysis regarding the ratio of total remuneration distributed to the Company's directors, supervisors, President and Vice President in the recent two fiscal years to the net income after tax stated in the individual financial reports.

Unit: NTD 1,000

Item	2019		2020	
	Amount	%	Amount	%
Director	27,830	1.94	13,967	1.46
President and Vice Presidents	84,565	5.90	56,726	5.91
Consolidated net profit	1,432,163	100	959,636	100

2. Remuneration policies, standards and packages; procedures for determining remuneration and its connection with job performance and future risks value:
 - (1) The remuneration distributed to directors include the summation of NTD 2,645,000 of wage, NTD 10,686,000 of payoff, and business execution expense of NTD 636,000. Among which:
 - A. Wage remuneration resolved by the board of Directors;
 - B. The payoffs to directors are those regulated by the Company's Articles of Incorporation (Article 90- 2) revised and passed on June 28, 2016. If there are profits at the fiscal year end, the Company can distribute at most 3% to directors as payoff, and the distribution shall be resolved by the at least one half of the directors on the board and with at least two thirds of them attending the meeting. But if the Company still has accumulated losses, the payoff shall be first retained. The remuneration to directors is determined with reference to the result of the evaluation conducted according to the "Regulations on Evaluation of Board of Directors' Performance." The evaluation items specified in the Regulations include involvement in the operation of the Company, improvement of the Board of Directors' decision quality, formation and structure of the Board of Directors, election and continuing education of directors, internal control, and so on. The evaluation of Board of Directors' performance in 2020 was conducted and the result was acquired. They were reported to the Board of Directors meeting on March 11, 2021 and filed according to the regulations.

C. Business execution expense is the expense directly related to execution

(2) The remuneration to the President and the Vice President (including equivalent positions) is based on their position, tenure, personal performance completion rate and contribution to the Company. The considerations include the practice of corporate core value and operation management capability, performance indicators in financial and business operations and the comprehensive management indexes, participation in the continuing education and sustainable operation as well as the measurement of other special contributions and handling of major events. The overall operating performance of the Company, future operational risk and development trend of the industry and the remuneration level in the industry will also be considered. The contents and legitimacy of the remuneration has been reviewed and approved by the Remuneration Committee and the Board of Directors while the remuneration system will be promptly reviewed depending on the actual operation and relevant laws and regulations to strike a balance between the sustainable operation and risk control of the Company.

(II) The succession planning of the Board members and important management of the Company

(1) The directors of the Company are nominated by the main shareholders and elected by the shareholders' meeting. The Company will arrange 12 hours of continuing education for new directors upon the year of appointment and provide the directors and internal personnel with reference materials of relevant laws, precautions and regulation promotion manuals. During the director's term of office, the Company will arrange continuing education of 6 hours every year and assist the directors to obtain professional knowledge required to execute their duty.

(2) The important management of the Company is currently planning the succession plan. Besides excellent professionalism and performance, the successor must identify with our corporate culture and business philosophy and is equipped with the qualities to create value, assist the team, and never give up.

The successor training model of the CEO adopts methods of management and professionalism learning, participation in development of specific projects and job rotation. The training includes the human resources, financial risks, brand marketing and management of supply chains to cultivate trainees' decision-making abilities to plan strategies and integrate operations. By the training and experience plan of the successor, we elected the candidates for the CEO in 2019 and will follow this model subsequently to develop the senior management and form the succession team.

IV. Status of Corporate Governance

(I) Operations of the Board of Directors

From the most recent fiscal year (2020) up to the date of publication of the annual report, there were 11 Board of Directors meetings (A), 9 times in 2020 and 2 times in 2021. The directors' attendances are as follows:

Title	Name	Number of actual attendance (B) (Note)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Pi-Hua Chen	11	0	100.00	
Director	Wealthy Garden Investment Limited (Representative: Chen, Pei-Wen)	9	2	81.82	
Director	Chu, Yi	9	2	81.82	
Director	Wu, Sizong	10	1	90.91	

Director	Tsai, Yu-Ling	11	0	100.00	
Independent Director	Tsai, Yu-Chin	11	0	100.00	
Independent Director	Kao, Peng-Wen	11	0	100.00	
Independent Director	Yu, Hung-Ding	11	0	100.00	
Other items to be stated:					
I. Where the operations of the Board of Directors meet any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:					
(I) The circumstances referred to in Article 14-3 of the Securities and Exchange Act.					
Board of Directors	Proposal contents	Matters identified in Article 14-3 of the Securities and Exchange Act	Independent directors' opinions	Processing of the independent directors' opinions the Company	Resolution
May 12, 2020 3rd session of the 3rd term in 2020	<ol style="list-style-type: none"> Proposal to add related parties' transactions of the Company and subsidiaries. Proposal to add related parties' transactions of the Company and subsidiaries. 	V	None	None	All attending Directors unanimously approved the measure.
June 18, 2020 4th session of the 3rd term in 2020	<ol style="list-style-type: none"> Proposal to draw up the "Treasury Stock Buyback Procedure" and increase the "Treasure Stock Buyback Operation in Financing Cycle" under the internal control. Proposal to add related parties' transactions of the Company and subsidiaries. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina (China) Trade Limited. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Weishuo (Shanghai) Daily 	V	None	None	All attending Directors unanimously approved the measure.

	5. Product Limited. Proposal to increase the reinvestment in the subsidiary, (Vietnam) Li Trade Limited.				
July 23, 2020 5th session of the 3rd term in 2020	1. Proposal of reinvestment in the subsidiary, Hong Kong Chlitina International Limited, according to the acquisition and disposal regulations.	V	None	None	All attending Directors unanimously approved the measure.
August 11, 2020 6th session of the 3rd term in 2020	1. Proposal to recruit important executives. 2. Proposal to lift the non-competition pledge obligations upon the managers of the Company. 3. Proposal to assess the Company's preparation capability of financial statements and revise the Management Regulations on Preparation Process of Financial Statements.	V	None	None	All attending Directors unanimously approved the measure.
September 28, 2020 7th session of the 3rd term in 2020	1. Proposal to issue new stocks for capital increase in cash and issue the second domestic unsecured convertible bonds in 2020. 2. Proposal to increase the reinvestment in the subsidiary, Hong Kong Chlitina International Limited.	V	None	None	All attending Directors unanimously approved the measure.
November 10,	1. Proposal to add	V	None	None	All attending

2020 8th session of the 3rd term in 2020	<p>related parties' transactions of the Company and subsidiaries.</p> <p>2. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited Taiwan Branch.</p> <p>3. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited Taiwan Branch.</p> <p>4. Proposal of loaning to others by the subsidiary, Hong Kong Chlitina International Limited.</p>				Directors unanimously approved the measure.
December 29, 2020 9th session of the 3rd term in 2020	1. Propose to establish the "Regulations on Evaluation of Board of Directors' Performance."	V	None	None	All attending Directors unanimously approved the measure.
March 11, 2021 1st session of the 3rd term in 2021	<p>1. Proposal of the drafts regarding the business report, financial statements, and certified public accountants' audit report for 2020.</p> <p>2. Proposal regarding the distribution of employee remuneration to managers for 2020.</p> <p>3. Proposal to evaluate the Company's accountant</p>	V	None	None	All attending Directors unanimously approved the measure.

	<p>independence, appointment of CPAs, and the professional fee for 2021.</p> <p>4. Proposal to add related parties' transactions of the Company and subsidiaries.</p> <p>5. Proposal to increase the reinvestment in the subsidiary, Hong Kong Chlitina International Limited.</p>				
April, 20, 2021 2nd session of the 3rd term in 2021	<p>1. Proposal to amend parts of the Company's "Articles of Incorporation."</p> <p>2. Proposal of capital increase of and reinvestment in the subsidiary, Hong Kong Chlitina International Limited.</p> <p>3. Proposal of reinvestment in the subsidiary, Hainan Shoumao Investment Limited.</p>	V	None	None	All attending Directors unanimously approved the measure.
<p>(II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.</p> <p>II. In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the proposal and resolution thereof, reason for not voting and actual voting counts:</p> <p>1. The Company has established the "Rules Governing Operations and Procedures of the Board of Directors Meetings," the Article 22 of the Regulations stipulates that when a proposal at a meeting concerns the personal interest of, or the interest of the juristic person represented by a director, the concerned director shall state the important aspects of the relationship of interest at the given board meeting, and the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as a proxy for another director.</p> <p>2. In 2020 and until the date of publication of the annual report, where a conflict of interest between the Company and a director exists, the minutes shall clearly state the director's name, contents of the proposal, reasons for avoiding conflicts of interest, and actual voting counts:</p>					
Date of the Board of Directors	Proposal contents	Reasons for avoiding conflicts of interest	Actual voting counts		
May 12, 2020 3rd session of the 3rd Board in 2020	Proposal to add related parties' transactions of the Company and subsidiaries.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of	Except Chairman Pi-Hua Chen who was absent due to conflicts of interest and the representative of the juristic person of Wealthy Garden		

		the proposal.	Investment Limited, Director Chen, Pei-Wen, who was also absent (without proxy) and did not participate in the discussion and voting, the proposal was approved unanimously after the Chairperson consulted with all other attending directors.
June 18, 2020 4th session of the 3rd Board in 2020	Proposal to add related parties' transactions of the Company and subsidiaries.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of the proposal.	Except Chairman Pi-Hua Chen who was absent due to conflicts of interest and the representative of juristic person Director Chen, Pei-Wen, who was also absent (without proxy) and did not participate in the discussion and voting, the proposal was approved unanimously after the Vice Chairman, Independent Director Tsai, Yu-Chin, consulted with all other attending directors.
	Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina (China) Trade Limited.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of the proposal.	Except Chairman Pi-Hua Chen who was absent due to conflicts of interest and the representative of juristic person Director Chen, Pei-Wen, who was also absent (without proxy) and did not participate in the discussion and voting, the proposal was approved unanimously after the Vice Chairman, Independent Director Tsai, Yu-Chin, consulted with all other attending directors.
	Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Weishuo (Shanghai) Daily Product Limited.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of the proposal.	Except Chairman Pi-Hua Chen who was absent due to conflicts of interest and the representative of juristic person of Wealthy Garden Investment Limited, Director Chen, Pei-Wen, who was also absent (without proxy) and did not participate in the discussion and voting, the proposal was approved unanimously after the Vice Chairman, Independent Director Tsai, Yu-Chin, consulted with all other attending directors.
July 23, 2020 5th session of the 3rd Board in 2020	Proposal to revise the year-end bonus allocation criteria for important managers.	The Chairman Pi-Hua Chen, CEO, and Senior Financial Controller Yeh, Chien-Chih were the	Except for the Chairman Pi-Hua Chen, CEO and Senior Financial Controller Yeh, Chien-Chih who did

		stakeholders of the proposal.	not participate in the discussion and voting due to conflicts of interest and the leaving of other non-voting members, the proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted all other attending directors.
August 11, 2020 6th session of the 3rd Board in 2020	Proposal to transfer the Company's treasury stock to managers.	The Chairman Pi-Hua Chen, CEO, and Senior Financial Controller Yeh, Chien-Chih were the stakeholders of the proposal.	Except for the Chairman Pi-Hua Chen, CEO and Senior Financial Controller Yeh, Chien-Chih who did not participate in the discussion and voting due to conflicts of interest and the leaving of other non-voting members, the proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted all other attending directors.
	Proposal to recruit important executives.	The Chairman Pi-Hua Chen was a stakeholder of the proposal.	Except for the Chairman Pi-Hua Chen who did not participate in the discussion and voting due to conflicts of interest and the leaving of other non-voting members, the proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted all other attending directors.
	Proposal to lift the non-competition pledge obligations upon the managers of the Company.	The Chairman Pi-Hua Chen was a stakeholder of the proposal.	Except for the Chairman Pi-Hua Chen who did not participate in the discussion and voting due to conflicts of interest and the leaving of other non-voting members, the proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted all other attending directors.
November 10, 2020 8th session of the 3rd Board in 2020	Proposal to add related parties' transactions of the Company and subsidiaries.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of the proposal.	Except Chairman Pi-Hua Chen and the representative of juristic person, Director Chen, Pei-Wen that did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairman, Independent Director Tsai, Yu-Chin, consulted with all other attending directors.

	Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited Taiwan Branch.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of the proposal.	Except Chairman Pi-Hua Chen and the representative of juristic person, Director Chen, Pei-Wen that did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairman, Independent Director Tsai, Yu-Chin, consulted with all other attending directors.
	Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited Taiwan Branch.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of the proposal.	Except Chairman Pi-Hua Chen and the representative of juristic person, Director Chen, Pei-Wen that did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairman, Independent Director Tsai, Yu-Chin, consulted with all other attending directors.
December 29, 2020 9th session of the 3rd Board in 2020	Proposal of the Company's year-end bonus for managers in 2020.	The Chairman Pi-Hua Chen, CEO, and Senior Financial Controller Yeh, Chien-Chih were the stakeholders of the proposal.	After leaving of all non-voting members, except Chairman Pi-Hua Chen who did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted with all other attending directors.
March 11, 2021 1st session of the 3rd Board in 2021	Proposal regarding the distribution of employee remuneration to managers for 2020.	The Chairman Pi-Hua Chen, CEO, and Senior Financial Controller Yeh, Chien-Chih were the stakeholders of the proposal.	After leaving of all non-voting members, except Chairman Pi-Hua Chen who did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted with all other attending directors.
	Proposal to add related parties' transactions of the Company and subsidiaries.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of the proposal.	Except Chairman Pi-Hua Chen and the representative of juristic person, Director Chen, Pei-Wen that did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairman, Independent Director Tsai, Yu-Chin, consulted with all other attending directors.

	Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Hong Kong Chlitina International Limited.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, were the stakeholders of the proposal.	Except Chairman Pi-Hua Chen and the representative of juristic person, Director Chen, Pei-Wen that did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairman, Independent Director Tsai, Yu-Chin, consulted with all other attending directors.
April 20, 2021 2nd session of the 3rd Board in 2021	Proposal to lift the non-competition obligations upon the newly elected directors.	The Chairman Pi-Hua Chen and the representative of juristic person, Chen, Pei-Wen, Director Wu, Sizong, Director Tsai, Yu-Ling, Independent Director Tsai, Yu-Chin and Independent Director Yu, Hung-Ding were the stakeholders of the proposal.	Except the candidate of the 4th Board of Directors, Pi-Hua Chen, who did not participate in the discussion and voting with respect to the part of the proposal involving conflicts of interest, the proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted with all other attending directors. The rest of the candidates of the 4th Board of Directors including Chen, Pei-Wen; Wu, Sizong; Tsai, Yu-Ling; Tsai, Yu-Chin; Yu, Hung-Ding, and Chao, Cheng-You should be absent due to their individual conflicts of interests. The proposal was approved unanimously after the Chairperson consulted with all other attending directors.

III. TWSE/TPEX listed companies shall disclose information of the cycle and period, scope, method, and contents of the evaluation regarding the self (or peer) evaluation of the Board of Directors. The implementation of the Board of Directors' evaluation are as follows:

Cycle	Period	Scope	Method	Contents
Once a year	January 1, 2020 – December 31, 2020	Performance evaluation of the Board, directors and functional committees	Internal evaluation of the Board, self-evaluation of directors, and self-evaluation of functional committees	1. Board performance evaluation indicators and options A. Involvement in the operation of the Company B. Improvement of the Board of Directors' decision-making quality C. Formation and structure of the Board of Directors D. Election and continuing education of directors E. Internal control F. Others 2. Indicators and options for self-evaluation of director's performance A. Understanding of the goals and tasks of the Company

				B. Understanding of the director's functions C. Involvement in the operation of the on the Company D. Internal relationship management and communication E Specialty and continuing education of directors F. Internal control 3. Performance evaluation indicators and options of functional committees A. Involvement in the operation of the Company B. Understanding of the responsibilities of the functional committee. C. Improvement of the functional committee's decision-making quality D. Formation of functional committees and election of their members E. Internal control F. Others
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IV. Measures undertaken during the current year and past year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency) and assessment of their implementation:

1. Establishment of Functional Committee: The company has three independent directors, and the three independent directors serve as members of the Audit Committee and Remuneration Committee. The committees were set up on August 31, 2012, and the members of the 2nd term were reelected on June 17, 2015, 3rd term were reelected on June 5, 2018. The convener of the Audit Committee is chaired by: Dr. Tsai, Yu-Chin from the School of Accountancy at Shanghai University of Finance and Economics. The convener of the Remuneration Committee is chaired by Ms. Peng-Wen Gao.
2. Transparent disclosure of information: The Company has its own financial reporting capabilities, and the financial reports (quarterly/yearly) are all commissioned for (checking/auditing) certification by PwC Taiwan. In terms of disclosure, the Company publishes information on the Market Observation Post System of the TWSE in accordance with the laws, and discloses related business information on the (traditional Chinese/simplified Chinese/English) section of the Company's website (including the investor section/and stakeholder section), for shareholders and stakeholders to refer to.

Note: The 3rd term of Directors (including Independent Directors) is from June 5, 2018 to June 4, 2021.

(II) Operation of the audit committee

The Company established the Audit Committee consisting of all independent directors on August 31, 2012. To fulfill the spirit of corporate governance and operate according to "Articles of Association for Audit Committee," the Audit Committee adopts the supervision of the following items as its main purpose:

1. Adequate expression of the Company's financial statements.
2. The election (resignation), independence, and performance of the CPA.
3. Effective implementation of the Company's internal control system.
4. The Company's compliance with related laws and rules.
5. Control of the Company's existing or potential risks.

The key points of the work in 2020 are as follows:

1. Completed the assessment regarding the effectiveness of the internal control system.
2. All matters involving the personal interest of a director were submitted to the Committee for discussion.

3. Reviewed the 2020 financial reports and the 2020 Q2 financial reports.
4. Approved the establishment of the “Treasury Stock Buyback Procedure,” increased the “Treasure Stock Buyback Operation in Financing Cycle” under the internal control, assessed the Company’s preparation capability of financial statements, and revise the Management Regulations on Preparation Process of Financial Statements in consideration of the actual operating status of the Company.
5. Other major matters regulated by the competent authority or the Company.

During the current fiscal year (2020) up to the date of publication of the annual report, the Company’s Audit Committee had 11 meetings (A), 9 times in 2020 and 2 times in 2021. The attendances of independent directors are presented below:

Title	Name	Number of actual attendance (B) (Note)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Tsai, Yu-Chin	11	0	100.00	
Independent Director	Kao, Peng-Wen	11	0	100.00	
Independent Director	Yu, Hung-Ding	11	0	100.00	

Other items to be stated:

一、Where the operation of the audit committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, audit committee’s resolutions and the Company’s resolution of the audit committee’s opinions.

(一) The circumstances referred to in Article 14-5 of the Securities and Exchange Act.

Audit Committee	Proposal contents	Matters specified in Article 14-5 of the Securities and Exchange Act	Independent directors’ opinions	Processing of the independent directors’ opinions the Company	Resolution
May 12, 2020 3rd session of the 3rd term in 2020	1. Proposal to add related parties’ transactions of the Company and subsidiaries. 2. Proposal to add related parties’ transactions of the Company and subsidiaries.	V	None	None	All attending Directors unanimously approved the measure.
June 18, 2020 4th session of the 3rd term in 2020	1. Proposal to draw up the “Treasury Stock Buyback Procedure” and increase the “Treasure Stock Buyback Operation in Financing Cycle” under the internal control. 2. Proposal to add related parties’ transactions of the Company and subsidiaries. 3. Proposal to acquire	V	None	None	All attending Directors unanimously approved the measure.

	<p>the real property right-of-use assets from the related party by the subsidiary, Chlitina (China) Trade Limited.</p> <p>4. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Weishuo (Shanghai) Daily Product Limited.</p> <p>5. Proposal to increase the reinvestment in the subsidiary, (Vietnam) Li Trade Limited.</p> <p>6. Proposal to apply for changes in the conditions of the medium-term financial loan from Shin Kong Commercial Bank (Sales Department) in response to the need of maintaining the original credit facility dealings.</p> <p>7. Proposal to apply for the renewing of the medium-term financial loan from Bank SinoPac (Xinzhuang branch) in response to the need of maintaining the original credit facility dealings.</p> <p>8. Proposal to apply for medium-term financial loan from Bank SinoPac (Xinzhuang branch) in response to the Company's business operating needs and to increase flexibility in capital adjustments.</p> <p>9. Proposal to apply for the renewing of the short-term financial loan from Taishin International Bank (Revolving Finance Division) in response to the originally</p>				
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	<p>expired credit facility.</p> <p>10. Proposal to apply for medium-term financial loan from Taishin International Bank (Revolving Finance Division) in response to the Company's business operating needs and to increase flexibility in capital adjustments.</p> <p>11. Proposal to apply for the renewing of the medium-term financial loan from Taipei Fubon Commercial Bank in response to the need of maintaining the original credit facility dealings.</p>				
July 23, 2020 5th session of the 3rd term in 2020	1. Proposal of reinvestment in the subsidiary, Hong Kong Chlitina International Limited, according to the acquisition and disposal regulations.	V	None	None	All attending Directors unanimously approved the measure.
August 11, 2020 6th session of the 3rd term in 2020	<p>1. Proposal of the Company's consolidated financial statements for Q2 of 2020.</p> <p>2. Proposal to assess the Company's preparation capability of financial statements and revise the Management Regulations on Preparation Process of Financial Statements.</p>	V	None	None	All attending Directors unanimously approved the measure.
September 28, 2020 7th session of the 3rd term in 2020	<p>1. Proposal to issue new stocks for capital increase in cash and issue the second domestic unsecured convertible bonds in 2020.</p> <p>2. Proposal to increase the reinvestment in the subsidiary, Hong Kong Chlitina International Limited.</p>	V	None	None	All attending Directors unanimously approved the measure.
November 10, 2020	1. Proposal to add related parties'	V	None	None	All attending

8th session of the 3rd term in 2020	<p>transactions of the Company and subsidiaries.</p> <p>2. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited Taiwan Branch.</p> <p>3. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited Taiwan Branch.</p> <p>4. Proposal of loaning to others by the subsidiary, Hong Kong Chlitina International Limited.</p>				Directors unanimously approved the measure.
December 29, 2020 9th session of the 3rd term in 2020	1. Proposal of the Company's Internal Audit Plan for 2021.	V	None	None	All attending Directors unanimously approved the measure.
March 11, 2021 1st session of the 3rd term in 2021	<p>1. Proposal of the drafts regarding the business report, financial statements, and certified public accountants' audit report for 2020.</p> <p>2. Proposal of the internal control statement for 2020.</p> <p>3. Proposal to evaluate the Company's accountant independence, appointment of CPAs, and the professional fee for 2021.</p> <p>4. Proposal to add related parties' transactions of the Company and subsidiaries.</p> <p>5. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Hong Kong Chlitina</p>	V	None	None	All attending Directors unanimously approved the measure.

	International Limited.				
April 20, 2021 2nd session of the 3rd term in 2021	<ol style="list-style-type: none"> 1. Proposal regarding the distribution of earnings for 2020. 2. Proposal of capital increase of and reinvestment in the subsidiary, Hong Kong Chlitina International Limited. 3. Proposal of reinvestment in the subsidiary, Hainan Shoumao Investment Limited. 	V	None	None	All attending Directors unanimously approved the measure.

Other items to be stated:

- I. Where the operation of the audit committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, audit committee's resolutions and the Company's resolution of the audit committee's opinions.
- (I) The circumstances referred to in Article 14-5 of the Securities and Exchange Act.
- (II) Aside from the said circumstances, resolution(s) not passed by the audit committee but receiving the consent of two thirds of the Board of Directors: None.
- II. In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the proposal and resolution thereof, reason for not voting and actual voting counts: None.
- III. The Communication between the independent directors, the internal audit supervisor and the CPAs (including the major matters, methods and results regarding the communication of the Company's financial and business conditions):
- (I) After the establishment of the Company's Audit Committee on August 31, 2012, the internal audit supervisor regularly reports the implementation of audit activities to the Audit Committee every year, including the implementation of audits, internal operating matters and the implementation of improvement etc.; the meeting shall be called at any time in case of significant and extraordinary events.
- (II) The communication between the independent directors and the internal audit supervisor during the current fiscal year (2020) up to the date of publication of the annual report:
The Audit Committee of the Company is comprised of all the independent directors. The internal audit supervisor regularly reports the implementation of audit activities to the Audit Committee every year (at least once), including the implementation of audits, internal operating matters and the implementation of improvement etc.; the meeting shall be called at any time in case of significant and extraordinary events.

Date	Item of Communication	Results of Communication
August 11, 2020	For the 6th Audit Committee session of the 3rd term in 2020, the items communicated are as follows: 1. The internal audit activities of Q2 for 2020.	No objection.
November 10, 2020	For the 8th Audit Committee session of the 3rd term in 2020, the items communicated are as follows: 1. The internal audit activities of Q3 for 2020.	No objection.
March 11, 2021	For the 1st Audit Committee session of the 3rd term in 2021, the items communicated are as follows: 1. The internal audit activities of Q4 for 2020. 2. The internal control statement for 2020.	No objection.

In addition, the internal audit supervisor of the Company periodically reports to the independent directors on the implementation of the annual internal audit plan. Regarding the implementation results of the internal audit plan, the improvement conditions for misconduct, and the related financial affairs, we have not found the Company to have significant flaws in internal control execution that have not been improved as of the date when the annual report was published.

- (III) The communication between the independent directors and CPA during the current fiscal year (2020) up to the date of publication of the annual report:

The Audit Committee of the Company is comprised of all the independent directors. The CPAs regularly report the Company's and subsidiaries' financial statuses, the overall operation and internal audit to the independent directors every year (at least once), and communicate whether there are any significant adjusting journal entries or impact on the account records due to the amendment of related laws.

Date	Item of Communication	Results of Communication
March 12, 2020	<ol style="list-style-type: none"> 1. CPAs explained the finance of the Company and the significant audit and adjustment of our profit or loss in 2019; they reported the scope and method of the inspection and assessment with respect to the internal control system. 2. CPAs discussed and communicated with respect to the questions asked by the attendees. 3. Communication was conducted with respect to the key audit matters in the audit report. 4. Description was made with respect to the impact of amended important regulations in the recent period and the applicability of the new standards. 	The Audit Committee approved the annual financial statements. They were then submitted and approved by the Board of Directors and announced and filed to the competent authority.
March 11, 2021	<ol style="list-style-type: none"> 1. CPAs explained the finance of the Company and the significant audit and adjustment of our profit or loss in 2020; they reported the scope and method of the inspection and assessment with respect to the internal control system. 2. CPAs discussed and communicated with respect to the questions asked by the attendees. 3. Communication was conducted with respect to the key audit matters in the audit report. 4. Description was made with respect to the impact of amended important regulations in the recent period and the applicability of the new standards. 	The Audit Committee approved the annual financial statements. They were then submitted and approved by the Board of Directors and announced and filed to the competent authority.

Note: The 3rd Audit Committee of the Company elected Tsai, Yu-Chin to serve as the convener, and the 3rd term of the Audit Committee shall be from June 5, 2018 to June 4, 2021.

(III) Status of corporate governance, departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
I. Does the company set out and disclose its practice principles for corporate governance in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established its “Practice Principles for Corporate Governance” based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and disclosed the same on the MOPS and the Company’s website.	None
II. Equity structure and shareholders’ rights of the corporation (I) Whether or not the company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders and implemented the procedure?	V		(I) The Company has set out procedures for dealing with shareholders’ proposals, doubts, disputes and litigation in its “Practice Principles for Corporate Governance” and has appointed agents for lawsuit and non-lawsuit items, a spokesperson and personnel in the shareholders’ service unit to deal with related matters. Meanwhile, the Company will coordinate with the relevant units in the company, as necessary.	None
(II) Whether the company controls the list of the company’s major shareholders and who are their ultimate owners?	V		(II) The actual information provided by a stock agency is tracked monthly, and the shareholdings of directors, managers and shareholders with shareholdings exceeding 10% are regularly disclosed in accordance with the laws, in order to fully control the name list of the main shareholders and their final controllers.	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
(III) Whether the company establishes or implements some risk control and firewall mechanisms between the corporation and its affiliates?	V		(III) The company has mandated the “Rules for Managing Related Party Transactions,” and implemented risk control and establishment of the firewall for the Company and its related parties. The Company adopts the principle of independent financial operations as the basis for business dealings.	None
(IV) Does the company set out internal standards to prohibit insiders from using non-public information on the market to buy and sell securities?	V		(IV) The company has mandated the “Management Measures for Preventing Insider Trading,” which prohibits insiders to using non-public information on the market for securities trading.	None
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated a diversified approach regarding the composition of its members and implemented it?	V		(I) Proposal for Chapter 3 “Enhancing the Functions of the Board of Directors” of the of the “Practice Principles for Corporate Governance” and a diversified strategy. The Company’s nomination and election of the Board of Directors is conducted in accordance with the “Guidelines and Procedures for Election of Board of Directors” and the “Practice Principles for Corporate Governance.” Adopt the nomination method which, in addition to assessing the nominee’s education and experience, also stipulates seeking the opinions of key stakeholders. This ensures compliance with the conditions of diversity and independence.	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
			<p>(II) Among the eight directors of the Company's 3rd Board of Directors. Chairman Pi-Hua Chen, Director Chen, Pei-Wen, and Director Chu, Yi, are specialized in medical beauty and marketing, healthcare and biotechnology, international trade; Director Wu, Sizong and Director Tsai, Yu-Ling are specialized in technology, law, and property. The three independent directors are Tsai, Yu-Chin, who is specialized in finance and accounting; Kao, Peng-Wen, who is specialized in business operation and risk management; and Yu, Hung-Ding, who is specialized in law and IT.</p> <p>(III) The independent directors make up 37.5% of the Board of Directors while female directors make up 62.5%. (Since the Company focuses on the biotechnology, medical beauty and skin care business, there are more female directors.)</p> <p>(IV) According to Article 20 of the Company's "Practice Principles for Corporate Governance," the composition of the Board of Directors shall be aware of the gender equality and the members shall be equipped with knowledge, skills, and competency required to perform their duties.</p> <p>(II) Please refer to Note 3 for the capabilities of individual members and the implementation of the diversity policy. The diversify policy developed by the Board of Director for the composition of its members are disclosed on the Company website.</p>	

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
(II) Whether the company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, is willing to establish any other functional committees voluntarily?		V	(II) In addition to establishing the remuneration committee and audit committee, pursuant to laws, the remaining corporate governance operations are taken charge of by each dedicated department. Other functional committees have not been established. It will be established if evaluated as needed in the future.	As per the descriptions in the left column
(III) Whether the Company establishes guidelines and methods for evaluating the performance of the Board of Directors, conducted regular performance evaluations every year and reported the results to the Board of Directors? Has the Company utilized the results as the reference for the individual remuneration and reelection nomination of directors?	V		(III) The Company established the “Regulations on Evaluation of Board of Directors’ Performance” on December 29, 2020. The evaluation of the Board of Directors’ performance shall be completed within Q1 of the next year. According to the “Regulations on Evaluation of Board of Directors’ Performance,” the Board of Directors shall conduct internal performance evaluation pursuant to the procedures and indicators specified in the Regulations annually at the end of the year, and shall distribute self-evaluation questionnaires to all the directors and functional committees annually at the beginning of the year. The evaluation covers the performance of the Board of Directors, individual directors and functional committees. The evaluation methods include internal assessment of the Board of Directors, self-evaluation of directors, and self-evaluation of functional committees. 1. Board performance evaluation indicators and options A. Involvement in the operation of the Company B. Improvement of the Board of Directors’ decision-making quality C. Formation and structure of the Board of Directors	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
			<p>D. Election and continuing education of directors</p> <p>E. Internal control</p> <p>F. Others</p> <p>2. Indicators and options for self-evaluation of director's performance</p> <p>A. Understanding of the goals and tasks of the Company</p> <p>B. Understanding of the director's functions</p> <p>C. Involvement in the operation of the Company</p> <p>D. Internal relationship management and communication</p> <p>E. Specialty and continuing education of directors</p> <p>F. Internal control</p> <p>3. Performance evaluation indicators and options of functional committees</p> <p>A. Involvement in the operation of the Company</p> <p>B. Understanding of the responsibilities of the functional committee.</p> <p>C. Improvement of the functional committee's decision-making quality</p> <p>D. Formation of functional committees and election of their members</p> <p>E. Internal control</p> <p>F. Others</p> <p>The performance evaluation of the Board of Directors and functional committees in 2020 was completed before 2021 Q1. The directors agreed strongly on the evaluation indicators, and the overall operation of the Board of Directors and functional committees was evaluated as good and complying with the governance spirit of the Company. The result of the evaluation was reported to the Board of Directors on March 11, 2021.</p>	

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
(IV) Whether the company assesses the independence of the external auditor periodically?	V		(IV) In accordance with the respective regulations, the Company conducts an annual assessment of the suitability and independent nature of the certified public accountant who signs off on the annual report. The indicators to assess the CPA firm include the scale and reputation of the CPA firm, the number of years that the CPA firm has continuously provided audit services, the nature and scope of non-audit services provided, audit fees, peer reviews, not engaged in any legal action or under investigation by the relevant authorities, quality of audit services, status of regular continuous training, interaction with management and internal audit supervisors etc. The CPA and firm must provide the respective information and the CPA Declaration of Independence (Note 4) and submit the audit result to the Board for resolution. In the past two years, the dates in which the audit results were resolved were March 11, 2020 and March 11, 2021, respectively.	None
IV. Whether the company, which is also an exchange-listed and OTC-listed Company, delegates qualified personnel dedicated to corporate governance in an appropriate number and designates one chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, the provision	V		The Company has not designated corporate governance officer. The Company has set up a "Corporate Governance Promotion Team" as a dedicated unit in accordance with the regulations, and regularly reports to the Board of Directors about implementation. The implementation of the Company's Corporate Governance Promotion Team in 2020 is as follows: 1. Formulate the Board meeting schedule of 2020 as the reference for the directors; inform the directors about the Board meeting with the reasons for	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
of information required by directors and supervisors for carrying out business, assisting directors and supervisors to comply with the laws and regulations, organization of directors' meetings and shareholders' meetings according to the laws and production of directors' meetings and shareholders' meeting minutes)?			<p>convening 7 days prior to each Board meeting and complete the minutes of the Board meeting within 20 days after the Board meeting and deliver it to the directors.</p> <p>2. Execute matters related to the regular shareholders' meeting of 2020, prepare the minutes of the shareholders' meeting and distribute to the shareholders within 20 days after the meeting.</p> <p>3. Assist in the legal compliance matters related to the procedures and resolutions of the Board of Directors and the shareholders' meeting: (1) Confirm the convening of the Company's shareholders' meetings and Board meetings comply with relevant laws and the Principles for Corporate Governance. (2) Assist to provide relevant laws and regulations which shall be complied during the execution of duties by the directors. Where it is necessary for any director to recuse himself/herself in proposals involving the transaction with stakeholders, the Company reminded the directors to recuse himself/herself in advance based on the laws to comply with the regulations related to the transaction with stakeholders.</p> <p>4. Assist the directors (including the independent directors) in performing their duties, provide necessary information and arrange continuing education for the directors (more than six hours) to meet the hours of continuing education as required by the laws within the year. Relevant information is announced on the Market Observation Post System.</p>	

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
			<p>5. Purchase the “Directors and Officers Liability Insurance” of the Company, complete the insurance matters and report the insurance coverage to the Board of Directors. Relevant information is announced on the Market Observation Post System.</p> <p>Review the achievement of each indicator listed in the corporate governance evaluation one by one and propose improvements and response measures for indicators not achieved.</p>	
V. Has the company established communication channels with its stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a stakeholder section on the company’s website, and respond appropriately to stakeholders regarding the important CSR issues of concern?	V		<p>(I) The Company has a spokesman and vice spokesperson. Relevant contact information has been announced on the Market Observation Post System in accordance with the regulations. The stakeholder section has also been set to timely respond to the various issues raised by stakeholders.</p> <p>(II) The Company has a hotline and e-mail address to serve as a conduit for communication with employees. The Company regularly conducts reconciliation with firms to control transactions with suppliers at any time. There is also another dedicated unit set up to maintain good communication with suppliers.</p> <p>(III) The Company has a customer service hot line, which is taken charge of by a dedicated unit for maintaining good communication with consumers.</p>	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
VI. Does the company appoint a professional stock agency to handle the shareholders' meeting affairs?	V		The Company has appointed the Stock Transfer Agent of Fubon Securities Co., Ltd., for dealing with the company's various stock matters.	None
VII. Information disclosure (I) Whether the company establishes a corporate website to disclose information concerning financial affairs and corporate governance?	V		(I) The Company declares its financial, business, and corporate governance matters on the Market Observation Post System in accordance with the laws, and discloses the information on the Company website at the same time.	None
(II) Whether the company adopts other information disclosure channels (e.g. an English-language website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via the company website)?	V		(II) The Company has a dedicated staff to collect and publish the Company's information. It also has set up and reported relevant data of the spokesperson in accordance with the regulations, published information related to the road show, and set up an English-language website.	None
(III) Whether the Company publicly announces and files the annual financial report within two months after the close of fiscal year and announces and files the financial reports of Q1, Q2 and Q3 and the monthly operation status prior to the regulated deadline?	V		(III) The Company has not publicly announced and filed the annual financial report within two months after the close of fiscal year, nor announces and files the financial reports of Q1, Q2 and Q3 and the monthly operation status prior to the regulated deadline.	The Company has not planned to file the financial reports and status of operation in advance.

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
VIII. Whether the company has other important information enabling a better understanding of its corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement criteria, implementation of customer policies, and purchasing of liability insurance by the corporation for directors and supervisors)?	V		<p>Employee rights and interests and employee care:</p> <p>In order to protect the rights and interests of the Company's employees, in addition to statutory protection, there are good welfare measures. There are also diversified channels to interact with the staff. Benefit measures as below:</p> <p>Insurance: Group business insurance.</p> <p>Remuneration: Performance bonus, bonus to employees, gifts (cash) for three festivals and year-end bonus.</p> <p>Benefits: Birthday gifts, weddings, funeral and maternity gifts, year-end parties, and a pregnancy-friendly environment.</p> <p>Health and leisure activities: Department dinner for the staff.</p> <p>Education training: Conduct internal education training, such as new personnel training, pre-service education training, on-the-job training, and subsidized external education and training expenses, encouraging colleagues to continue education.</p> <p>Please refer to the Shareholder/Governance/Employee Care of the Company website.</p> <p>Investor relationships:</p> <p>By disclosing the information through the Market Observation Post System and the Company's website, investors can fully understand the Company's operating conditions. Through shareholders' meetings, road shows, and the spokesperson, the Company can also communicate with investors to maintain a relationship between the Company and investors.</p> <p>Supplier relationships:</p> <p>The Company establishes partnerships with suppliers based on the principle of equality</p>	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
			<p>and reciprocity, in order to stabilize the supply chain.</p> <p>Stakeholders' rights:</p> <p>Responsibility to the customer: The Company provides safe and high-quality products and pays attention to the opinions of customers and franchises. The complaints of customers and franchises are all immediately dealt with in order to meet their needs.</p> <p>Liability to the shareholders: Maintaining the best interests of shareholders is the Company's goal it is striving for.</p> <p>Continuing education of directors: The Company actively encourages directors to continue education, and has also actively appointed professional organizations to offer special courses for the company. In accordance with the "Key Guidelines for the Continuous Education of TWSE/TPEX listed Directors, Supervisors," the Company's directors must study the laws and regulations pertaining to Securities and attend courses to fulfill the stipulated hours of continuous education. (the status of the directors' continuous education must be disclosed on MOPS)</p> <p>Continuing education of managers: The Company actively offers course information for the continuing education of managers and assists with curriculum arrangements. It also opens continuing education courses for the Company's directors to participate in management.</p> <p>Implementation of risk management policy and risk measurement criteria: The Company continues to be concerned about the key risk items that affect the Company's operation, ensuring that the</p>	

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
			<p>risks are controlled within acceptable limits.</p> <p>Implementation of customer policy: Uphold the business philosophy of “customer first,” and adhere to providing the best products to consumers and franchise stores.</p> <p>Purchase of liability insurance by the company for directors and supervisors: The Company purchases the liability insurance for the directors every year and reports important matters including the amount of insurance, insurance coverage and rate regularly to the Board of Directors.</p>	
IX. Please specify the status of correction based on the corporate governance assessment report released by the Corporate Governance Center of the TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. (Note 2)	V		<p>The Company has referred to the Company’s self-evaluation project of corporate governance as a reference for management.</p> <p>The following items explain the improved situations according to the results of the corporate governance evaluation:</p> <ol style="list-style-type: none"> 1. The internal rules and their implementation status on prohibiting directors, employees and other insiders from making use of the information that is not available on the market to earn profits are added to and disclosed on the website of the Company. 2. The Company website has added the frequency of communication between the independent directors and the CPA. 3. The Company website has added the information on the convention of the Remuneration Committee meeting 4. According to the recent results of the corporate governance evaluation and the indicators of the corporate governance evaluation announced lately, the Company reviews the indicators which meet the scoring 	As per the descriptions in the left column

Scope of Assessment	Status of operation (Note 1)			Departures from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary	
			<p>standard one by one and arranges improvement schedule to improve items of noncompliance.</p> <p>Those who have not improved shall propose matters and measures to be strengthened with priority:</p> <ol style="list-style-type: none"> 1. Matters to be strengthened with priority: The information disclosure part on the Company website. 2. Measures for the matters to be strengthened: Strive to evaluate the appropriate execution approach in order to enhance the Company's execution result of corporate governance. 	

Note 1: Regardless of "Yes" or "No," the status shall be stated in the "Summary" section.

Note 2: Considering that the Corporate Governance Center of the Taiwan Stock Exchange has started to disclose the corporate governance evaluation results of TWSE (GTSM) listed companies monthly since April 2015, the Company strengthens parts of the Company's issues via the previous evaluation results to improve the level of corporate governance.

Note 3: The eight members of the 3rd Board of Directors consist of five directors and three independent directors and each member is equipped with the necessary knowledge, skills, and experience to perform their duties. The target of industrial knowledge required for the directors is 50% and currently we have six directors whose industrial knowledge have reached 75%. Please refer to the following for the capabilities of individual Board members and the implementation of the diversity policy:

Directors	Formation							Industry experience				Professionalism				
	Nationality	Gender	Concurrent position as employees	Age			Independent director term and seniority		Medical beauty, marketing	Healthcare, biotechnology	IT	International trade	Finance, accounting	Law	Business operation	Risk management
				51 to 60	61 to 70	71 to 75	Below 3 years	3 to 9 years								
Chairman Pi-Hua Chen	Republic of China	Female	✓		✓				✓	✓		✓		✓	✓	
Director Chen, Pei-Wen	Republic of China	Female		✓					✓	✓		✓				
Director Chu, Yi	Republic of China	Female				✓			✓			✓		✓	✓	
Director Tsai, Yu-Ling	Republic of China	Female			✓				✓		✓		✓		✓	
Director Wu, Sizong	Mainland China	Male			✓						✓	✓	✓	✓		
Independent Director Tsai, Yu-Chin	Republic of China	Female		✓						✓		✓	✓		✓	
Independent Director Kao, Peng-Wen	Republic of China	Female			✓			✓	✓		✓	✓		✓	✓	

Independent Director Yu, Hung-Ding	Republic of China	Male			v			v		v	v	v		v	v	
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Note 4: Criteria for Accountant Independence Evaluation

Independence requirements		Whether it meets the independence situation	
Item	Explain	Yes	No
1	When the accountant has a direct or significant indirect interest in the commissioned matter and its own, which affects its impartiality and independence, he shall evade and shall not undertake it.	v	
2	The accountant provides the audit, review, review, or special review of the financial statements and prepares a written opinion. In addition to maintaining substantial independence, it should also maintain formal independence. Therefore, members of the audit service team, other co-practising accountants or shareholders of legal-person accounting firms, accounting firms, firm-affiliated companies, and alliance firms must maintain independence from audit clients.	v	
3	Accountants should maintain a spirit of independence and serve the society with an upright, fair and objective standpoint Accountants should be sincere and honest in their professional and business relations. (1) Integrity: Accountants should perform professional services with integrity and rigor. (2) Fairness and objectivity: Accountants should maintain a fair and objective position when performing professional services, and should avoid prejudice, conflict of interest or interests that affect professional judgment. A fair and objective position includes impartiality between the information provider and the user, and due care should be taken professionally. (3) Independence: When the accountant performs the audit, review, review, or special review of the financial statements and prepares an opinion, he should maintain an independent position in form and substance, and express his opinion in a fair manner.	v	
4	Independence is related to integrity, impartiality and objectivity. The lack or loss of independence will affect the integrity, impartiality and objectiveness of the position.	v	
5	Independence may be affected by factors such as self-interest, self-assessment, defense, familiarity, and coercion.	v	
6	Independence is affected by self-interest, which refers to the financial benefit of the audit client's protection, or the conflict of interest with the audit client's issuance due to other interests. Circumstances that may have such an impact usually include: (1) There is a direct or significant indirect financial interest relationship with the audit client. (2) The firm relies too much on the source of remuneration from a single client. (3) There is a significant and close business relationship with the audit client. (4) Consider the possibility of customer churn. (5) There is a potential employment relationship with the audit client. (6) Contingent public expenses related to the investigation case. (7) It is found that there are major errors in the professional service reports previously provided by other members of the firm.	v	
7	Independence is affected by self-assessment, which refers to the reports or judgments made by accountants in the execution of non-audit service cases, which are used as an important basis for audit conclusions in the process of auditing or reviewing financial information; or members of the	v	

	<p>audit service team have served Directors and supervisors of audit clients, or hold positions that directly and significantly influence audit cases. Circumstances that may have such an impact usually include: (1) The firm issues a conviction service report designed or assisted to implement the effective operation of the financial information system. (2) The original documents prepared by the firm are used to confirm the major or important matters of the service case. (3) Members of the audit service team are currently or within the last two years serving as directors, supervisors, managers, or positions that have a significant impact on the audit case. (4) Non-audit services provided to audit clients will directly affect important items of audit cases.</p>		
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(IV) Describe the composition, duties and operations of the remuneration committee:

1. Information about the remuneration committee members

Identity (Note 1)	Qualification Name	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 2)										Number of positions as a Remuneration Committee Member in other public listed companies	Remarks	
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10			
Independent Director	Kao, Peng-Wen	-	-	V	V	V	V	V	V	V	V	V	V	V	V	0	N/A
Independent Director	Tsai, Yu-Chin	V	V	V	V	V	V	V	V	V	V	V	V	V	V	1	N/A
Independent Director	Yu, Hung-Ding	-	-	V	V	V	V	V	V	V	V	V	V	V	V	0	N/A

Note 1: Please specify director, independent director, or others.

Note 2: A “✓” is placed in the box if the member met the following conditions during active duty and two years prior to the election.

- (1) Not an employee of the company or an affiliate.
- (2) Not a director or supervisor of the Company's affiliates (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (3) Not the director, or his or her spouse or minor who holds, in his or her own name or in another name, more than 1% of the Company's total outstanding shares, or is one of the Company's ten largest natural-person shareholders.
- (4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in (2) and (3).
- (5) Not a director, supervisor, or employee that has 5% or higher ownership interest in the company, being the top-5 corporate shareholders or the institutional shareholders who designate representative as the corporate director or supervisor in accordance with Paragraph 1 or 2, Article 27 of the Company Act (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (6) Not a director, supervisor or employee of other Company in which the number of directors or more than half of the voting shares is under the control of the same person (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (7) Not a director, President or employee of other Company or institution in which the chairman, president or personnel with equivalent position are the same person or have spouse relationship (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company (the same does not apply, however, in cases where the specified company or institution holds 20 % or more and no more than 50 % of the total number of issued shares of the public Company and the person is an independent director of the Company, its parent company, any subsidiary, or subsidiary

of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

- (9) Not a professional who provides audits or commercial, legal, financial or accounting services accumulating more than NTD 500,000 of remuneration obtained in recent two years to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, this shall not apply to members of the remuneration committee, review committee for public acquisitions or special committee for mergers executing their duties in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.
- (10) Is not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.

2. Remuneration Committee's duties

According to the Company's "Remuneration Committee Articles of Association," the Remuneration Committee shall perform the following functions honestly with due diligence, and submit their motions to the board of directors for discussion:

- (1) Determine and periodically review the performance appraisal on directors and managers, and remuneration policy, system, standard and structure;
- (2) Periodically evaluate and determine the remuneration to directors and managers.
- (3) When fulfilling the above responsibilities, the Committee must adhere to the following principles:
 - a. Ensure that the remuneration packages for the Company and its subsidiaries comply with the regulations and are attractive to potential talents.
 - b. With respect to the performance assessments and remuneration of directors (including independent directors) and manager of the Company, refer to the typical pay levels adopted by peer companies and take into consideration the reasonableness of the correlation between remuneration and amount of time invested, the role, individual performance and performance in other roles. In recent years, the remuneration for similar roles in the Company and its subsidiaries has been derived from the assessment of achievement of the short and long-term business goals, financial health, taking into account the reasonableness of the correlation between the individual's goal, the business performance of the Company and its subsidiaries and potential risks.
 - c. Directors (including independent directors) and managers must not, in pursuit of salary remuneration, be allowed to engage in risk-taking activities beyond the risk appetite of the Company and its subsidiaries.
 - d. When determining the ratio of compensation for the short-term performance and the time at which the variable parts of remuneration are paid to the directors (including independent directors) and senior managers, the characteristics of the industry and the business nature of the Company and its subsidiaries must be taken into account.
 - e. When determining the contents of the remuneration and the amounts of the directors (including independent directors) and manager, assess the reasonableness of the remuneration in that it should be commensurate with the financial performance. If there is a significant decrease in profits or long-term loss, the remuneration cannot be higher than that of the previous year. If the remuneration is higher, the reasonableness must be duly disclosed in the annual report and reported at the shareholders' meeting.
 - f. Committee members must not participate in discussions or decisions about their own remuneration.

The remuneration package mentioned in the above two paragraphs includes cash remuneration, stock options, dividends, retirement benefits, severance pay, various

allowances and other tangible incentives. The scope must be aligned with the remuneration of the directors (including independent directors) and manager as stipulated in the reporting guidelines for listed companies.

If the remuneration of the directors (including independent directors) and manager of the Company and its subsidiaries is handled by a subsidiary, the Committee must first submit the proposal to the Board before resolution can be passed by the Board.

3. Information concerning the remuneration committee

- (1) The Company's remuneration committee consists of three members.
- (2) Term of the Board members: The 2nd term is from June 17, 2015 to June 16, 2018; the 3rd term shall be from June 5, 2018 to June 4, 2021; in 2020 and up to the publication date of the annual report, there were five Remuneration Committee meetings (A): four sessions in 2020 and one in 2021. The qualifications and attendances of the members are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate % (B/A)	Remarks
Convener	Kao, Peng-Wen	5	-	100.00	Independent Director
Member	Tsai, Yu-Chin	5	-	100.00	Independent Director
Member	Yu, Hung-Ding	5	-	100.00	Independent Director

Other items to be stated:

- I. If the board of directors does not adopt or amends the remuneration committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the board of directors, and the company's handling of the remuneration committee's opinions (if the remuneration approved by the board of directors is superior to that suggested by the remuneration committee, please specify the deviation and reason): None.
- II. For resolution(s) made by the remuneration committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the company's handling of the said opinions: None.
- III. Note: The 3rd Committee of the Company elected Kao, Peng-Wen to be the convener of the 3rd Remuneration Committee. The term of the members shall be from June 5, 2018 to June 4, 2021.
- IV. Processing of the Remuneration Committee's meeting contents, decisions made and the Company's opinion on the Committee.

Remuneration committee	Proposals and subsequent management	Resolution	The company's handling of the remuneration committee's opinions
July 23, 2020 2nd session of the 3rd term in 2020	1. Proposal to revise the year-end bonus allocation criteria for important managers.	Approved by all the members unanimously.	Except for Chairman Pi-Hua Chen, CEO and Senior Financial Controller Yeh, Chien-Chih who did not participate in the discussion and voting due to conflicts of interest and the leaving of other non-voting members, the proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted all other attending directors.

<p>August 11, 2020 3rd session of the 3rd term in 2020</p>	<p>1. Proposal to appoint important executives and approve their remuneration.</p> <p>2. Proposal to transfer the Company's treasury stock to managers.</p>	<p>Approved by all the members unanimously.</p>	<p>Except for Chairman Pi-Hua Chen who did not participate in the discussion and voting due to conflicts of interest and the leaving of other non-voting members, the 1st proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted all other attending directors.</p> <p>Except for Chairman Pi-Hua Chen, CEO and Senior Financial Controller Yeh, Chien-Chih who did not participate in the discussion and voting due to conflicts of interest and the leaving of other non-voting members, the 2nd proposal was approved unanimously after the Vice Chairman, Independent Director Kao, Peng-Wen, consulted all other attending directors.</p>
<p>December 29, 2020 4th session of the 3rd term in 2020</p>	<p>1. Proposal regarding the evaluation of remuneration to directors and employees of the Company for 2021.</p> <p>2. Proposal of the Company's year-end bonus for managers in 2020.</p>	<p>Approved by all the members unanimously.</p>	<p>After the leaving of all non-voting members, the 1st proposal was approved unanimously after the Chairperson consulted with all attending directors.</p> <p>After the leaving of all non-voting members, except Chairman Pi-Resolution Hua Joanna Chen who did not participate in the discussion and voting due to conflicts of interest, the 2nd proposal was approved unanimously after the Vice Chairperson, independent director Kao, Peng-Wen, consulted with all other attending directors.</p>
<p>March 11, 2021 1st session of the 3rd term in 2021</p>	<p>1. Proposal regarding the distribution of remuneration to directors and employees for 2020.</p> <p>2. Proposal regarding the distribution of remuneration to directors for 2020.</p> <p>3. Proposal regarding the distribution of employee remuneration to managers for 2020.</p>	<p>Approved by all the members unanimously.</p>	<p>After the leaving of all non-voting members, the 1st and 2nd proposals were approved unanimously after the Chairperson consulted with all attending directors.</p> <p>After the leaving of all non-voting members, except Chairman Pi-Resolution Hua Joanna Chen who did not participate in the discussion and voting due to conflicts of interest, the 3rd proposal was approved unanimously after the Vice Chairperson, independent director Kao, Peng-Wen, consulted with all other attending directors.</p>

(V) Fulfillment of corporate social responsibility and the deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons

Scope of Assessment	Status of operation (Note 1)			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary (Note 2)	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality? (Note 3)	V		The Company has mandated the “Practice Principles for Corporate Social Responsibility,” in which an enterprise shall actively implement corporate social responsibility during operation to meet the international trend of balancing environment, society, and corporate governance development.	None
II. Whether the Company establishes a unit dedicated to (concurrently engaged in) promoting corporate social responsibility under supervision by the high-rank management authorized by the Board of Directors who shall be responsible for reporting the status thereof to the Board of Directors?	V		At present, the Corporate Governance Promotion Group of the Company is responsible for the promotion of corporate social responsibility, with the convener and vice convener appointed by the Board of Directors. The group carries out business related to CSR, reports to the Chairman on the issues found, and reports the situation to the Board of Directors at least once every year.	None
III. Environment issue (I) Has the Company established environmental policies suitable for the Company’s industrial characteristics?	V		(I) The subsidiary of the Group, Weishuo (Shanghai) Daily Product Limited, has acquired the following certificates: 1. Passed ISO14001 of the international environmental system certification at the year end of 2014 and established the environmental management system (expiry date: December 25, 2022). 2. Certificate of Good Manufacturing Practice of Cosmetic Products (GMPC) (expiry date: August 8, 2022). 3. ISO9001 Quality Management System (expiry date: August 24, 2023).	None
(II) Does the Company endeavor to upgrade the efficient use of available resources, and the use of environmentally friendly materials?	V		(II) The group has now implemented the following measures to enhance the efficiency of resource utilization: 1. Office photocopying uses recycled paper or duplex printing. 2. Gradually changed the lighting	None

Scope of Assessment	Status of operation (Note 1)			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary (Note 2)	
			<p>fixtures to LED lamps to reduce power consumption.</p> <p>3. Recycled paper has gradually been used in the carton packaging for transportation. For printing ink, we also require manufacturers to change into environmentally friendly soybean ink to reduce the environmental load.</p>	
(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?			<p>The Company mainly encounters the risk of environment and operation: The operating costs may increase due to the increase in raw material cost (the product ingredients of the Company contain plant extracts) and shortage of resources (water or gas, etc.) caused by extreme climate.</p> <p>To ease off and adapt to the climate change, the Company actively developed other product materials, established policies of energy saving and carbon reduction for the plants and implemented accordingly.</p>	
(IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of the waste in the past two years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission and water consumption or other waste management?	V		<p>(IV) Accompanied by ISO14001 Certification obtained, the Company has formulated a policy of energy-saving and carbon reduction, and is implementing the policy, such as:</p> <ol style="list-style-type: none"> 1. The production line shall continue producing as much as possible within the feasible range. Reducing clean water consumption when changing the lines will also simultaneously reduce the production of wastewater. 2. During the lunch break or when 80% of the employees are not in the office, the lights and air conditioning shall be turned off, and only necessary lighting and ventilation settings are turned on. 	None

Scope of Assessment	Status of operation (Note 1)			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary (Note 2)	
<p>IV. Social issue</p> <p>(I) Whether or not the company has established the related management policies and procedures in accordance with the relevant laws and international human rights conventions?</p>	V		<p>(I) The Company has staff working standards in accordance with labor laws and related personnel norms, in order to protect the legitimate rights and interests of employees.</p> <p>(II) The Company supports and adheres to the relevant international laws and guidelines on labor rights, including “UN Universal Declaration of Human Rights,” “UN Guiding Principles on Business & Human Rights,” “UN Global Alliance” and “UN International Labour Organization.”</p>	None
<p>(II) Does the Company establish and implement proper employee welfare measures (including the salary, holidays and other welfare) and reflect the corporate business performance or achievements in the employee remuneration?</p>			<p>(II) The benefit measures of the employees are as follows: The main location of operation for the Group is Mainland China where the benefits provided by the Company include those required by the laws of the locations in which the Company operates and labor and health insurances in compliance with the local government’s requirements. Besides benefits under applicable laws and regulations and policies, the Company also provide employees with various kinds of allowances, bonuses, vacations, cultural and recreational activities, continuing education programs, social insurance, among others. Taiwan branch: 1. Insurance: Group business insurance. 2. Remuneration: Performance bonus, bonus to employees, gifts (cash) for three festivals and year-end bonus. 3. Benefits: Birthday gifts, weddings, funeral and maternity gifts, year-end parties, and a pregnancy-friendly</p>	

Scope of Assessment	Status of operation (Note 1)		Summary (Note 2)	Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No		
			<p>environment.</p> <p>4. Health and leisure activities: Department dinner for the staff.</p> <p>Salary structure and salary adjustment mechanism:</p> <p>1. Salary structure: The salary of the Company is paid on the basis of 12 months. Also, the bonus systems for irregular payments are as follows:</p> <p>a. Performance bonus: this is distributed according to the annual work performance based on the business result of the Company after the end of the year.</p>	
			<p>b. Year-end bonus: the year-end bonus is distributed based on the business result of the Company after the end of the year.</p> <p>c. Sales bonus: this is distributed according to the sales bonus regulations of the “Sales performance or various KPIs.”</p> <p>d. Special bonus: this is distributed according to the “Special Project Contribution.”</p> <p>2. Salary adjustment mechanism: the mechanism includes the salary adjustment for probation, annual adjustment and special adjustment:</p> <p>a. Salary adjustment for probation: the new employee evaluated seems to be excelling in the position on probation.</p> <p>b. Annual salary adjustment: this depends on the annual operation conditions of the Company, price fluctuation, status of the human resource market and work performance, etc.</p> <p>Special salary adjustment: this is due to the talent competition and other special considerations.</p>	

Scope of Assessment	Status of operation (Note 1)		Summary (Note 2)	Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No		
(III) Whether the company provides the existence of a safe and healthy work environment, and conducts regular health and safety training for employees?	V		(III) The offices of the Company have independent access control system and the designated personnel of the Operation Department is responsible for the holder registration and the usage of the access card. The Company regularly (more than once a year) overhauls the fire equipment, sanitary equipment, and escape doors (ladders) of the workplace, holds fire control drills and provides the benefit of an annual health examination for employees, and organizes labor safety and health education training once every year to implement providing a safe and healthy working environment for employees.	
			To ensure the workplace safety, combustible or hazardous materials shall not be stored within the premises and smoking is prohibited within the workplace in accordance with regulations of the Tobacco Hazards Prevention Act. The drinking water equipment must be implemented according to the regulatory standards of drinking water with regular maintenance and cleaning at least once a year. For the environmental sanitation management as well as the cleaning and maintenance of the workplace, the Company commissioned profession cleaning company to maintain the quality of the environmental sanitation every day. (Perform environment and equipment sterilization of the workplace at least twice a year)	

Scope of Assessment	Status of operation (Note 1)			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary (Note 2)	
(IV) Whether the company has established some effective career development training plan for employees?	V		(IV) Talent is the most important core competitive advantage of the Company and continuing education and training help inspire personal potential of employees and boost their knowledge so that labor can be effectively utilized and the overall management performance of the Company may be enhanced to accordingly fulfill the operational goal of the Company. In order to improve the quality and work skills of the employees, the Company provides pre-service training for new employees upon accession and conducts general and specialized training irregularly as needed so that the employees not only can perform their current duties properly, but also acquire necessary skills for promotion. Long-term management and training are provided to employees at respective management levels through e-learning.	None
(V) Does the Company comply with relevant laws and international standards with regards to the customer’s health, safety and privacy, marketing and labeling in relation to the products and services and establish relevant policies and complaint procedure to protect the right of the customers?	V		(V) The marketing and labeling of the Company’s products have been audited by a dedicated unit to confirm that the sale is listed after complying with the relevant regulations of the local government and international standards. The Company has a customer service hotline, and the Customer Service unit is responsible for timely processing of relevant complaints.	None
(VI) Does the Company establish the supplier management policy to require the supplier to comply with relevant regulations on issues of	V		(VI) The Company focuses on environmental and social protection. In choosing suppliers, it prefers to choose manufacturers with relevant environmental protection certifications, and pays attention to	None

Scope of Assessment	Status of operation (Note 1)			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary (Note 2)	
environmental protection, occupational safety and health or labor rights and provide its status of implementation?			whether the manufacturer has an impact on the environment and society, which serves as an important reference for future cooperation. Our contracts with manufacturers have stipulated that the Company has the right to terminate the contract immediately if the manufacturer creates bad effects or is being investigated by the competent authority due to illegal operation. The audit unit of the Company audits whether the supplier complies with the regulations of the Company during the periodic audits of the purchase and payment cycle every year.	
V. Does the Company refer to the international criteria or instructions on the preparation of reports to prepare reports disclosing the non-financial information of the Company, such as the corporate social responsibility report? Does the report mentioned above have been assured, verified or certified by a third party?	V		The Company has disclosed relevant information about corporate responsibility on the Company’s website, annual reports, and public brochures.	None
VI. If the Company has established the corporate social responsibility principles based on the “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the established principles and its implementation: In March 2013, the Company implemented the ‘Corporate Social Responsibility Principles’ approved by the Board of Directors. The operation of the corporate social responsibility is conducted in full compliance with the contents of the Best-Practice Principles and relevant regulations.				
VII. Other information material to the understanding of the corporate social responsibility:				
1. Environmental protection: The Company is responsible for environmental protection by law enforcement.				
2. Community participation, social contributions, social services and social welfare: The Company applies its brand influence, is committed to the integration of social public welfare, and accomplishes the obligations and responsibilities of good business management.				
3. Consumer rights and interests: The Company has a customer service hotline responsible for handling customer complaints.				
4. Human rights: The company’s employees are treated equally in their employment opportunities regardless of their gender, religion and political inclinations. The Company also creates a good working environment to ensure that employees are free from discrimination and harassment. The Company adheres to the guidelines established by international policies on labor rights including “UN Universal Declaration of Human Rights,” “UN Guiding Principles on Business and Human Rights,” “UN Global Alliance” and “UN International Labour Organization.”				
5. Safety and health care: The Company is in line with the government regulations to implement safety and health affairs.				
6. Other social responsibility activities: Participate in disaster donations, fulfill the duty of social responsibility,				

Scope of Assessment	Status of operation (Note 1)			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary (Note 2)	
care for the life of children and learning in rural areas.				
7. Record of the awards: The Company participated in the international brand ceremony “2019 Top 20 Best Taiwan Global Brands” held by the Industrial Development Bureau, Ministry of Economic Affairs. Chlitina stood out by winning this Award for four consecutive years and won the honor of the “Top 20 Best Taiwan Global Brands” by its brand value of NTD 3 billion in 2019 which made Chlitina the only international brand awarded in the cosmetic industry in Taiwan. In 2020, CHLITINA won the honor of “2020 Top 25 International Brands in Taiwan” the fifth time. Our brand new CHLITINA Youthkeeper Serum won the Top Innovation Award of les Victoires de la Beaute, known as the Oscar in the beauty and skincare industry, and was nominated as a finalist of the Pure Beauty Global Awards and other international awards. It also won the annual “Rejuvenation Award” of the ELLE Beauty Star.				

Note 1: If “Yes” is marked for the status of operation, please specify the important policies, strategies and measures taken and the status of implementation; if “No” is marked for the status of operation, please explain the reason and specify the relevant plans to be taken in the future, including the policies, strategies and measures.

Note 2: Where the Company has prepared a Corporate Social Responsibility Report, the status thereof may not be required. Only if this report specifies to refer to the Corporate Social Responsibility Report will it be needed, or may be replaced by the index page number.

Note 3: The principle of materiality refers to the issues related to the environment, society and corporate governance which have significant impact on the investor and other stakeholders of the Company.

(VI) Fulfillment of ethical management and deviations from “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons

Scope of Assessment	Status of operation (Note 1)			Deviations from “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
I. Enactment of ethical management policy and program	V		(I) The Company has “Principles for Operation with Integrity,” which has been submitted to and passed by the Board of Directors. That is, it is the commitment of implementation between the board and the management.	None
(I) Whether the Company establishes the ethical management policy approved by the Board of Directors and expressly states the ethical policy and its fulfillment by the Board of Directors and the senior management in its Articles of Incorporation and public documents?				
(II) Does the Company establish a risk assessment mechanism	V		(II) The Company has the “Procedures and Behavior Guide for Operation with	None

<p>against unethical conduct and regular analyze and assess business activities within their business scope which are at a higher risk of being involved in unethical conduct to establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article 7 Paragraph 2 of the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”?</p>			<p>Integrity,” which clearly regulates operating procedures and the punishments when violations occur and implements them.</p> <p>The Company has established the “Measures to Prosecute Cases of Unlawful and Immoral or Dishonest Conduct” approved by the Board of the Directors. In case of bribery, requiring or promising any illegal benefit or promise, timely whistleblowing may be submitted accordingly for punishment.</p>	
<p>(III) Does the Company specify the operating procedures, behavior guidelines, discipline and complaint systems for violation in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?</p>	V		<p>(III) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” to specify the operating procedures, guidelines and discipline and complaint systems for violation.</p> <p>The Company has established internal control systems and regulations for business activities that are more likely to be unethical, and internal auditors have also stepped up checking on such items during the annual auditing each year to reduce the likelihood of unethical behavior.</p>	None

<p>II. Implementation of ethical management</p> <p>(I) Whether the Company assesses a trading counterpart’s ethical management records and expressly states the ethical management clause in the contract to be signed with the trading counterpart?</p>	V		<p>(I) The Company will evaluate the related record with the counter party before the transaction, which is an important reference for cooperation. It has been stated in the contract with the supplier that the employees of the Company are not allowed to ask for and receive commissions from the manufacturer, and that the manufacturer shall not give red envelopes, gifts, or provide entertainment for any reason. If this occurs, the Company may terminate the purchase contract and the manufacturer shall bear all losses and expenses.</p>	None
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<p>(II) Does the Company establish a specific unit subject to Board of Directors to promote corporate ethical management and regularly (at least once a year) report the ethical management policy, prevention program of unethical conduct and implementation status of supervision to Board of Directors?</p>	<p>V</p>	<p>(II)</p> <ol style="list-style-type: none"> 1. The Corporate Governance Promotion Group of the Company is currently responsible for promoting matters related to ethical management. The convener and vice convener were appointed by the Board of Directors to promote business and reported the implementation to the Board of Directors on March 11, 2021. 2. The Company fulfilled the ethical management policy faithfully and the relevant implementation in 2020 is as follows: <ol style="list-style-type: none"> a. Assisting in incorporating ethics and moral values into the Company's business strategy and establishing appropriate prevention measures against corruption to ensure ethical management in compliance with the laws and regulations: The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" on March 29, 2013 as reference and amended the Procedures and Guidelines according to relevant laws and regulations and the Company's needs. The latest amendment is made on March 12, 2020. b. Analyzing and assessing the risk of unethical conduct within the Company's business scope, and adopting programs accordingly to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines: The Company has performed the audit in line with the internal control and reviewed regularly on a quarterly basis. The Company also reported to the Audit Committee and the Board of Directors to prevent the risk of unethical conduct. 	<p>None</p>
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<p>(III) Whether the company defines any policy against conflict of interest, provides adequate channels thereof, and fulfills the same precisely?</p>	<p>V</p>	<p>c. Promoting and coordinating awareness and educational activities with respect to ethical policy: The Company performs regular promotions of ethical conduct for each department and describes the regulations related to ethical corporate management during the educational training of the new employees. Also, the Company places the brief of the insider trading course in the internal shared disk for the employees to serve as the reference.</p> <p>d. Developing a whistleblowing system and ensuring its operating effectiveness: Pursuant to the internal control system and the “Measures to Prosecute Cases of Unlawful and Immoral or Dishonest Conduct” established on November 8, 2018, the Company established the procedures and measures related to the whistleblowing of any illegal conduct and violation against the Code of Ethical Conduct or ethical management.</p> <p>Assisting the Board of Directors and the management to audit and assess the effectiveness of preventive measures established for ethical management implementation and assess the compliance of relevant operating procedures, and make regular reports: The Company assisted to provide relevant laws and regulations which shall be complied during the execution of duties by the directors. Where it is necessary for any director to recuse himself/herself in proposals involving the transaction with stakeholders, the Company reminded the directors to recuse himself/herself in advance based on the laws to comply with the regulations related to the transaction with stakeholders.</p>	<p>None</p>
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<p>(IV) Whether the company fulfills its ethical management responsibility by establishing an effective accounting system and internal control system and drafts relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Does the compliance of prevention program for the unethical conduct audited accordingly by the audit office or committed accountants?</p>	V		<p>(IV) In the accounting system and internal control system design, the Company has taken into account the needs of operation with integrity. The Company's auditing unit has also checked its effectiveness in the internal control audit. Besides this, in accordance with the act of going listed, the Company also appoints CPAs to perform internal control audits every year to confirm the effectiveness of the Company's internal control system.</p>	None
<p>(V) Whether the company organizes internal/external education training programs for ethical management periodically?</p>	V		<p>(V) The Company has mandated the "Procedures and Behavior Guide for Operation with Integrity," which built the concept of operations with integrity into our corporate culture and promotes the concept in various conferences and educational training sessions to implement the policy.</p> <p>The number of participants in the internal and external training (including legal compliance with the ethical management, products and accounting systems) organized by the Company in 2020 was 157 persons with a total of 1,256 hours.</p>	None
<p>III. Status of the Company's complaint system</p> <p>(I) Whether or not the company has defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?</p>	V		<p>(I) The Company has identified the whistleblowing and reward system as per the "Measures to Prosecute Cases of Unlawful and Immoral or Dishonest Conduct." Whistleblowing can be made through the management, internal audit supervisor and relevant unit of the Company or the whistleblowing channels provided by the Company (whistleblowing mailbox audit@cn.chlitina.com) and the responsible unit designated by the Corporate Governance Promotion Team is fully responsible for handling the whistleblowing matters.</p>	None
<p>(II) Whether the Company has defined the standard operating procedures for the investigation of the accepted whistleblowing, follow-up measures taken after the completion of investigation and relevant confidentiality mechanism?</p>	V		<p>(II) In accordance with the "Measures to Prosecute Cases of Unlawful and Immoral or Dishonest Conduct," the Company has specified relevant confidentiality mechanism in which the relevant personnel responsible for the whistleblowing case shall strictly keep the identity of the whistleblower and the contents of the whistleblowing confidential.</p>	None
<p>(III) Whether the company has adopted any measures to prevent the complainants from being abused after filing complaints?</p>	V		<p>(III) In accordance with the "Measures to prosecute cases of unlawful and immoral or dishonest conduct," the person/s who made the report and the contents of the report should be kept confidential to ensure that the person/s who made the report are not subjected to retaliatory action.</p>	None

IV. Enhancing information disclosure (I) Whether the corporation has disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?	V	The Company and has established its principles for operations with integrity and has set up a website and exposed information such as the relevant corporate culture and operating principles on the MOPS and the Company's website.	None
V. If the Company has established the ethical management principles based on "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies," please describe any discrepancies between the principles and their implementation: The Company has established the ethical management principles and implemented the operation in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies."			
VI. Other information of material importance to the understanding of the corporate ethical management: (I) The Company has created many employment opportunities. Besides this, it has set up the Staff Welfare Committee, implemented a pension system, handled various staff training courses for ability enhancement and group insurance for the staff (and their relatives), arranged regular health examinations, etc., and paid attention to harmonious labor relations. (II) Charity donations: The Company also continues to donate if the profitability is adequate enough to allow the expenditure. (III) When doing business with manufacturers, the Company always upholds the principle of good faith and promotes the Company's philosophy of operation with integrity to the manufacturers. (IV) To be in line with the laws and regulations, the Board of Directors discussed and approved the amendment of the "Procedures for Ethical Management and Guidelines for Conduct" on March 12, 2020 to promote the effectiveness of the ethical corporate management.			

Note 1: Regardless of "Yes" or "No," the status shall be stated in the "Summary" section.

(VII) A company should disclose its inquiry method if it has set up its principles for corporate governance and relevant regulations.

The Company has set up the "Practice Principles for Corporate Governance," and exposed the corporate governance principles and related regulations on the website or other ways. The IR Investor Section of the Company: <http://www.chlitinaholding.com/>

(VIII) Other important information to increase the understanding of corporate governance: The Company holds investor press conferences regularly and information related to the investor press conferences is disclosed on the Company website and MOPS.

(IX) Implementation of the internal control system:

Chlitina Holding Limited

Internal Control Statement

Date: March 11, 2021

Chlitina Holding Limited states the following with regard to its internal control system for the year 2020:

1. Chlitina is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. Chlitina has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains selfmonitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. Chlitina evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems" by public companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission and the Executive Yuan (herein referred to as the "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring. Please refer to the Regulations for details on these five key elements.
4. Chlitina has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria
5. Based on the findings of the evaluation mentioned in the third paragraph, Chlitina believes that as of Dec. 31, 2020, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the Chlitina Board of Directors' Meeting on March 11, 2021, where all of the eight attending directors did not express any dissenting opinion and affirmed the content of the same.

Chlitina Holding Limited

Chairperson: Chen, Pi-Hua

Manager: Chao, Chen-Yu



(X) During the most current fiscal year up to the date the annual report was printed, the situation that the Company and its internal personnel are punished according to law, the punishment of the Company’s internal personnel for violating the internal control system provisions, and the main deficiencies and improvement: None.

(XI) Shareholder meeting(s) and significant board resolutions during the most recent year and up to the date of publication of this annual report.

1. Important resolutions and implementation of the annual Regular Shareholders’ meetings and Ad Hoc Shareholders’ Meetings:

Date	Meeting type	Significant resolutions	Implementation status
June 5, 2020	Regular shareholders’ meeting	1. Proposal for the 2019 business report.	The Chairman consulted all the participating shareholders.
		2. Proposal for an audit report of 2019 from the audit committee.	The Chairman consulted all the participating shareholders.
		3. Report 2019 employees’ profit sharing bonus and directors’ compensation.	The Chairman consulted all the participating shareholders. The allocation of compensation is: employees are allotted NTD 30,390,949 and directors are allotted NTD 15,197,709, and all paid in cash.
		4. Proposal for related parties’ transactions statements of 2019.	The Chairman consulted all the participating shareholders.
		5. Proposal for reporting the partial amendments to the Company “ Rules Governing Operations and Procedures of the Board of Directors Meetings”	The Chairman consulted all the participating shareholders. The proposal was announced on the Company website on June 5, 2020 and dealt with according to the amended Rules.
		6. Proposal for reporting the partial amendments to the Company’s “Procedures for Ethical Management and Guidelines for Conduct.”	The Chairman consulted all the participating shareholders. The proposal was announced on the Company website on June 5, 2020 and dealt with according to the amended Procedures.
		7. Proposal for establishing the “Regulations on the First Buyback of the Company’s Stocks in 2020 and Transfer to Employees” and reporting the implementation status of the buyback.	The Chairman consulted all the participating shareholders. The proposal was announced on the Company website on April 21, 2020 and dealt with according to the amended Regulations.
		8. Proposal for the business report and financial statements of 2019.	Upon voting, the proposal was approved accordingly as original. The operating revenue of the Company in 2018 was NTD 5,138,879,000, the current net profit was NTD 1,432,163,000 and earnings per share of common stock was NTD 18.02.
		9. Proposal for distribution of earnings for 2019	Upon voting, the proposal was approved accordingly as original. For the earnings distribution of the Company in 2019, the earnings available for allocation of dividends to shareholders totaled

			<p>NTD 1,033,400,550, where cash dividends amounted to NTD 1,033,400,550. (Based on the qualified distributable share of 79,492,350 shares which is as of March 12, 2020, cash dividend per share was NTD 13), and were rounded to dollars, with the total number less than one dollar transferred to other income by the Company.</p> <p>September 14, 2020 was set as the dividend record, and the cash dividends were distributed on October 13, 2020. (Since the Company repurchased the treasury stocks and, thus the number of the outstanding common stocks changed, the dividend rate for the shareholders was adjusted and the cash dividend per share was NTD 13.04677596.)</p>
		10. Adopted the proposal to amend parts of the Company’s “Articles of Incorporation.”	Upon voting, the proposal was approved accordingly as original and the Cayman government of the British Virgin Islands approved the registration of changes on June 19, 2020.
		11. Adopted the proposal to amend parts of the Company’s “Rules of Procedure for Shareholders’ Meeting.”	Upon voting, the proposal was approved accordingly as original, announced on the Company website on June 5, 2020 and dealt with according to the amended Rules.
		12. Adopted the proposal to amend parts of the Company’s “Procedures for Election of Directors.”	Upon voting, the proposal was approved accordingly as original, announced on the Company website on June 5, 2020 and dealt with according to the amended Procedures.
		13. Adopted the proposal to lifting of the non-competition pledge obligations upon the newly elected directors.	Upon voting, the motion was approved accordingly as original and executed in accordance with the resolution of the shareholders’ meeting.

2. Significant board resolutions

Date	Meeting type	Significant resolutions
May 12, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Aware of the proposal regarding internal audit activities of Q1 for 2020. 2. Aware of the proposal regarding important business matters of Q1 for 2020. 3. Aware of the proposal regarding the consolidated financial statements of Q1 for 2020. 4. Aware of the proposal regarding related parties’ transactions. 5. Aware of the proposal regarding securities exchange. 6. Aware of the proposal regarding implementation of the report on repurchasing of the Company’s shares. 7. Adopted the proposal to add related parties’ transactions of the Company and

		<p>subsidiaries.</p> <p>8. Adopted the proposal to add related parties' transactions of the Company and subsidiaries.</p>
June 18, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Aware of the standardized management rules for reporting relevant contracts and files in order to develop overseas business and comply with local regulations. 2. Adopted the proposal to establish the cash dividend distribution base date and distribute date. 3. Adopted the proposal to draw up the "Treasury Stock Buyback Procedure" and increase the "Treasury Stock Buyback Operation in Financing Cycle" under the internal control. 4. Adopted the proposal to add related parties' transactions of the Company and subsidiaries. 5. Adopted the proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina (China) Trade Limited. 6. Adopted the proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Weishuo (Shanghai) Daily Product Limited. 7. Adopted the proposal to increase the reinvestment in the subsidiary, (Vietnam) Li Trade Limited. 8. Adopted the proposal to apply for changes in the conditions of the medium-term financial loan from Shin Kong Commercial Bank (Sales Department) in response to the need of maintaining the original credit facility dealings. 9. Adopted the proposal to apply for the renewing of the medium-term financial loan from Bank SinoPac (Xinzhuang branch) in response to the need of maintaining the original credit facility dealings. 10. Adopted the proposal to apply for medium-term financial loan from Bank SinoPac (Xinzhuang branch) in response to the Company's business operating needs and to increase flexibility in capital adjustments. 11. Adopted the proposal to apply for the renewing of the short-term financial loan from Taishin International Bank (Revolving Finance Division) in response to the originally expired credit facility. 12. Adopted the proposal to apply for medium-term financial loan from Taishin International Bank (Revolving Finance Division) in response to the Company's business operating needs and to increase flexibility in capital adjustments. 13. Adopted the proposal to apply for the renewing of the medium-term financial loan from Taipei Fubon Commercial Bank in response to the need of maintaining the original credit facility dealings.
July 23, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Adopted the proposal to revise the year-end bonus allocation criteria for important managers. 2. Proposal of reinvestment in the subsidiary, Hong Kong Chlitina International Limited, according to the acquisition and disposal regulations.
August 11, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Aware of the proposal regarding internal audit activities of Q2 for 2020. 2. Aware of the proposal regarding important business matters of Q2 for 2020. 3. Aware of the proposal regarding the Company's consolidated financial statements of Q2 for 2020. 4. Aware of the proposal regarding related parties' transactions. 5. Aware of the proposal regarding securities exchange. 6. Aware of the proposal to report none of related matters specified in the amended "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" in May 2020 after the Company made the assessment. 7. Adopted the proposal regarding the Company's distribution of treasury stock transferred to managers. 8. The proposal of appointing important managers was passed. 9. Adopted the proposal to lift the non-competition pledge obligations upon the managers of the Company. 10. Adopted the proposal to assess the Company's preparation capability of

		financial statements and revise the Management Regulations on Preparation Process of Financial Statements.
September 28, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Adopted the proposal to issue new stocks for capital increase in cash and issue the second domestic unsecured convertible bonds in 2020. 2. Adopted the proposal to increase the reinvestment in the subsidiary, Hong Kong Chlitina International Limited.
November 10, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Aware of the proposal regarding internal audit activities of Q3 for 2020. 2. Aware of the proposal regarding important business matters of Q3 for 2020. 3. Aware of the proposal regarding consolidated financial statements of Q3 for 2020. 4. Aware of the proposal regarding related parties' transactions. 5. Aware of the proposal regarding securities exchange. 6. Adopted the proposal to add related parties' transactions of the Company and subsidiaries. 7. Adopted the proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited Taiwan Branch. 8. Adopted the proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited Taiwan Branch. 9. Adopted the proposal of loaning to others by the subsidiary, Hong Kong Chlitina International Limited.
December 29, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Aware of the proposal to increase capital for the subsidiary, Shanghai Zhemei Vocational Training Co., Ltd. 2. Adopted the proposal regarding the evaluation of remuneration to directors and employees of the Company for 2021. 3. Adopted the proposal regarding the Company's year-end bonus to managers for 2020. 4. Adopted the proposal regarding the Company's internal audit plan for 2021. 5. Adopted the propose to establish the "Regulations on Evaluation of Board of Directors' Performance." 6. Adopted the proposal of the Company's 2021 operational plans and business budget.
March 11, 2021	Board of Directors	<ol style="list-style-type: none"> 1. Aware of the proposal regarding internal audit activities of Q4 for 2020. 2. Aware of the proposal regarding important business matters of Q4 for 2020. 3. Aware of the proposal regarding related parties' transactions. 4. Aware of the proposal regarding securities exchange. 5. Aware of the proposal to continue buying "Directors and Officers Liability Insurance" of the Company. 6. Aware of the proposal regarding implementation of the report on repurchasing of the Company's shares. 7. Aware of the proposal regarding the director performance evaluation report for 2020. 8. Aware of the proposal regarding the status of corporate governance for 2020. 9. Adopted the proposal regarding the business report, financial statements and certified public accountants' audit report for 2020. 10. Adopted the proposal regarding the distribution of remuneration to directors and employees for 2020. 11. Adopted the proposal regarding the distribution of remuneration to directors for 2020. 12. Adopted the proposal regarding the distribution of remuneration to managers for 2020. 13. Adopted the proposal to add related parties' transactions of the Company and subsidiaries. 14. Adopted the proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Hong Kong Chlitina International Limited. 15. Adopted the proposal regarding the internal control statement for 2020. 16. Adopted the proposal to evaluate the Company's accountant independence, appointment of CPAs and the professional fee for 2021.

		17. Adopted the proposal of the Company's full reelection of directors. 18. Adopted the proposal to convene a regular shareholders' meeting of 2021.
April 20, 2021	Board of Directors	1. Adopted the proposal regarding the distribution of earnings of 2020. 2. Adopted the proposal regarding the name list of nominated director (including independent director) candidates. 3. Adopted the proposal to lifting of the non-competition restrictions. 4. Adopted the proposal to amend parts of the Company's "Articles of Incorporation." 5. Adopted the proposal of capital increase of and reinvestment in the subsidiary, Hong Kong Chlitina International Limited. 6. Adopted the proposal of reinvestment in the subsidiary, Hainan Shoumao Investment Limited. 7. Adopted the proposal to convene a regular shareholders' meeting of 2021. (The floor on which the meeting will be held is changed and more reasons for convening the meeting are added.)

(XII) The main contents of the important resolutions passed by the Board of Directors regarding which directors (including independent directors) or supervisors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of this annual report: None.

(XIII) Resignation or discharge of the company's chairman, president and managerial staff of accounting, finance, internal audit, corporate governance personnel and research and development in most recent year and as of the printed date of the annual report: None.

Title	Name	Date of Appointment	Date of Discharge	Cause for resignation or discharge
General manager of Taiwan and Southeast Asia	Kao, Shou-Kang	August 8, 2017	January 31, 2020	Personal career planning

V. Information of Independent Auditor Fee

As of December 31, 2020;
Unit: NTD 1,000

Accounting firm name	Name of accountant	Audit Fees	Non-Audit Fees					Whether the CPA's audit period covers the full fiscal year			Remarks
			System Design	Business Registration	Human Resources	Others	Subtotal	Yes	No	Audit period	
PricewaterhouseCoopers Certified Public Accountants	Lin, Chun-Yao and Chang, Shu-Chiung	11,300	0	0	0	462	462	V	-	2020.01.01~2020.12.31	Note

- Note: 1. The Company does not have the issues listed in Item 11, Paragraph 5, Article 10 of the "Regulations Governing Information to be Published in Annual Reports of Public Companies."
2. The professional fees for the Company's CPAs have been approved by the Audit Committee and submitted to the Board of Directors for approval. The Board of Directors then authorized the Chairman and the accountant for resolution.

When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm account for one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: No such cases. (The amount under the Non-Audit Fees refers to the advance payment of NTD 282,000 and the review fee of

NTD 180,000 for issuance of unsecured convertible corporate bonds.)

When there is replacement of the accounting firm and the payment of professional audit fees are less than that in the previous year, the company shall disclose the amount and the reason for the audit fees before and after the replacement: No such cases.

Over 10% decrease in audit fee on a year-to-year basis, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

VI. Information on CPA changes: None

VII. Auditing firm or its affiliates at which the Company's chairperson, president, or managers responsible for financial or accounting matters was an employee over the past year: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10% during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

(I) Any change in equities of directors, supervisors, managers, and major shareholders

Unit: 1000 shares

Title	Name	2020		As of April 30, 2021 (Note 1)	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Pi-Hua Chen	0	0	0	0
Directors and major shareholders	Wealthy Garden Investment Limited (Wealthy Garden Investment Limited)	0	0	0	0
Director representative:	Chen, Pei-Wen	0	0	0	0
Director	Chu, Yi	0	0	0	0
Director	Wu, Sizong	0	0	0	0
Director	Tsai, Yu-Ling	0	0	0	0
Independent Director	Tsai, Yu-Chin	0	0	0	0
Independent Director	Kao, Peng-Wen	0	0	0	0
Independent Director	Yu, Hung-Ding	0	0	0	0
CEO	Chao, Cheng-You	10,000	0	0	0
President of Mainland China Area	Yang, Qizhi	0	0	0	0
Vice President of Supply Chain	Lin, Mei-Fang	10,000	0	0	0
Finance & Accounting Department Senior CEO	Yeh, Chien-Chih	20,000	0	0	0

Note 1: As of the date of book closure, which is Saturday, April 10, 2021 to Tuesday, June 8, 2021

(I) Equity transfer information: None.

(II) Equity pledge information: None.

IX. **Information on the Top 10 Shareholders and Their Relationship** As of April 10, 2021;

Name	Shareholdings by oneself		Shareholdings of spouse and underage children		Shareholding under another		Information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title or name	Relationship	
1. Cathay United Commercial Bank Co., Ltd. acting as custodian for Wealthy Garden Investment Limited Representative: Chen, Wu-Kang	28,056,000	35.29%	-	-	-	-	CTBC Bank Co., Ltd. acting as custodian for J&R International Holding Limited	The Chairman is a first-degree relative	-
							Cathay United Commercial Bank Co., Ltd. acting as custodian for Hundred Fortune Asia Limited	The same person serves as Chairman	
							CTBC Bank Co., Ltd. acting as custodian for Capital Faith Development Limited	The Chairman is a second-degree relative	
							Cathay United Commercial Bank Co., Ltd. acting as custodian for Gold Dragon (Asia) Limited	The same person serves as Chairman	
2. CTBC Bank Co., Ltd. acting as custodian for J&R International Holding Limited Representative: Chen, Pi-Hua	3,383,202	4.26%	-	-	-	-	Cathay United Commercial Bank Co., Ltd. acting as custodian for Wealthy Garden Investment Limited	The Chairman is a first-degree relative	-
							Cathay United Commercial Bank Co., Ltd. acting as custodian for Hundred Fortune Asia Limited	The Chairman is a first-degree relative	
							Cathay United Commercial Bank Co., Ltd. acting as custodian for Gold Dragon (Asia) Limited	The Chairman is a first-degree relative	

								CTBC Bank Co., Ltd. acting as custodian for Capital Faith Development Limited	The Chairman is a first-degree relative	
3. Fuh Hwa commissioned for the discretionary investment of Fubon Life Assurance Co., LTD.	3,270,000	4.11%	-	-	-	-	-	-	-	-
4. HSBC Bank (Taiwan) Limited acting as custodian for the investment account of Morgan Stanley & Co. International Limited	2,564,848	3.23%	-	-	-	-	-	-	-	-
CTBC Bank Co., Ltd. acting as custodian for Capital Faith Development Limited Representative: Chao, Cheng-You	1,950,617	2.45%						CTBC Bank Co., Ltd. acting as custodian for J&R International Holding Limited	The Chairman is a first-degree relative	-
								Cathay United Commercial Bank Co., Ltd. acting as custodian for Wealthy Garden Investment Limited	The Chairman is a second-degree relative	
								Cathay United Commercial Bank Co., Ltd. acting as custodian for Hundred Fortune Asia Limited	The Chairman is a second-degree relative	
								Cathay United Commercial Bank Co., Ltd. acting as custodian for Gold Dragon (Asia) Limited	The same person serves as Chairman	
5. Cathay United Commercial Bank Co., Ltd. acting as custodian for Hundred Fortune Asia Limited Representative: Chen, Wu-Kang	1,893,600	2.38%						Cathay United Commercial Bank Co., Ltd. acting as custodian for Wealthy Garden Investment Limited	The same person serves as Chairman	-
								Cathay United Commercial Bank Co., Ltd. acting as custodian for Gold Dragon	The same person serves as Chairman	

								(Asia) Limited		
								CTBC Bank Co., Ltd. acting as custodian for J&R International Holding Limited	The Chairman is a first-degree relative	
								CTBC Bank Co., Ltd. acting as custodian for Capital Faith Development Limited	The Chairman is a second-degree relative	
6. Nan Shan Life Insurance Co., Ltd.	1,621,000	2.04%	-	-	-	-	-	-	-	-
7. Deutsche Bank AG acting as custodian for the investment account of the local shares in Wellington emerging market	1,466,272	1.84%	-	-	-	-	-	-	-	-
8. Citibank acting as custodian for the investment account of Norges Bank	1,273,000	1.60%	-	-	-	-	-	-	-	-
9. Cathay United Commercial Bank Co., Ltd. acting as custodian for Gold Dragon (Asia) Limited Representative: Chen, Wu-Kang	973,200	1.22%						Cathay United Commercial Bank Co., Ltd. acting as custodian for Wealthy Garden Investment Limited	The same person serves as Chairman	-
								Cathay United Commercial Bank Co., Ltd. acting as custodian for Hundred Fortune Asia Limited	The same person serves as Chairman	
								CTBC Bank Co., Ltd. acting as custodian for J&R International Holding Limited	The Chairman is a first-degree relative	
								CTBC Bank Co., Ltd. acting as custodian for Capital Faith Development Limited.	The Chairman is a second-degree relative	

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company

December 31, 2020, Unit: Shares

Invested enterprise	Investment made by the company		Investment by directors, supervisors, and managers or by directly or indirectly controlled enterprises		Total investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
Chlitina Group Limited	2,006,707,348	100%	-	-	2,006,707,348	100%
Chlitina International Limited	18,250,001	100%	-	-	18,250,001	100%
Chlitina Intelligence Limited	1	100%	-	-	1	100%
W-Amber International Limited	1,150,000	100%	-	-	1,150,000	100%
Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	500	100%	-	-	500	100%
Hong Kong Chlitina International Limited	69,850,001	100%	-	-	69,850,001	100%
Chlitina Marketing Limited	12,522,882	100%	-	-	12,522,882	100%
W-Amber Marketing Limited	1,150,000	100%	-	-	1,150,000	100%
Hong Kong W-Amber International Limited	128,603,060	100%	-	-	128,603,060	100%
W-Champion International Limited	930,000	100%	-	-	930,000	100%
W-Champion Marketing Limited	930,000	100%	-	-	930,000	100%
Hong Kong W-Champion International Limited	2,950,000	100%	-	-	2,950,000	100%
Hong Kong C-Asia International Marketing Limited	2,300,000	100%	-	-	2,300,000	100%
C-Asia International	20,000	100%	-	-	20,000	100%

Marketing Limited						
Hong Kong C-Asia International Limited	100,000	100%	-	-	100,000	100%
Yong Li Trading Company Limited	(Note)	100%	-	-	(Note)	100%
HUAPAO SDN. BHD.	500,000	100%	-	-	500,000	100%
Yong Li Company Limited	(Note)	100%	-	-	(Note)	100%
Chlitina (China) Trade Limited	(Note)	100%	-	-	(Note)	100%
Weishuo (Shanghai) Daily Product Limited	(Note)	100%	-	-	(Note)	100%
W-Champion (Shanghai) Trade Limited	(Note)	100%	-	-	(Note)	100%
W-Amber (Shanghai) Trade Limited	(Note)	100%	-	-	(Note)	100%
C-Asia (Shanghai) Trade Limited	(Note)	100%	-	-	(Note)	100%
Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai Zhemei Vocational Training Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Beijing Uplider Medical Beauty Treatment Clinic Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Cui Jie (Shanghai) Trading Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai Zhongye Trading Co., Ltd.	(Note)	30%	-	-	(Note)	30%
Lishuo Biotechnology (Shanghai) Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai	(Note)	100%	-	-	(Note)	100%

Uplider Medical Beauty Treatment Clinic Co., Ltd.						
Uplider Medical Beauty Treatment Clinic (Nanjing) Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai Lunxin Medical Beauty Treatment Clinic Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Jinghe Clinic (Nanjing) Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Hedeng Clinic (Shanghai) Co., Ltd.	(Note)	100%	-	-	(Note)	100%

Note: Limited company, no shares issuance.

Chapter 4 Financing Status

I. Capital and shares (I) Capital sources

April 30, 2021; Unit: 1000 shares; NTD 1,000

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Capital sources	Collateralize with assets other than cash	Others
2012.07	NTD 10	200,000	2,000,000	2,000	20,000	Established by all of the shareholders of CHLITINA Group LIMITED, and its share capital of CHLITINA Group LIMITED serves as the right price for the new shares issued when it was established.		Note 1
2012.08	NTD 10	200,000	2,000,000	66,800	668,000	Capital increase of NTD 648,000,000 out of additional paid-in capital	—	Note 2
2013.11	NTD 168	200,000	2,000,000	75,707	757,070	Capital increase in cash NTD 1,496,376,000	—	Note 3
2014.08	NTD 10	200,000	2,000,000	79,492	794,924	Capital increase of 37,854,000 out of earnings	-	Note 4

Note 1: The Company was established on July 3, 2012, and the share capital for establishment was NTD 20,000,000 with a face value of NTD 10 per share.

Note 2: An increase of NTD 648,000,000 in the capital surplus transferred to capital was resolved by the ad hoc shareholders' meeting on August 31, 2012.

Note 3: After August 17, 2012, the board of directors and August 23, 2012 shareholders temporarily through the company back to Taiwan listing case, so the public underwriting before listing and the initial listing of cash increase of NTD 1,496,376,000.

Note 4: The Company's 2013 annual surplus distribution proposal was passed by the board meeting on March 12, 2014, and by the shareholders' meeting on June 19, 2014.

April 30, 2021; Unit: 1000 shares

Types of shares	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common Stock	79,492	120,508	200,000	The Company's share buyback was approved by the Board of Directors on Thursday, March 12, 2020, for a total of 285,000 shares. They were fully transferred to the employees in August 2020.

(II) Shareholder structure

April 30, 2021; Unit: 1000 shares

Shareholder structure Quantity	Government agencies	Financial institutions	Person in Mainland China	Other institutions	Individuals	Foreign institute and others	Total
Number of persons	0	0	2	60	4,465	148	4,675
Shares held	0	0	113	8,116	18,282	52,981	79,492
Shareholding ratio (%)	0.00%	0.00%	0.14%	10.21%	23.00%	66.65%	100.00%

Note: The date of the Company's book disclosure is Saturday, April 10, 2021 to Tuesday, June 8, 2021.

(III) Diversification of shareholdings: face value of NTD 10 per share

April 30, 2021; Unit: 1 share

Shareholding	Number of shareholders	Number of shares held (shares)	Shareholding ratio (%)
1 to 999	835	92,395	0.12%
1,000 to 5,000	3,174	5,630,213	7.08%
5,001 to 10,000	292	2,240,261	2.82%
10,001 to 15,000	91	1,163,135	1.46%
15,001 to 20,000	63	1,150,300	1.45%
20,001 to 30,000	50	1,290,350	1.62%
30,001 to 50,000	60	2,436,933	3.07%
50,001 to 100,000	43	3,172,267	3.99%
100,001 to 200,000	30	4,498,300	5.66%
200,001 to 400,000	15	3,961,920	4.99%
400,001 to 600,000	5	2,220,950	2.79%
600,001 to 800,000	5	3,379,637	4.25%
800,001 to 1,000,000	3	2,777,150	3.49%
Over 1,000,001	9	45,478,539	57.21%
Total	4,675	79,492,350	100.00%

Note: The date of the Company's book disclosure is Saturday, April 10, 2021 to Tuesday, June 8, 2021.

(IV) List of major shareholders: Shareholders holding 5% or more of the shares (disclosed to the Top 10 shareholders in shareholding ratio if less than 10 major shareholders)

April 30, 2021; Unit: 1000 shares

Major Shareholders	Shares	Number of shares held (1,000 shares)	Shareholding ratio (%)
Cathay United Bank Co., Ltd. acting as custodian for the investment account of Wealthy Garden Investment Limited		28,056	35.29
CTBC Bank Co., Ltd. acting as custodian for J&R International Holding Limited		3,383	4.26
Fuh Hwa commissioned for the discretionary investment of Fubon Life Assurance Co., LTD.		3,270	4.11
HSBC Bank (Taiwan) Limited acting as custodian for the investment account of Morgan Stanley & Co. International Limited		2,565	3.23
CTBC Bank Co., Ltd. acting as custodian for the investment account of Shouxin Development Co., Ltd.		1,951	2.45
Cathay United Commercial Bank Co., Ltd. acting as custodian for Hundred Fortune Asia Limited		1,894	2.38
Nan Shan Life Insurance Company, Ltd.		1,621	2.04

Deutsche Bank AG acting as custodian for the investment account of the local shares in Wellington emerging market	1,466	1.84
Citibank acting as custodian for the investment account of Norges Bank	1,273	1.60
Cathay United Commercial Bank Co., Ltd. acting as custodian for Gold Dragon (Asia) Limited	973	1.22

Note: The date of the Company's book disclosure is Saturday, April 10, 2021 to Tuesday, June 8, 2021.

(V) Market value, net value, earnings, and dividends per share during the most recent two years

Unit: NTD ; 1,000 shares

Item		Year	2019	2020	2021 As of Q1
Market price per share (Note 1)	Highest		316.00	252.50	246.50
	Lowest		198.00	145.50	195.50
	Average		252.85	197.11	223.20
Net worth per share (Note 2)	Before distribution (NTD)		55.12	55.46	Note 9
	After distribution (NTD)		42.07	Note 8	-
Earnings per share (Note 3)	Weighted average number of shares (1,000 shares)		79,492	79,492	Note 9
	Earnings per share (NTD)	Before adjustment	18.02	12.09	Note 9
		After adjustment	18.02	12.09	Note 9
Dividends per share	Cash dividend (NTD)		13.00	8.5 (Note 8)	-
	Stock dividends (NTD)	Out of earnings	0.00	0.00 (Note 8)	-
		Out of additional paid-in capital	0.00	0.00 (Note 8)	-
	Accumulated unpaid dividends (Note 4)		-	-	-
ROI analysis	P/E ratio (Note 5)		14.03	Note 8	-
	P/D ratio (Note 6)		19.45	Note 8	-
	Cash dividend yield (Note 7)		5.14%	Note 8	-

Note 1: Please identify the highest and lowest market price of each fiscal year based on the average closing price of the year. Source: Taiwan Stock Exchange Corporation.

Note 2: Please apply the number of the outstanding issued shares at year-end as the basis and specify it based on the distribution resolved by the shareholders' meeting of next year.

Note 3: If there is need for retrospective adjustment due to the issuance of bonus shares, the earnings per share shall be listed for those before and after the adjustment.

Note 4: If the terms for issuing equity securities have stated that the dividends not distributed in the current year is cumulative to the year with surplus, the cumulative unpaid dividends shall be disclosed respectively as of the year ended.

Note 5: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 6: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 8: Approved by the Board of Directors on April 20, 2021, and will be decided after the resolution of the regular shareholders' meeting.

Note 9: As of the date on which the annual report was printed, the certified financial reports for the first quarter of 2021 have not been published.

(VI) The Company's dividend policy and implementation

1. Dividends policy set up in the Company's Articles of Incorporation

A company shall not distribute dividends and bonuses in the absence of a surplus in accordance with the Cayman Act, the regulations of TWSE/GTSM listed companies and the Articles of Incorporation. The distribution of the Company's dividends or bonuses shall be based on NT dollars during the listing period.

If the Company has profit for the current year, of which 1% to 5% shall be appropriated as the remuneration of the staff, and up to 3% shall be appropriated as the remuneration of the directors. The remuneration of the staff can be paid in stock or in cash, but if the Company has accumulated losses, it shall reserve the amount in advance. The remuneration of the employees and the directors shall be in accordance with the Cayman Act, the regulations of TWSE/GTSM listed companies and the relevant provisions of the Company's Articles of Incorporation.

If the Company has a surplus in the current year, it shall pay or appropriate tax first, make up the previous losses, and then appropriate legal reserves (if there shall be) and special reserves (if there are any). If there are still surplus (hereinafter referred to as "Distributable Surplus"), then no less than 10% of the distributable balance of the current year can be paid as dividends to shareholders after passed by the general resolution of the shareholders' meeting, of which the amount of cash dividends shall not be less than 10% of the total dividends paid in the current year. In addition, except for the Cayman Act and the regulations of TWSE/GTSM listed companies, the Company shall, in the special resolution of the shareholders' meeting, distribute all or part of the dividends and bonuses by issuing new shares, and the execution of dividends and bonuses shall be in accordance with the Cayman Act, the regulations of TWSE/GTSM listed companies and the relevant provisions of the Company's Articles of Incorporation.

2. Distribution of dividend proposed in the current shareholders' meeting:

Regarding the Company's proposal for 2020 earnings distribution, which was approved by the Board of Directors on April 20, 2021 and will be proposed to the shareholders' meeting on June 8, 2021 for recognition of the dividends:

It is proposed to distribute cash dividends of NTD 675,684,975 to the shareholders from the distributable earnings, and the distribution will be calculated on the basis of the issued and outstanding shares on April 20, 2021, with the cash dividends of NTD 8.5 per share. If the number of shares outstanding is affected subsequently by the buyback of the Company's shares, transfer of treasury stocks, conversion of convertible bonds, exercise of employees' stock options or share transfer, conversion, cancellation, capital increase or other reasons, which causes the dividend rate for the shareholders to change, it is proposed that the Board of Directors shall be authorized by the shareholders' meeting with full power to manage as appropriate.

3. Expected significant changes in the dividends policy: none

(VII) The impacts of issuance of bonus shares proposed by the shareholders' meeting on the Company's operating performance and earnings per share: there are no bonus shares this year, and thus it does not apply.

(VIII) Remuneration to employees, directors and supervisors

1. The number and scope of the remuneration of employees, directors and supervisors defined in the Company's Articles of Incorporation: Illustrate the Company's dividend policy and the status of implementation according to the above item (6).
2. The accounting treatment if there is a discrepancy between the actual distribution amount and the estimated number of staff in the current period, the basis for the assessment of the remuneration of directors and supervisors, and the basis for calculating the number of shares paid to the employees for remuneration: The Company's estimated number of staff in the current period, basis for the assessment of the remuneration of directors and supervisors, and the basis for calculating the number of shares paid to the employees for remuneration are consistent with the actual distribution amount, and thus it is not applicable here. However, if subsequently there is any discrepancy between the actual distribution amount resolved by shareholders' meeting and the estimated number, the discrepancy shall be recognized as the current profit and loss in that year.
3. The distribution of remuneration passed by the Board of Directors:
 - (1) The remuneration of employees paid by cash or shares and the remuneration of directors and supervisors. If there is any discrepancy with the annual estimated expense, the discrepancy number, causes and treatment shall be disclosed: there are no such cases.
 - (2) Proposed distribution of remuneration to employees in the form of stock bonus as a percentage to net profit after tax plus remuneration to employees in the entity or individual financial statement for the current period: not applicable.
4. If there is any discrepancy between the actual distribution of remuneration of the staff, directors and supervisors in the previous year (including the number of shares distributed, amounts and share price) and the recognized remuneration of the employees, directors and supervisors, then the discrepancy number, causes and treatment shall be illustrated: No such cases

(IX) Buyback of the Company's shares by the Company

(1) Buyback of the Company's shares by the Company (completed)

Time of buyback	1st time of 2016	1st time of 2020
Purpose of buyback	Transfer of shares to employees	Transfer of shares to employees
Buyback period	November 30, 2016 – January 29, 2017	March 13, 2020 – May 12, 2020
Buyback price range	NTD 130–NTD 180 But if the Company's stock price is lower than the lower limit of the bought-back interval, the Company will also continue to buy back shares.	NTD 150–NTD 262 But if the Company's stock price is lower than the lower limit of the bought-back interval, the Company will also continue to buy back shares.
Types and numbers of bought-back shares	797,000 common stocks	285,000 common stocks
Amount of shares bought back	116,562,738	46,820,885
Percentage of repurchased quantity to the scheduled buyback quantity (%)	53.13%	0.36%
Quantity of canceled and transferred shares	797,000 shares	285,000 shares
Cumulative number of	0 shares	0 shares

company shares held		
Ratio of cumulative number of the Company shares held to total outstanding shares (%)	0.00% The transfer was done in batches and completed in 2018.	0.00% (The transfer to employees was completely done in 2020.)

(2) Buyback of the Company's shares by the Company (in progress): None

II. Corporate bonds

Corporate bonds

Corporate bond type	The first unsecured convertible bond in the Republic of China.
Date issued	Friday, November 13, 2015
Face value	NTD 100,000
Place of issuance and exchange	Republic of China
Issue price	Issuance based on face value
Total amount	NTD 900,000,000
Interest rate	Coupon rate 0%
Duration	3-year period, expiration date: November 13, 2018
Guaranteeing institution	N/A
Trustee	Trust Department, CTBC Bank Co., Ltd.
Underwriting institution	Grand Fortune Securities Co., Ltd.
Certifying attorney	CHIEN YEY LAW OFFICES Lawyer Hung, Tung-Hsiung
Independent CPA	KPMG Certified Public Accountants Accountant Huang, Po-Shu, Accountant Yu, An-Tien
Repayment method	Except for the early call or sale back in accordance with the regulations of issuance and conversion, the principal is paid with cash at maturity based on the face value.
Outstanding principal balance	0
Terms for redemption or early repayment	<p>I. The Company's right to call the convertible bonds (Article 22 of the Issuance Rules)</p> <p>(I) Starting from the day which is one month after the issuance of the convertible bond (December 14, 2015) to the date of 40 days before maturity (October 4, 2018), if the closing price of the Company's common stock exceeds 30% (included) of the conversion price for 30 consecutive business days, within 30 business days the Company can send a "Notice of Bond Call" which expires in 30 days (the period mentioned above is calculated since the letter is sent, the call record date for the bonds is the maturity date, and the period mentioned above shall not be the stop conversion period listed in Article 10) to the bondholders (based on the names provided by the bondholder list on the 5th business days before the "Notice of Bond Call" is sent; for those investors who subsequently obtain the convertible bonds due to sale or other reasons, there shall be a publication). The notice is reported to the TPEx for publication, and all the bonds are called back in cash by the face value at maturity.</p> <p>(II) Starting from the day which is 1 month after the issuance of the convertible bond (December 14, 2015) to the date of 40 days before maturity (October 4, 2018), if the outstanding shares of the convertible bond are lower than 10% of the original issue amount, then at any time thereafter the Company can send a "Notice of Bond Call" which expires in 30 days (the period mentioned above is calculated since the letter is sent, the call record date for the bonds is the maturity date, and the period mentioned above shall not be the stop conversion period listed in Article 10) to the bondholders (based on the names provided by the bondholder list on the 5th business days before the "Notice of Bond Call" is sent; for those investors who subsequently obtain the convertible bonds due to sale or other</p>

		<p>reasons, there shall be a publication). The notice is reported to the TPEX for publication, and all the bonds are called back in cash by the face value at maturity.</p> <p>(III) If the bondholder does not reply the Company's shareholders service agency in writing before the call record date listed on the "Notice of Bond Call" (which goes into effect once delivered; for those sent by the post, the date of the postmark is referred), the Company will follow the above two paragraphs to call back all its convertible bonds in cash by the face value.</p> <p>II. The right to sell of the bondholders (Article 23 of the Issuance Rules) The day which is two years after the issuance of the convertible bond (November 13, 2017) is the record date for the bondholders to sell back the bonds in advance. The Company shall send a "Notice of Executing Bond Sell Back" to the bondholders 40 days before record date (based on the names provided by the bondholder list on the 5th business days before the "Notice of Executing Bond Sell Back" is sent; for those investors who subsequently obtain the convertible bonds due to sale or other reasons, there shall be a publication). The notice is reported to the TPEX for publication of the bondholders' execution of selling back. The bondholders can notify the Company's shareholders service agency in writing 30 days before the record date (which goes into effect once delivered; for those sent by the post, the date of the postmark is referred) to ask the Company to call back their convertible bonds in cash with face value plus interest compensation (for bonds held more than two years, the compensation is 2.52% of the bond face value, with real yield equal to 1.25%). The Company accepts the request to sell back, and shall pay by remittance to the bondholders within five business days after the record date.</p>
	Restrictive terms	None
	Name of credit rating organization, rating date, corporate bond rating results	N/A
Other rights	Amount of the bonds already converted into (exchanged into or subscribed for) common stocks, overseas depositary receipts, or any other securities until the date of publication of the annual report	None
	Issuance and conversion (traded or subscribed) regulations	Starting from the second day which is one month after the issuance of the convertible bond (December 14, 2015) to the maturity day (November 13, 2018), at any time the bondholders can ask the Company's shareholders service agency to convert their bonds held into common stocks according to the provisions through the broker and Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") in accordance with Article 14, 15, 19 and 20 of the provisions, except when the Company (1) is suspended in accordance with the law; (2) it is during period starting from 15 business days before the bonus shares book closure date, the cash dividends book closure date or the book closure date of stock issuance in cash to the record date of the right distribution; (3) it is during the period starting from the record date for the reduction of capital to one day before the converted shares begin to trade.
	Possible dilution of equity and impact on equity of existing shareholders due to issuance and conversion, trading or subscription rules, or issuance terms	<p>(I) Bonds outstanding as of November 13, 2018 have been fully paid up in cash. Therefore, incident of potential dilution of equity: Not Applicable.</p> <p>(II) Impacts on equity of existing shareholders: Not applicable.</p>
	Name of commissioned custodial institution for objects exchanged	N/A

Convertible bonds

Corporate bond type		The first unsecured convertible bond in the Republic of China.
Year		2018
Market price of convertible bonds	Highest	119.00
	Lowest	98.00
	Average	106.43
Convert price		<ol style="list-style-type: none"> 1. Since August 10, 2016, due to the distribution of 2015 cash dividends, the conversion price has been adjusted to NTD 271.70. 2. Since August 14, 2017, due to the distribution of 2016 cash dividends, the conversion price has been adjusted to NTD 258.10. 3. Since August 01, 2018, due to the distribution of 2017 cash dividends, the conversion price has been adjusted to NTD 250.90.
Issue (execution) date and the conversion price at issue		Date of issue: November 13, 2015 Conversion price at issue: NTD 288.00
Ways to fulfill the obligation of conversion		<ol style="list-style-type: none"> 1. Bonds outstanding as of November 13, 2018 have been fully paid up in cash, therefore, the ways to fulfill the obligation of conversion: Not Applicable. 2. No transfer requests had been made as at the transferable date

- I. Issuance of preferred shares: None.
- II. Issuance of overseas depository receipts: None.
- III. Issuance of employee stock option certificates: None.
- IV. Information about new restricted employee shares: None.
- V. The execution of new share issuance due to mergers or acquisitions of shares issued by other companies: None.
- VIII. Implementation of capital utilization plan: The Company does not have uncompleted plans for private placement of securities or completed plans within the most recent three years with unrealized benefit.

Chapter 5 Overview of Operations

I. Operations

1. Scope of business

The Company mainly works on its own research and development and production of skincare products and cosmetics with our brand “Chlitina.” The Company also researches and develops beauty-related services and provides customers with skincare products and services of high quality, efficacy and uniqueness through our franchised beauty salons. E-commerce and medical cosmetology are the business in which we invest many resources in recent years. Our New Beauty Mall, the medical cosmetology clinic, Up Lider, and the anti-aging clinic are well operated and have great development potential. The business operation of the Company also extends to the strategically invested franchise channel of “RnD Fingernails & Eyelashes Beauty Salon” to achieve the goal of stretching to more young customer groups and diversifying our business items.

The business regions where our major channels are set up include Mainland China, Taiwan, Hong Kong, and Southeast Asia. The Company officially entered the Mainland China market in 1997. We are a medium-to-high-end large beauty franchise business in Mainland China. By the end of December 2020, more than 4,766 franchised beauty salons have been created, including Mainland China, Taiwan, Hong Kong and Southeast Asia. The Company has quality beauty skin care series of products. Besides those to be used at home, we also have professional care packages so that customers of franchised beauty salons have all-around beauty skin care products and professional regimens available for them to choose from. The Company, with its first-rate spontaneous R&D and production capabilities, outstanding product quality, specialized ideas about skin care, has created a quality customer base as well as brand value.

1) Major scope of operation:

- ① R&D, manufacturing, and distribution of beauty products and care packages.
- ② Operation and promotion of franchised beauty stores.
- ③ E-commerce sales platform
- ④ Medical cosmetology business
- ⑤ Business not prohibited or restricted by laws and regulations beside the licensed one

2) Operational weight

Unit: RMB 1,000; NTD 1,000

Major products	2019			2020		
	RMB	NTD	%	RMB	NTD	%
Face care products	1,064,568	4,757,128	92.56	866,978	3,711,790	91.52
Body products	14,555	65,040	1.27	12,978	55,565	1.37
Aromatic products	2,369	10,588	0.21	603	2,581	0.06
Others	68,505	306,123	5.96	66,816	286,060	7.05
Total	1,149,997	5,138,879	100.00	947,375	4,055,996	100.00

Note: Others include income from royalties, income from stakeholders, income from beauty services, and income from food, etc.

3) The Company's current products

Products category	Major products category	Main purpose
Home care	Makeup removing and cleansing	Removes five major types of waste on the surface of the skin, such as built-up obsolete keratin, dust, grease, makeup residue, oxidized fat, and salt from perspiration.
	Hydrating toner	Replenishes skin cells with plenty of water while at the same time inhibiting vaporization.
	Repairing essence	Regulates dermal functions and corrects specifically problematic skin in order to keep the skin healthy.
	Lotion	Exercises optimal skin conditioning effects to prevent against speedy water loss from skin and to protect against dry skin.
	Eye care	Prevents and improves fine lines and brightens the skin ton in the surroundings of the eyes.
	Moisturizing cream	Boosts blood circulation of skin, adequately supplies cells with nutrients and oxygen so that cells can be repaired and regenerated, and keeps the skin smooth and moisturized.
	Facial mask	Intensively repairs the skin, boosts metabolism, and enhances skin oxygen content; the water in the mask penetrates the horny layer on the surface of the skin to make the skin softer and more elastic.
	Sunscreen	Protects against and blocks sunlight to protect the skin.
	Foundation makeup	Contains skin care and sunscreen ingredients to enhance the skin tone and covers imperfection; it lays the groundwork for subsequently applied makeup.
Professional skin care line	Eye care series	Improves puffiness, pigmentation, and fine lines, among other issues with the active ingredients of the peptide compound and silk eye mask. Meanwhile, the specialized package instruments are used to accordingly exercise the effects of preventing against and correcting issues with the eyes, such as dark circles, eye puffiness, and congestion due to fatigue, among others.
	Anti-wrinkle series	The extracted human-like collagen, an anti-aging product of cutting-edge technology and the extract of jania rubens from the French sea area firm and lift the face outlook. Meanwhile, with the specialized package instruments, facial skinning, firming, lifting, and increased absorption of skin is made possible.
	Whitening series	Inhibits externally the activity of tyrosinase through the active ingredients of niacinamide and ruby to internally improve the formed pigmentation. Meanwhile, with the specialized package instruments, consistency, brightness and tone, lightening of spots, and increased absorption of skin are made possible.
	Hydrating series	Replenishes water required by skin cells at a depth and firmly locks in the water through the active ingredients of Canadian rye and blue sapphire. Meanwhile, with the specialized package instruments, water replenishing at a depth, potent retention of water, and increased absorption of skin are made possible.
	Naturex series	The Naturex series features pure herbal essence from pure botanical extract concentrate. It applies the extraction technique to realize more effective conditioning and improvement and to address different skin issues.
	Professional salon botanical extract series	Designed specifically for problematic skin, the series features optimal improvement and prevention effects whether it is anti-wrinkles, water replenishing, whitening, or soothing. They can be used as part of home care or at the salons for induction or water facial mask purpose with the help of instruments.
Aromatherapy	Essential oils, compound essential oils	<ol style="list-style-type: none"> 1. Beautifies and cares for skin to boost skin resistance and delay aging. 2. Soothes and eases the mood and energy with nerve relaxing. 3. Keeps physical fitness and corrects respiratory infection, compromised immunity, and endocrine disorder, etc.

Body	Essential oils, lotion	<ol style="list-style-type: none"> 1. Clears blood vessels and encourages circulation to boost functionality of organs and intestines. 2. Promotes tissue relaxation at a depth, blood circulation of muscular tissues while relaxing the body and the mind, shoulders and the neck, and relieves back pain and inflammation, among other symptoms. 3. Regulates the ovary, uterus and kidney of females as a whole to ensure their functional balance, improve the body immunity, keep youthful and vigor, and postpone aging.
	Breast enlargement	Turns on the filling mechanism with “ornithine” the patented ingredient in France and with the external layer Ionosome™ enveloping technique (Note), more stably and rapidly delivers the active ingredient to the basal layer of skin so that the skin is filled, becoming firmer, more elastic, smooth, and lifted.

Note: French patent No. FR 2988601-B1, the Ionosome™ enveloping technique is the patented technique to envelope the external layer of the patented ingredient.

4) Research and development of new products

- A. Development of whitening products
Develop spot removing and skin whitening products of new generation, including the whitening home care series and whitening repair product groups.
- B. Development of a series of micro-ecological skincare products
Develop micro-ecological skincare as a skin protection idea of new generation. It can enhance the natural protection ability of the skin.
- C. Plant stem cell technology developed
Cultivate plant stem cell, stem cell extraction technique development.
- D. Development of products to be launched on RnD only
Focus on eyelash beautifying customers to develop eyelash care products and repair creams.
- E. Development of products for e-commerce channels.
Develop moisturizing and relaxing therapy products for e-commerce channels.
- F. Development of products for scalp care channels
Develop a series of scalp care therapy and home care products.

2. Industry overview

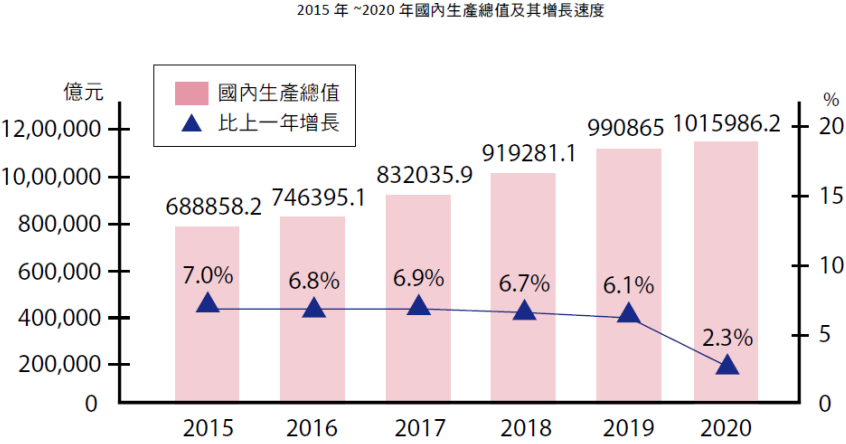
(1) Industry status and development

a. Macro environment:

Mainland China is a focused region of development for the Company and we have cultivated the local market in depth for years. With the local economy continuing to grow, the beauty industry is full of potential with the enormous underlying business opportunities. The major factors that drive the development of the beauty industry in Mainland China includes the growth in its GDP, the increased urbanization rate and per capita disposable income and **the awakening of female consciousness which further expands the size of the consumer market**. These factors are closely related to the demand for beauty products and services and hence are the main driving force for the industry to quickly expand and grow flourishingly.

International historical data have shown that when the per-capita GDP breaks the USD 3,000 threshold, consumption starts to enter the rapid growth channel and so is beauty-related consumption. When the per-capita GDP exceeds USD 20,000 threshold, however, the acceleration rate will significantly drop and consumption enters a stable period. 2020 was a very unusual year in the history of China. China faced a fierce and complicated international situation, difficult and strenuous challenges in domestic reform, development and stability, especially the significant impact of the COVID-19 pandemic. According to the statistics of the

National Bureau of Statistics of China, the gross domestic product in 2020 was RMB 101,598.62 billion with a growth rate of 2.3% in comparison with 2019.



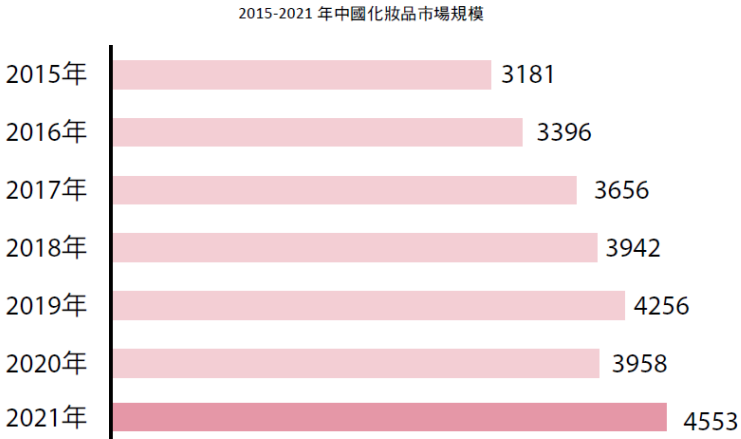
Source: National Bureau of Statistics of China (3/29/2021)

According to the statistics of the National Bureau of Statistics of China, the annual per capita disposable income was RMB 32,189 with an increase of 4.7% in comparison with the previous year. Excluding the price factor, the real growth rate was 2.1%.

b. Market environment for skin care products:

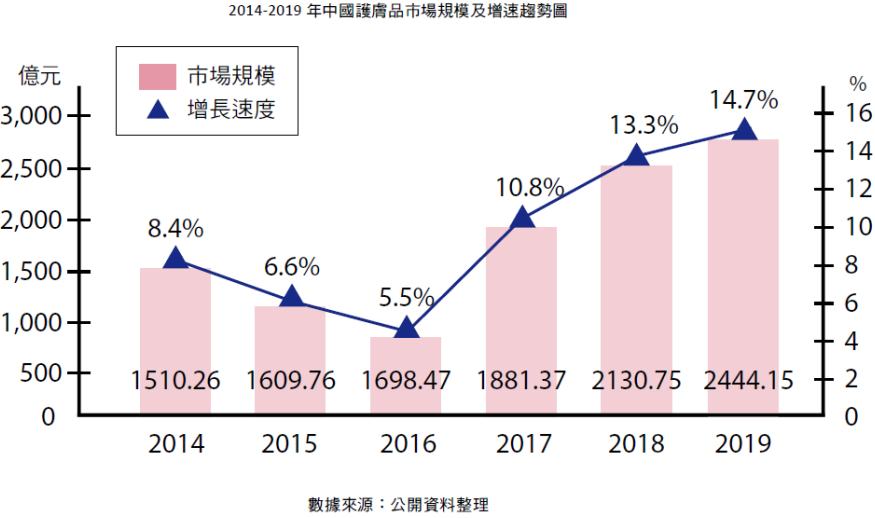
The COVID-19 pandemic brings about risk and opportunity. While some internationalized cosmetics groups suffered higher loss due to impacts of the pandemic, others made use of the opportunities on the emerging markets and the trend of e-commerce to make the business performance soar. Thanks to the well-controlled pandemic in China, the domestic consumer market recovered steadily and many international leading companies replenished their goods for the China market.

According to “The Scale and Forecast of China’s Cosmetics Market from 2012 to 2021” of iiMedia Research, the scale of China’s cosmetics market in 2020 was RMB 395.8 billion with a decrease of 7% in comparison with 2019. The market scale is expected to increase to RMB 455.3 billion.



The disposable income of the people in China increased in recent years due to the rapid growth of the economy in China. The higher awareness of skincare among the people facilitates the rapid development of the skincare industry. According to the data, the skincare market in China grew from RMB 151.016 billion in 2014 to RMB 244.415 billion in 2019 with a mean compound annual growth rate of 10.11%. The year-on-year growth rate of the skincare market

in China was 5.5%, 10.8%, 13.3% and 14.7%, respectively, from 2016 to 2019. Its growth accelerated every year.

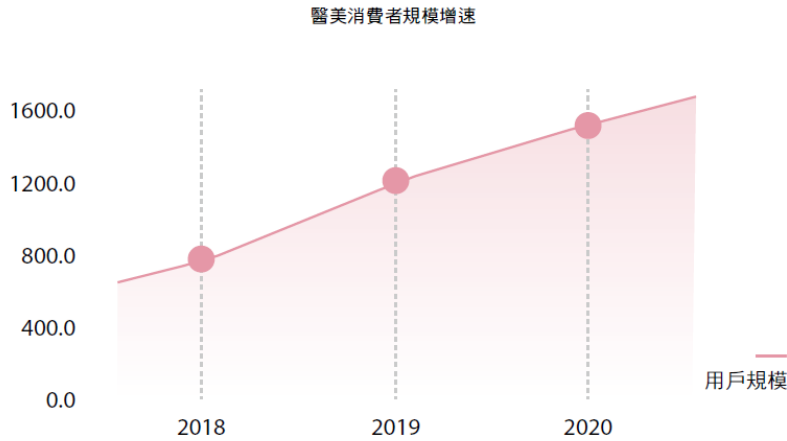


c. Market environment of the aesthetic medicine:

The “Report on the Consumption Trend of Aesthetic Medicine Products among Women in 2020” issued by SoYoung Data Research Institute, the market of the aesthetic medicine in China grew only by 5.7% in 2020 due to impact of the pandemic, much less than the two-digit compound annual growth rate in the previous years. However, a “breakthrough” trend emerged in the consumption of aesthetic medicine products under the common effort of the players in the industry.

There were up to 15.20 million consumers of aesthetic medicine products in 2020 with an increase of 35.7% in comparison with the previous year. This was seven times the growth rate of the aesthetic medicine market. Aesthetic medicine consumption is more and more acceptable to people.

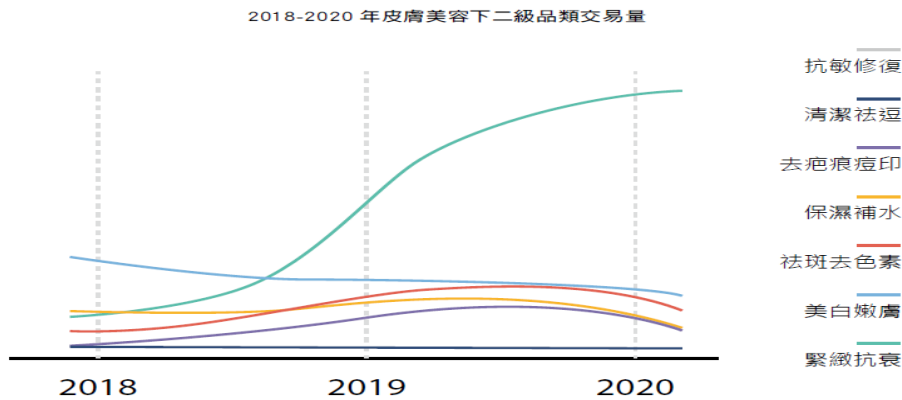
The people born after 1990 is the main consumer group on the aesthetic medicine market. They occupy nearly 70% of the total consumers in the industry. The enthusiasm of these consumers about aesthetic medicine originates from their open mind, pursuit of beautiful things, and the effect of interaction among the peers. From the viewpoint of regional distribution, the aesthetic medicine consumption tends to develop downwards evidently to lower-tier markets. According to the data of the SoYoung Data Research Institute, the number of registered clients in Tier 3 and Tire 4 cities in 2020 was much more than those in Tier 1 and New Tier 1 cities. In this year, the number of new registered clients in third-tier and fourth-tier cities was more than 3.80 million and 4.40 million, respectively, and the total number of registered clients in first-tier and new first-tier cities was over 3.50 million. Nevertheless, new first-tier cities were ranked the first in the number of new registered clients in 2019.



數據來源：艾媒數據中心·新氧數據顏究院

Source: “Report on the Consumption Trend of Aesthetic Medicine Products among Women in 2020,” SoYoung Data Research Institute

While a “breakthrough” trend emerged in the aesthetic medicine consumption, a new change appeared in its structure. In comparison with previous years, light medical beauty was more popular among consumers in 2020, especially skincare related medical beauty projects. As the data indicate, the skin beauty consumption on the aesthetic medicine market grew by 40% in 2020 compared to the previous year, and was absolutely the bestseller on the aesthetic medicine in 2020. The firming and anti-aging products, the Top-1 items in the skin beauty category, became the “new favorite” on the aesthetic medicine consumption market. According to the data of the SoYoung Data Research Institute, the overall demands for firming and anti-aging products on the aesthetic medicine market in 2020 grew by nearly 60%.



Source: “Report on the Consumption Trend of Aesthetic Medicine Products among Women in 2020,” SoYoung Data Research Institute

(2) Correlation among the Upstream, Mid-stream, and Downstream of the Industry

At present, the Company mainly deals with the distribution of ageless, anti-aging professional products, professional skin care products, home care products, among other beauty products. Cosmetics manufacturers and branders belong to the mid-stream of the industry. The upstream of the industry consists of mainly suppliers for cosmetic raw materials, manufacturers of semi-finished products, manufacturers of filling containers and packaging products; the mid-stream include processing, manufacturing, packaging, and mass production and marketing channels such as dealers, distributors, and franchised stores; and the downstream are consumers of all age groups. The correlation among the upstream, mid-stream, and downstream is shown

as follows:

Upstream		Mid-stream		Downstream
Suppliers of cosmetic raw materials and semi-finished products	Manufacturers of filling containers and internal and external packages	Processing, manufacturing, packaging, and mass production	Distribution channels (such as franchised beauty salons, retailers)	End user
Chemical material suppliers such as Pan Asia Chemical Corporation, Sinon Corporation.	Xingzhong, Yongyu, Hongquan, Dahua, etc.	Chlitina, Natural Beauty Bio-Technology, Shiseido, etc.	Department store counters, supermarkets, pharmacies, chained Chlitina beauty stores	Consumers of all age groups

(3) Various Development Trends of Products

A. Products future development

Since Chlitina first entered Mainland China in 1997, it has been devoted to the research and development of skin care products that suits “Chinese” and “Asian” people best. Given the vast territory of China, in particular the significantly different climates between the north and the south, the policy adopted by first-rate manufacturers in “Europe and America” towards introducing single products is never sufficient to address the needs for care and conditioning of make-overs in “various areas” throughout China.

The Company dedicates itself to seeking the application of the skin concept, “medicine-oriented, beauty for use” by the means of providing professional skincare solutions to women who are plagued by various skin problems. Through the introduction of advanced technology in the industry and focusing on consumer groups targeted in different market channels, the company will continue to launch new products to broaden the distribution of product lines.

With its R&D belief, products of the Company may be divided into the following major aspects:

(A) “Ageless and Anti-aging” as the Mainstream

“Agelessness and anti-aging” has been dream of humankind since its very beginning. It was so in the past and will remain so in the future. The dream has never changed. How to research and develop a series of complete skin care products suitable for the skin of Asian people, and the Chinese people in particular, in order to satisfy the needs of Chinese women in remaining ageless and to fight the aging process has therefore become the highest guiding principle for Chlitina in product research and development.

Based on this belief, in terms of product research and development, Chlitina has come up with a series of products to take care of the three major steps “skin purification ⇨ repair ⇨ regeneration.”

(B) Reinforced “Professional and Precise Skin Care” for Regimens

In light of the fact that Chlitina is a well-known professional beauty franchise group for medium-to-high-end customers in China, in order to further differentiate between and emphasize the efficacy of “professional and precise skin care,” besides researching and developing “home care products,” a series of “combinations” of professional beauty salon care packages are developed to go with induction “professional instruments,” such as “Hydraskin,” “Timeless Youthful Complexion,” and “Extreme Clear White.” With assistance of professional instruments, optimal results of skin care for customers in a non-invasive way are made possible

in order to fulfill the purpose “let time stay at the most beautiful moment.”

(C) All-around and full-time-efficiency products are provided to create differences in services and products.

The differences in products and services bring about the maximum benefits in skin care for the “customers.” The Products of Chlitina include:

(a) Home care products

The emphasis is placed on the basic skin care while at home so that the skin gets the needed care and time to repair around the clock. Home care is known for its benefits such as convenience and autonomy. It is tailored according to advice given by professional beauty consultants, home care combinations take care of personal skin issues and ensure non-stop care around the clock in order to strengthen extended results of professional beauty care regimens and to yield twice the results with half the effort. The products focus on “moisturizing, repairing, and conditioning.” With the classic series of “five essences” as the core, the products can totally satisfy the daily care demands. In terms of moisturizing, facial solutions that provide benefits from brightening skin tones to exercise outstanding moisturizing effects are the primary products, including the exquisite classic EPO series, which helps with normal metabolization of keratin and keeps the horny layer of the skin intact and hydrated to effectively correct aging and dry skin, to moisturize and lock in water, and to repair cracks because of dryness; the premium royal Fantasia series that reaches deep inside the skin to ensure deep miniaturization and repairs aging skin or to realize deep whitening, among other skin care benefits, reflective of different skin attributes, replenishing the vigor most needed in skin; the Chliwhate series that breaks down pigmentation that compromises the purity of skin layer by layer to create 4C-grade diamond-kind shiny and tony beautiful skin; the Primrose facial cleansing series that applies the patented technology to extract essence of the whole primrose plant while the resultant Primrose Vital-Active Complex activates overwhelming defensive protection. The unique water-oil mixture mechanism multiplies the repair effects as it better penetrates into the basal layer of skin to strengthen the safeguard barrier, to inspire synthesis of collagen, to reduce the formation of free radicals, and to activate the defensive protection at a depth. The skin will appear to be shiny and moisturized from the inside out.

(b) Beauty Salon Professional Conditioning Regimen

The focus is “combinations” of products that require the use of “professional instruments.” Specialized beauty consultants examine the skin through the professional instruments and find out the cause of problematic skin in order to design and tailor care regimens. The products are introduced into the skin with high-tech instruments that are known for being safe, comfortable, highly efficient, and non-invasive. Used together with professionally trained techniques, they ensure significant beauty skin care effects bring about “ageless and anti-aging” benefits. The products feature mainly “moisturizing, activating, wrinkle-smoothing, and skin-lifting.” Products in this series include the Hydraskin Intensive Expert Package, the Extreme Clear White Expert Package, the Instant Rejuvenating Eye Expert Package, and the Timeless Youthful Complexion Package.

(c) Physical Meridian Care

With systemic skin care and physical health as the appeal, the products emphasize the ideas of traditional Chinese medicine that are familiar to Asian people and combine them with the quantum-based medical technology from Europe to exercise thorough effects. By utilizing the innovative idea of combining the East and West, as well as the skilled technique applied to smoothen circulation throughout the body and the highly bioavailable fine and pure compound essence oil, promotes relaxation of tissues at a depth and blood circulation in muscular tissues, soothes the body and the mind, shoulders and the neck, and relieves symptoms such as back pain and inflammation, among others. The raw materials are quality natural plants from Europe and North America.

(d) Non-allergy and Repairing Skin Care Products

To address issues such as sensitization, redness, edema, peeling, and difficulty for make-up to stay on at the turn of the season, the Company places particular emphasis on enhancing the defensive protection of skin. Ordinary skincare products vary in quality and tend to give rise to irritation and pain, and may even trigger more serious skin disorders. In light of sensitive skin caused by improper care habits and skin care products, the Company places particular emphasis on normalizing the dermatological structure. Enhanced skin protection and strengthened skin metabolism are its primary the focus. We have protein cream and EG cream, among other star products. Each of them has withstood the time, challenges from the market, and hence is absolutely representative.

(e) High-end Physical Care Products with Luxury Fragrance

By adopting the inspiration of “curing the skin and pleasing the body and mind,” the Company jointly worked with French laboratory to develop the delightful Trotula series for tired women with dry and sagging skin. With the integration of the natural, pure and classic aromatherapy of the West with modern technology, the Company realizes three-D healing for the body, spirit, and mind of women. By the most natural and pure power of the plants with warm and charming fragrance, the nerve is relaxed, the soul is pacified while the skin completes its rebuilding and restoration in a pleasant and comfortable condition and awakes the positive energy of the body, spirit and mind.

(f) Facial Care Products for Oily and Acne Skin developed by Authoritative German Medicine Research

To solve the repeating acne problem of the consumer, the Company searches around the world to select and introduce the Skinicer series developed by authoritative German medicine research. *Spirulina platensis*, the main ingredients of the product, has extraordinary antiseptic and repair benefits focusing on the propionibacterium acne to inhibit the inflammation from the source and repair the acne skin. This series is also applicable to oily skin to prevent acne. The functionality of the series won numerous recognitions from consumers and recommendation from dermatologists.

(g) Pure essential oil products for the physical and mental health of your families

The Company collects the natural plants of high quality around the world and extracts the pure essential oil of original power of life. Every product combines the traditional aromatherapy and modern technology as well as the eastern and western philosophies. With the pure essential energy and special aromatherapy efficacy of natural balance. It can remove discomfort, protect the physical and mental health of the families, and improve the living quality.

The combined use and packages available for products, precise seamless skin care around the clock is made possible. Skin receives alternating deep and light flexible care. Not only product effects are exercised in a balanced way around the clock, the skin can also take appropriate rest and recover. The products fully demonstrate the characteristics of the Company in product development, that is, “professionalism, personalization, comprehensive, and complete time-efficiency” and facilitates the skin to go through the spontaneous physiological cycles of “purification, repair, and regeneration” and to accordingly fulfill the ultimate goal of being “ageless and anti-aging.”

B. Future Trends on Beauty Market

The Mainland China market is the main growth market for the Company.

Due to the significantly improved GDP in Mainland China over the past 10 years, local consumers’ demand for quality services has increased significantly as well. This drives professional beauty salons to be focused on their professional service level in order to be recognized by medium-to-high-end consumers on the market. As a result, professionalism and focused specialties will become a more obvious trend among beauty and care institutes.

With beauty service regulations established by the government, requirements for the quality of services provided by beauty salons have been relatively increased. This further enhances the entry criteria for beauty salons and it helps with the development of large professional beauty franchises such as “Chlitina.”

C. Changes to Company Operation in the Future

To address the rapidly increasing demand on the Mainland China market and from local consumers for care products and services, the Company is engaged in the following changes regarding its operation in order to increase its competitive advantages:

(A) Reinforce “market-end training” ability

In light of the large size of the Mainland China market and the difference in culture, customs, and skin conditions, as the number of franchised stores keeps increasing throughout the nation, the management of the franchise brand also needs to be “localized” in terms of the train of thought and the service model. The Company adopts the hierarchical model that consists of “advanced training at the main office” and the “educational guidance in different areas.” The main office is to arrange senior lecturers as planned who would attend diversified courses on topics such as “corporate culture,” “brand image,” “product reinforcement,” “store affairs management,” “distribution skills,” and “career planning” that are important forms of education in terms of knowledge of new products and assistance in opening a new store according to the company’s market operation policy. Having been evaluated by the main office, the approved lecturers from respective areas are to reproduce the course contents reflective of conditions of stores in their area (such as climate, environment, and customs) to fulfill dual purposes of being “professional and united” and “providing area-based educational guidance.” The hierarchical model that consists of “advanced training at the main office” and the “educational guidance in different areas” effectively reduces the cost of transportation incurred for and time spent by the trainees and significantly cuts down the corporate operational expenses as well. Meanwhile, it helps enhance the proactive learning attitude of the staff, apply what is learned quickly to store operations, and accordingly consolidate the marketing strategy.

(B) Deepen beauty franchise channels

The Mainland China market is divided into advanced, well-off, and developing areas. In the future, Chlitina will make the best of its powerful brand awareness and flexible distribution strategies to further increase its market share in well-off areas and developing ones.

For Taiwan and the Southeast Asia markets, store expansion will be expedited and product structure will be optimized. Franchise management strategies will be improved and adapted to local developments so that brand awareness may be deepened.

(C) Improve products R&D capabilities

Quality products best guarantees winning out on the market. Therefore, we will strengthen the autonomous R&D capabilities and speed and will attract various talent within the industry.

(D) Diversified management

With the development of e-commerce/IOT/cosmetic medicine/regenerative medicine in China, consumers are changing their spending habits without them knowing. Chlitina looks for our business model in this environment. By operating the New Beauty Mall and the medical cosmetology clinic, Up Lider, in recent years, we manage to realize diversified management through IOT as well as improve the profitability of franchisees. We make use of the aesthetic medicine and the anti-aging effects of regenerative medicine to improve existing products, broaden the existing online beauty salon services, and increase the customer satisfaction. We set our foot into the aesthetic medicine industry through existing customer resources to accordingly bring about new momentum to the Company’s revenue.

(4) Competition

A. Differentiation in market size

The increased purchasing power and inflation in China have resulted in surging prices of

commercial land and also the sudden hike in the cost of opening a store, which puts a barrier to quick expansion of stores. This is also why with the current market size and annual growth rate, among other competitive advantages, it is uneasy for competitors to exceed the Company.

B. Autonomous product R&D capabilities

Back in 1989, when the Company was first established, it was already the first to introduce the idea of researching and developing “PH 5.5” skin care products. After 2000, this idea has gradually been adopted by international first-line heavyweight manufacturers in terms of product development. The Company dedicates itself to seeking the application of the skin concept, “medicine-oriented, beauty for use” by the means of providing professional skincare solutions to women who are plagued by various skin problems. Compared to the various competitive brands in China, most of which continue to operate relying mainly on purchased products. On the other hand, the Company’s autonomous R&D capabilities can not only better address customers’ needs but are more advantageous over competitors.

C. Brand advantage

In November 2011, the Company’s brand, CHLITINA and its Chinese name were both given the “China Well-Known Trademark” by the State Administration for Industry and Commerce of the People’s Republic of China, making it the one and only company among beauty franchises. Meanwhile, the Company was the only brand in the industry to win the “Top 25 International Brands in Taiwan” Award for five consecutive years from 2015 to 2020. In 2020, CHLITINA received the awards of the 2020 7th China Brand Influence in the categories of “Quality Brand” and “Customer Satisfaction Brand.”

D. Digitalization of Big Health

The Company has implemented the digital transformation in recent years using the digitalization as the tool to explore innovative cosmetology services. Meanwhile, in addition to the projects of traditional aesthetic medical services, the Company implemented its R&D results by introducing the regenerative medicine and anti-aging medicine items jointly developed with Tongji University to the direct aesthetic medicine clinics, Up Lider. This sufficiently proved that the Company set foot in the aesthetic medicine while expanding the regenerative medicine and anti-aging medicine items other than daily cosmetics to create a digitalized beauty industrial chain with big health.

E. Brand Internationalization

In Southeast Asia, we will deepen brand awareness and expedite the addition of stores. We will reach out to local beauty markets by improving and enforcing franchise management strategies that adapt to local developments. Furthermore, we will research and develop beauty and health products that are suitable for local consumers.

3. Overview of Technology and R&D

(1) Technical Level and Research and Development in the Scope of Business Operation

The products of the Company, with its own formula design and development of the manufacturing technique to differentiate itself on the market, and that cannot be reproduced in either quality or efficacy. Most cosmetics companies on the market have an R&D department that relies on suppliers to provide the formula and have raw materials coming from specific manufacturers; as a result, they cannot change the formula or raw materials on their own and have no control over the cost. The enriched formula development experience enables the design of products with the best CP ratio according to the market price. The manufacturing technique ensures smooth production, stable quality, and improved production efficiency.

The company dedicates itself to seeking the application of the skin concept, “medicine-oriented, beauty for use” by the means of providing professional skincare solutions to women who are plagued by various skin problems. Through the introduction of advanced technology in the industry and focusing on consumer groups targeted in different market

channels, the company will continue to launch new products to broaden the distribution of product lines. Different products launched through different channels can satisfy the needs of different consumers for personalized skincare and healthy lifestyles to the greatest extent.

(2) R&D Personnel and Their Education/Experience

As of the end of March 2021, the Company has a total of 10 R&D people. All of them own college or higher-level diplomas. The number of employees and their educational distribution are shown below:

Item	End-of-term number of people	Distribution of education		Years in service on average
		University/college	Master's degree	
2019	11	2	9	7.60
2020	11	4	7	8.43
Wednesday, March 31, 2021	10	4	6	8.6

(3) Annual R&D cost spent over the past 5 years

Unit: NTD 1,000; %

Item	Year	2016	2017	2018	2019	2020
R&D fee		9,379	10,203	21,936	27,724	34,132
Net Sales		3,360,584	3,290,702	4,578,513	5,138,879	4,055,996
R&D cost to net revenue ratio (%)		0.28	0.31	0.48	0.54	0.84

(4) Technologies or products successfully developed over the past five years

Year	Item/product name
2016	ChliWhite series (cleanser, introductory gel, essence concentrate, essence emulsion, hydrating cream, primer) Tourmaline Series (essence emulsion, eye cream, essence cream, moisturizing mask) Professional Beauty Salon Series (CEDAR Balancing Shampoo, Citrus Relaxing Body Wash, Ylang-Ylang Essential Oil) Soothing and Moisturizing Cleansers Cleanser and Makeup Remover Floral Water Series (Peppermint Floral Water, Lavender Floral Water, Rose Floral Water, Tea Tree Floral Water, Majorana Floral Water, Chamomile Floral Water)
2017	Honnock Acne Treatment and Repair Series (facial cleansing foam, conditioning water, essence gel, essence cream) ChliWhite Series (essence gel, essence emulsion, cream, moisturizing mask) Purifying Citrus Floral Water Algae Extract Organic Water
2018	Primrose facial cleansing series Skinicer Repair Lotion for Problem Skin ChliWhite Advanced Lightening Eyes Serum UBEBE CAPPARIS hair&body cleaning mousse, pure soothing barrier cream Breast Beautifying series – Lacy Secrets (massage oil for breasts; breast cream) MISS YOU LUMINANCE sleeping mask, Advanced MISS YOU mask series Vital care series (Vital Conditioner, Vital Purifying Shampoo, Vital Moisturizing Shampoo) Bilefei cleansing series (cleansing care laundry detergent; multi-effect dishwashing essence; intimate wear detergent) Missing You naked CC Cream RnD Hands and Feet Repair and Care series (RnD Calendula Light, Moisturizing Fragrant Hand Cream; RnD Avocado Moisturizing Fragrance Hand Cream; RnD Milky Repair Essence for Hand and Foot) City Protection Gel Body Firming Essence

2019	Lacy Secrets Breast Beautifying Package Instant Rejuvenating Eye Expert Package UBEBE CAPPARIS hair Body cleaning mousse, pure soothing barrier cream Advanced Instant Rejuvenating Eye Expert Package Chlitina Mud-Mask Renew Firming Cream Super Moisturizing Cream Moisturizing Repair Package 3DR Vita series Ocean Pureskin series RnD Hand Cream Completed the introduction of bletilla striata stem cell cultivation technology
2020	Royal Garden Series Timeless Youthful Complexion Therapy Package Establishment of the effect testing platform of active ingredients in cosmetics Multi-effect peptide essence CHLITINA Youthkeeper Serum We worked with the Institute of Biomedical Engineering, Tsing Hua University, in the research project of NO application in cosmetics and received a subsidy from Ministry of Science and Technology.

4. Long and short-term business development plans

(1) Short-term plans

- A. Continue to deepen the brand spirit, “Women, Love Bravely.” Tailored precise skin care solutions are provided adhering to the principle of “appropriate timing, suitability for skin, and adequate amount.” Consolidate the quality high-end brand image by promoting the brand by varied means such as traditional media and new media, sponsoring high-end international events, organizing large brand events, and advertising through various types of media, for example to increase brand identity among consumers and to attract high-end consumers. Organize online and offline marketing events to strengthen consumer adhesion to franchise stores and various channels.
- B. In terms of the professional channel, based on the marketing principle of “working deeply and elegantly,” we will deepen the management of franchises to improve the profitability of franchises and increase the overall quality of franchises in the constant pursuit of long-term robust growth.

In terms of Mainland China, we will actively dig into the consumption potential and consumers’ needs of blank markets. In terms of different areas, we will continue to strengthen the management for different levels. While increasing the speed of expansion, we will also take care of the quality of branches.

For Hong Kong, Taiwan and Southeast Asia, we will deepen brand awareness and expedite the addition of stores. We will reach out to local beauty markets by improving and enforcing franchise management strategies that adapt to local developments. Furthermore, we will research and develop beauty and health products that are suitable for local consumers.

- C. As far as e-commerce is concerned, the focus will continue to be on the steady growth of both the number of members and the quantity of purchase orders. We will combine the existing distribution channel resources of the Company while developing middle- and high-end products for the expansion of the width and length of the product chain complemented by 24/7 marketing approaches with no geographical limit in order to improve the network deployment and product coverage.
- D. In our channels of aesthetic medicine, we have promoted the development of our own aesthetic medicine clinics. Combining aesthetics, medicine and science, we are providing

consumers with comprehensive services to help them stay beautiful, healthy and resistant against aging. We also set foot in the high-end cosmetic medicine industry, taking advantage of advanced artificial intelligence and regenerative medicine to bring additional momentum to the Company's revenue.

- (2) Long-term plans
- A. Enhance the R&D capabilities and continue to develop specialized high-end quality products for specific channels and different consumer populations.
 - B. Continue to deepen the content of the brand, maximize brand influence, reinforce consumer loyalty and franchise store adhesion.
 - C. Adjust to the macro environment to implement suitable sales and management strategies.
 - D. Accelerate the expansion of the e-commerce network to realize marketing anytime, anywhere that is adapted to the habits and preferences of consumers for the persistent expansion of the business scale.
 - E. Use Southeast Asia as the entry point to push for the overseas expansion for widening the group's operation territory and upgrading our brand image to an international level.
 - F. Leverage innovative AI technology and regenerative medicine to extend our reach into high-end aesthetic medicine products and enable new revenue channels for the Company.

II. Market and Production/Distribution Overview

1. Market analysis

1) Revenue by the region

Unit: RMB 1,000; NTD 1,000

Item	2019			2020		
	RMB	NTD	%	RMB	NTD	%
Mainland China	1,118,289	4,997,187	97.24%	914,704	3,916,121	96.55%
Others (Note)	31,708	141,692	2.76%	32,671	139,875	3.45%
Total	1,149,997	5,138,879	100.00%	947,375	4,055,996	100.00%

Note: Others include Taiwan and Vietnam

2) Market Share

According to "The Scale and Forecast of China's Cosmetics Market from 2012 to 2021" of iiMedia Research, the scale of China's cosmetics market in 2020 was RMB 395.8 billion with a decrease of 7% in comparison with 2019. Based on our operating revenue of RMB 947 million in 2020, the market share of the Company was 0.2%. As far as skin care supplies (including physical care, facial care, and hand care) in 2020 are concerned, the sales reached RMB the stock 144.41 billion. When calculated with the revenue of RMB 947 million of the Company in 2020, the market share is about 0.4%.

The revenue of the Company provided above, however, did not include the income from services provided to consumers at franchise stores and was not calculated with the final retail price of the products. If the final retail price on the market was used to calculate the Company's sales and the income from services provided to consumers at franchise stores was not included, the internal statistics of the Company showed that the sales in 2020 were around RMB 3.4 billion, accounting for around 0.68% on the market for beauty and personal care supplies in Mainland China, an increase of 0.2% from 2018 and around 1.1% on the market for skin care supplies in Mainland China, an increase of 0.5% from 2018.

The beauty brand "Chlitina" of the Company features specialized beauty services provided through its franchise system and has quickly expanded on the market. At present, it is already one of the largest beauty franchises in Mainland China and secures a place on the market for beauty and skin care in Mainland China. In light of the gigantic development potential of the

beauty sector on the market in China, the fact that consumers are paying increased attention to brand image, product quality, and efficacy driven by economic development and the increase in income, the Company has complete control of its beauty and skin care products, from the upstream research and development to production and packaging and then the downstream distribution. In other words, the Company keeps sufficient track of the operational values from research and development, production, distribution, brand, and distribution channels and owns a complete industrial chain as well as the advantage of vertical integration.

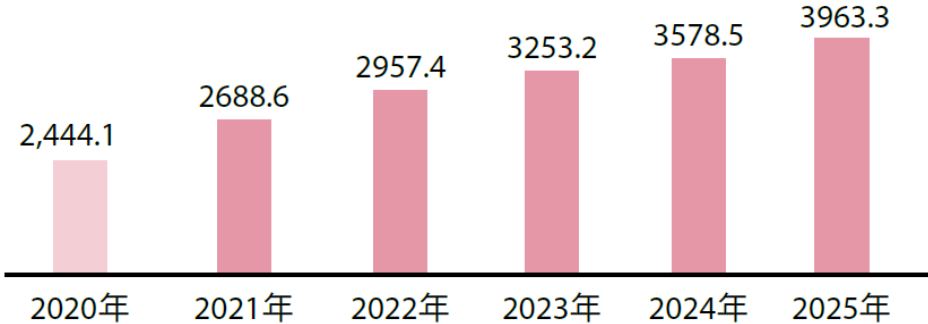
The Company has control over its brand advantages, owns extensive and comprehensive distribution channels and powerful product development capabilities. The competitive barrier and strength are gradually taking shape on the fiercely competitive market for beauty and personal care supplies in China. The market share will hopefully grow on a yearly basis in the future. The market share remains mostly occupied by international brands as far as the beauty and personal care supplies are concerned in China. Most of the large household chemical enterprises with foreign investment have brand history over several decades or even hundreds of years, therefore they have indelible brand influence at home and abroad and control most of the market share in the high-end market. However, the emergence of numerous local brands in the nation, including the HERBORIST of Shanghai Jahwa United Co., Ltd, CHANDO of JALA Corporation along with INOHERB and MG, changed the competitive situation of the current cosmetic market to some extent.

3) Future supply & demand and growth in the market

A. Beauty and personal care products market

As the national economy in China grows rapidly and the disposable income of the people increases continuously, the upgrading of consumption becomes a trend that brings about significantly increased consumption of skincare products. The gap between the marks of China and developed countries is expected to narrow, indicating that there is a tremendous development potential of the skincare market in China. Though the growth speed of the skincare market in 2020 was slowed due the COVID-19, an annual acceleration rate of 10% will be maintained in the following five years. A market scale of skincare products in China amounting to nearly RMB 400 billion is expected up to 2025.

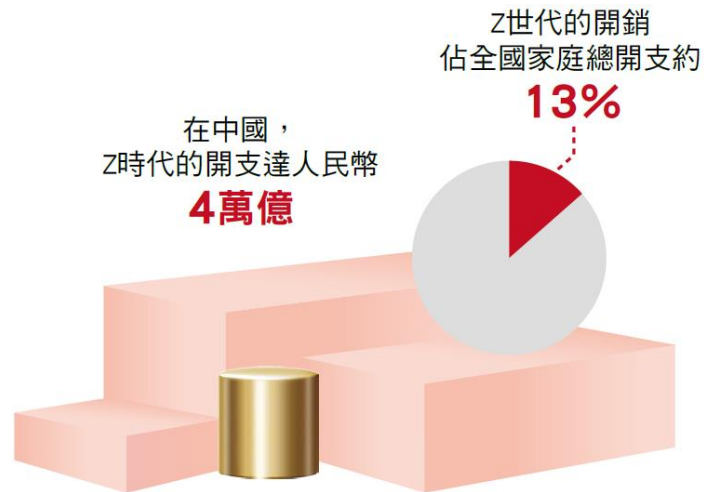
2020-2025 年中國護膚品市場規模預測



As the global population structure changes gradually, the people of different generations grow in different environments and thus have their own values and consumption ideas. Nowadays, Gen Z is the focus of the new era and people pay attention to their development.

There are about 260 million Gen Z populations. They grow in the information era. As they enter the workforce, many business opportunities with the Gen Z as the target emerge one after another. As a group of consumers, their consumption power Gen Z is not lower at all and becomes the focus on the market.

The expense amount of the Gen Z reached up to RMB 4,000 billion, occupying 13% of the total household expenses in China.



資料來源：OC&C(無國界的一代)

Pursuing a feeling of ease, the Gen Z selects skincare products carefully and rationally. As the cosmetics market develops naturally, more than 40 % of consumers pay more attention to the safety of cosmetic products. The Clean Beauty idea of products without hazardous substances, zero harm, safe and innocuity has become a hot spot of the industry. For the Gen Z, the skin tolerance and the safety of skincare products have gradually become the key considerations when they select skincare products. The number of related online trending searches is increasing.

消費者護膚態度



資料來源：美國時裝技術學院 FIT
《2018 FIT Transparency Perception Assessment Survey》

Clean Beauty
——全球護膚美容界關注焦點



Clean Beauty是原先天然
有機、無添加理念的進階
追求，進一步延伸到追求
不含有害物質、零傷害、
完全無毒的護膚技術。

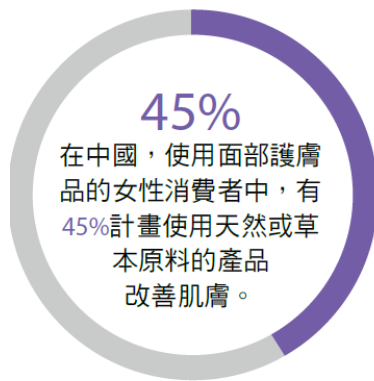
品牌舉例：Drunk Elephant醉象

資料來源：根據互聯網公開資料整理

The Gen Z embraces skin environmentalism and prefers natural plant extract ingredients. More consumers in China are willing to pay more for natural and safe ingredients in recent years, especially the Gen Z. The consumption of natural plant-based skincare products grows very rapidly in comparison with other generations. Hot natural plant ingredients include fruit acids, aloes, and tea trees.

天然或草本原料偏好

2019 Z世代天貓國際熱門消費
天然植物成分舉例



資料來源：英敏特《2018 全球護膚品四大趨勢》



數據來源：CBNData 消費大數據
數據說明：詞云大小代表消費熱度

B. Market of the aesthetic medicine:

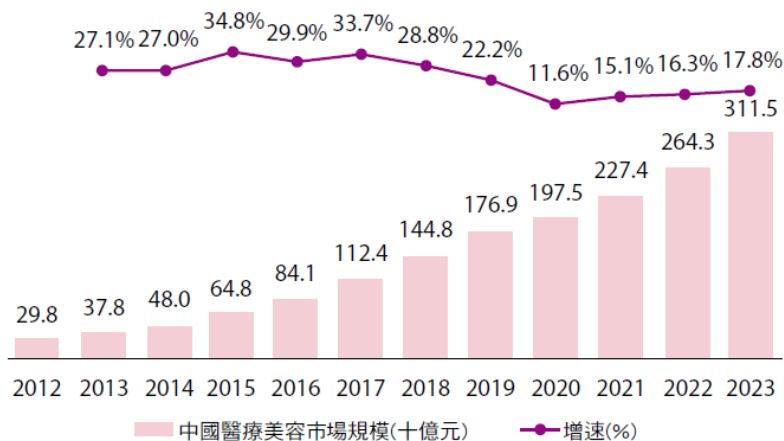
The industry developed rapidly from 2013 to 2017 and many institutions emerged in this period. The demand of the consumers is affected by the influencer culture and grows dramatically.

2018 was the turning point at which the development of the industry slowed down. Many large and small institutions faced the challenge of low profit and the market demand and supply did not match with each other. As for the demand, consumers cannot identify legal institutions and physicians easily. Some potential consumers are hesitant due to the frequent medical beauty related accidents. As for supply, medical beauty institutions in the private sector have the difficulties in attracting customers and maintain customer emotional relationship due to lack of medical and operational talents.

The development strategies of the industry were affected by the COVID-19 pandemic in 2020. The industry is expected to conduct self-adjustment and reform in the following 3–5 years and the market will recover gradually.

The number of customers in the medical beauty industry will predictively reach up to 254.83 million in 2023 (The CAGR was 16.8% from 2019 to 2023.)

2012-2023 年中國醫美市場規模



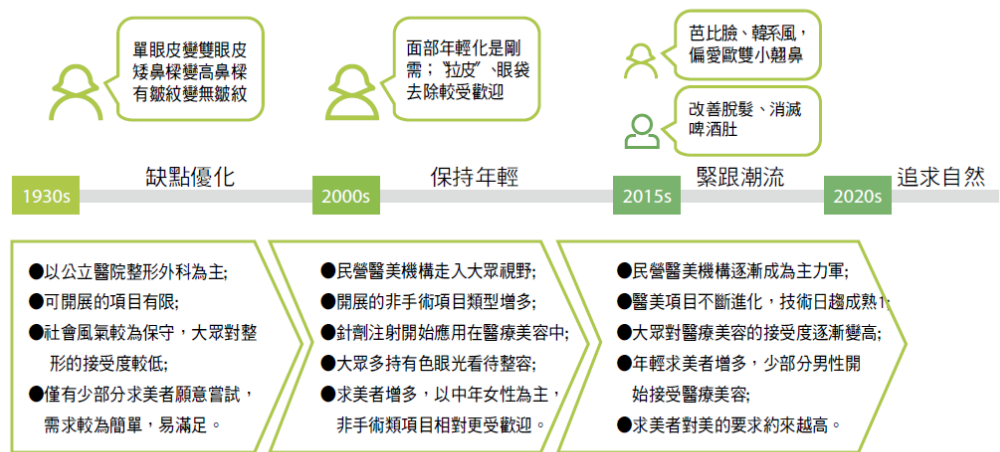
來源：艾瑞諮詢研究院根據公開數據、企業財報、專家訪談、艾瑞獨立數據建模核算及繪製

The market of aesthetic medicine was very popular and grew dramatically in 2015 thanks to the economy of beauty.

The technique of cosmetic surgery in China becomes more mature with the development of the industry. The price of raw materials such as hyaluronic acid and botulinum toxin drops and the photoelectric equipment is upgraded continuously. The consumers pursuing beauty can receive upgraded medical beauty services.

In recent years, the people who “want to be more beautiful” are not limited to women anymore. More and more men (about 10%) are willing to become “beautiful” through medical beauty treatment.

2020 年中國醫美行業發展歷程及求美者審美趨勢

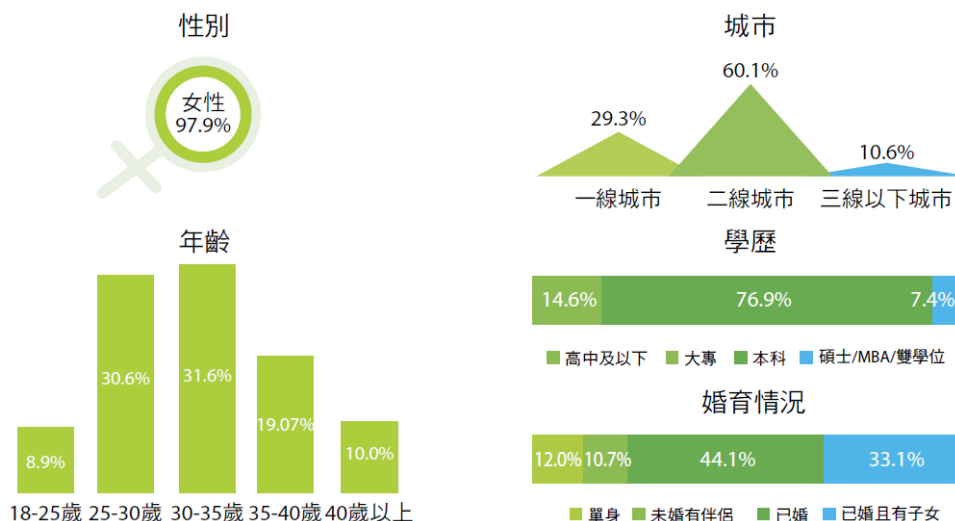


來源：艾瑞諮詢研究院根據公開材料、專家訪談等自主顏究及繪製

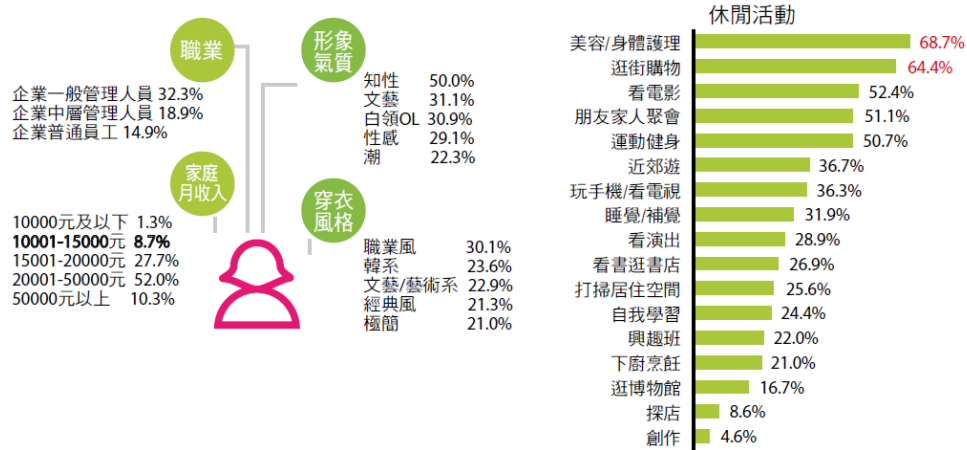
Women at the age from 25 to 35 are the main consumer groups of medical beauty products. Most of them live in the first-tier and second-tier cities and are married.

They are mostly engaged in management work with a monthly household income of RMB 20 thousand to 50 thousand. They enjoy medical beauty and window shopping.

2020 年中國醫美用戶人群畫像 (1)

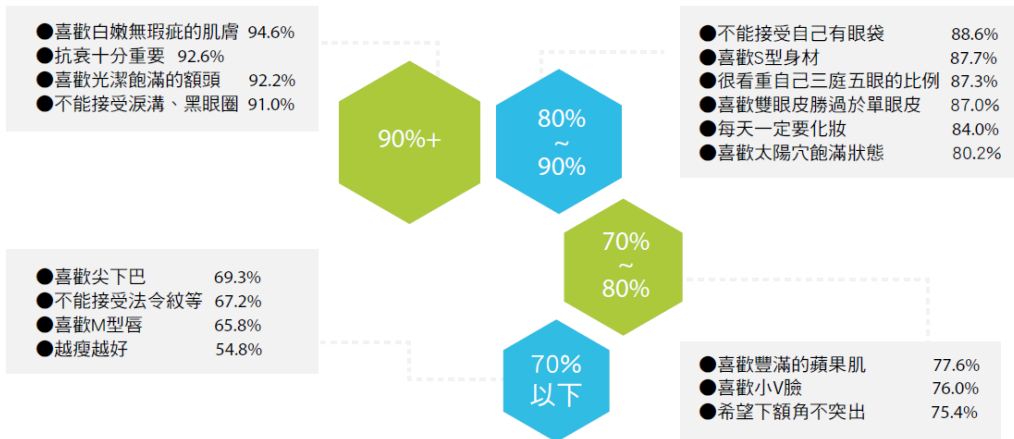


2020 年中國醫美用戶人群畫像 (2)



They love white and tender skin, never accept eye puffiness and dark circles, and prefer an hourglass figure rather than the “beauty of slimness.”

2020 中國醫美用戶人群審美觀念



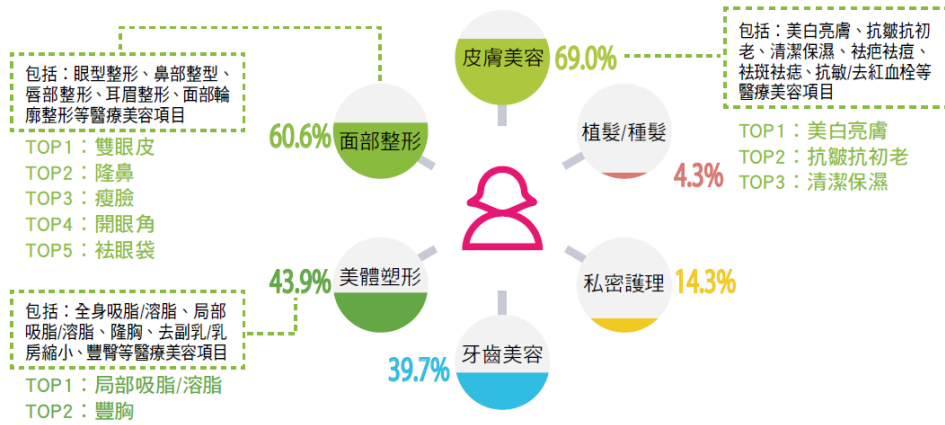
樣本：醫美已有用戶。N=700; 艾瑞諮詢研究院於 2020 年 3 月透過 Click 在線碼研獲取。

The skin treatment projects are “basic” to the consumers and nearly 70% of them have purchased these products.

Skin whitening and brightening projects are most popular among medical beauty consumers because they aesthetically believe “a white complexion is powerful to hide hundred defects.” About 60% of the medical beauty customers have purchased facial cosmetic surgery projects. The double-eyelid surgery, cosmetic nose surgery, and facial skinning are the most popular projects.

43.9% of the medical beauty customers have purchased body shaping projects, in particular liposuction/lipolysis and breast enlargement.

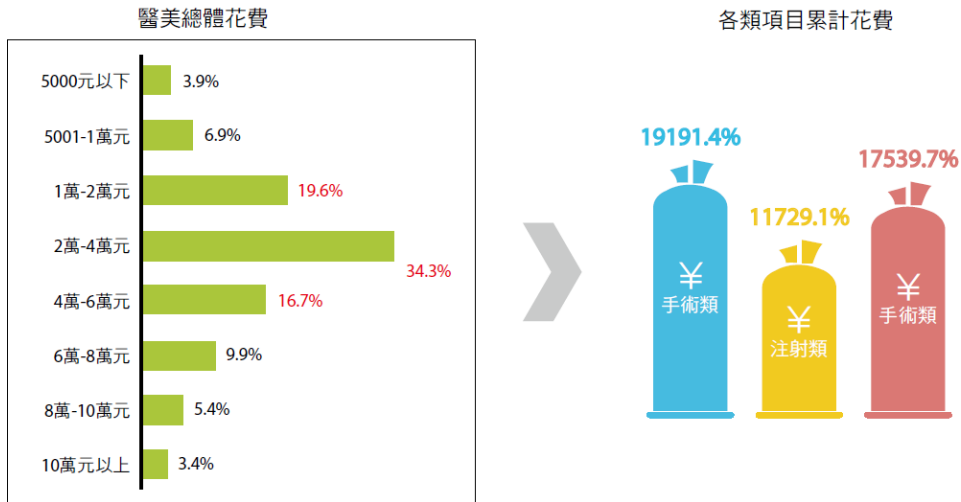
2020年中國醫美用戶購買情況



樣本：醫美已有用戶。N=700；艾瑞諮詢研究院於2020年3月透過Click在線碼研獲取。

About 70% customers have accumulatively annual spent RMB 10 thousand to 60 thousand on medical beauty. On average, customers have spent RMB 1,919.4 on surgery projects and most of them bought one project only once. However, most of them bought injection and photoelectronic projects repeatedly. Some of them bought the same medical beauty project more than one time. On average, customers have spent RMB 11,729.1 and RMB 17,539.7 on injection and photoelectronic projects, respectively.

2020年中國醫美用戶消費水平



樣本：醫美已有用戶。N=700；艾瑞諮詢研究院於2020年3月透過Click在線碼研獲取。

4) Competitive Niche

A. Differentiation in market size

The increased purchasing power and inflation in China have resulted in surging prices of commercial land and also the sudden hike in the cost of opening a store, which puts a barrier to quick expansion of stores. The Company, however, owns a market size consisting of 4,597 stores in Mainland China as of the end of March 2021 to serve densely populated cities along the southeast coast up to the northwest areas. People in these areas are entitled to consistent quality services provided by Chlitina. We are now a benchmark brand and corporation of scale on the beauty market in Mainland China. Systematic regional management has helped effectively reduced relative store opening cost and makes immediate devotion to market

operation possible to create “the great will get greater” magnetic effect and to expedite expansion of operational sites and sufficiently ensure the leading position in terms of the market size that is uneasy to be exceeded by competition.

With the overall deployment and operation in Mainland China and combining the domestic brand awareness and influence at the moment, we are sufficiently powerful to develop into county-level cities without being deployed by Chlitina in the future to improve the consciousness of beauty. Meanwhile, we also precisely penetrate the daily life circle with consistent service specifications and quality. For different areas, we continue to reinforce classified management to enhance the store expansion speed and take care of the store expansion quality at the same time to seize the potential market with limited brand share. In 2021, the Company will invest certain resources in county-level cities without any brand deployment to strengthen the sustainable development of the local markets.

In addition, as of the end of March 2021, the Company owns a market size consisting of 218 and 22 franchised stores in Taiwan and in Southeast Asia, respectively, and the development is at the ultra-high speed stage. The Company intends to copy the successful experience in Mainland China and modify it in order to apply it to other markets around the world to realize quick scale-up expansions.

B. Autonomous product R&D capabilities

The Company has enriched formula development experiences and is capable of designing products with the best CP ratio according to price positioning on the market. Our outstanding product lines include home supplies and professional care packages to support professional skin care regimens.

The Company is capable of autonomous research and development and owns a complete product line. It can develop various kinds of tailored quality products reflective of the different climate zones and personal skin conditions to address the needs of Asian skin and to meet the needs of the market in Mainland China known for its large territory and stiff competition

The products of the Company, with its own formula design and development of the manufacturing technique to differentiate itself on the market, cannot be reproduced in either quality or efficacy. Most cosmetics companies on the market have an R&D department that relies on suppliers to provide the formula and have raw materials coming from specific manufacturers. As a result, they cannot change the formula or raw materials on their own and have no control over the cost. Meanwhile, our production facilities are certified by both the UK Intertek GMP and ISO 9001; the quality is highly recognized. The advanced vacuum emulsifying and mixing process and continuous cooling system, the high-speed cutting and mixing process, and the micro-flow collision high-pressure homogenizing process, among other protection technologies are combined to ensure outstanding quality.

In 2021, the Company will further invest in the research and development in regenerative medicine. The hope is to improve the competitive advantages of existing products, existing channels, and cosmetic medicine channels applying the technology and medical efficacy.

C. Advantages of Self-Brands

Brands reflect products or corporate core values. Chlitina, with many years of history on the consumer market in Mainland China, has become a well-known brand and also a high-end and highly well-reputed one. Its consumers are perceived as people with a personal taste and social status. Therefore, it is a successful example that counterparts look up to. The Company also has pleasant partnerships with all parties concerned, making it a role model in terms of sound and steady operations.

D. Outstanding Training Capabilities

Training is key to maintaining service quality and winning recognition among consumers. As one of the most capable quality beauty franchises in Mainland China in terms of training, the Company owns a training academy that can accommodate more than 2,000 people at the

same time. Since 1997, it has been meant to provide training to quality beauty professionals and talent. Focusing on developing a continuous career path, the training consists of three stages for beauty elites; they are Basic Training, Beauty Ambassador, and Advanced Adviser. The classes cover different topics, including corporate culture, beauty regimen planning, personal professional image shaping, lecturer education, customer mindset and talking points, store management practice, basic/high-end products and general skin care skills, advanced warehouse management and market exploration ability, business development advanced seminars, as well as new products and skin care knowledge, among others.

For managers wishing to join the franchise, systematic training that is suitable for new and existing store managers is provided and relatively mature franchisees on the market are encouraged to share their successful stories so that new franchisees can get on the right track as soon as possible and devote themselves to operations on the market and operational risk may be reduced and management may be effectively united.

E. Vertical Integration of Industrial Chain

The Company has the development and production of the formulas for skin care products in the upstream and the production and packaging of skin care products and also the distribution of skin care products in the downstream within its own control. The operational values of the Company including R&D, production, distribution, brand, and channels form the complete integrative advantages in the big health industry.

5) Advantageous and Disadvantageous Factors and Countermeasures for the Development Vision

A. Advantageous Factors

(A) Cluster Effect of Well-Known Brand Franchises

The competition among brands on the beauty market in Mainland China is fierce and Chlitina owns more than 4000 physical operation sites on the Mainland China market, thanks to its years of devotion to the local market and the consolidated brand loyalty established as such, which effectively reinforces the approval and preference among the general public. Meanwhile, the cluster effect contributes to “the great will get greater” magnetic effect so that the corporate territory can be steadily expanded.

(B) Rooted Corporate Image

Chlitina was honored by the “China Well-Known Trademark” in 2011; it is the highest corporate trademark approved by the State Administration for Industry and Commerce of the People’s Republic of China. Other well-known corporate brands that have also been honored by such trademark include Acer, BenQ, Uni-president, Giant, among others. The trademark means that the brand awareness, good will, and customer service are well recognized by both the government and consumers.

Meanwhile, Chlitina saves no effort in its corporate social responsibilities (CSRs) by proactively taking part in and organizing social care events and sponsoring cultural and artistic events. Taking advantage of its own resources, the Company is making the best of the selfless “loving and sharing” spirit so that those in need can feel the warmth from society. The physical devotion to charities is well received as it means that the corporate brand is highly approved by the general public and by the government. This services as the absolute market niche.

(C) Mainland China’s Strategy to Increase Domestic Demand to Drive the Economy and New Urbanization

According to the Statistical Communique of the People’s Republic of China on the 2020 National Economic and Social Development released by the National Bureau of Statistics of China, the GDP growth rate in Mainland China was 2.3% and the value added by the third industry accounted for 54.5% of the gross domestic product. Driven by multiple factors, such as industrialization, informationization, and consumption upgrade, the third industry, especially the service sector, grows stably and continuously. The annual per capita disposable income

increased by 4.7%. Excluding the price factor, the real growth rate was 2.1%. The urbanization process and increased per capita disposable income of urban residents indicates the great potential of the consumer product market in China, especially the cosmetics and service industries.

(D) Professional Talent Education

Chlitina owns an educational training center that is about 6,000 square meters in area in Songjiang, Shanghai. The European-style elegant building and modern hardware space houses various specialized classrooms and dormitories for centralized management. The most professional and advanced service skills and knowledge training is provided. New students have correct concepts created and build brand awareness as soon as they begin training. Focused on continuous career development, the beauty elite training consists of three stages, namely Basic Training, Beauty Ambassador, and Advanced Adviser. Classes cover contents such as “basic store management program for new franchisees,” “basic/high-end product and general skin care skills,” “advanced warehouse management and market expansion capabilities,” “business development advanced seminar,” “new product and skin care knowledge,” among others. Outstanding beauty professionals receive the required training. Consistent high-quality services are provided to meet the manpower demand while the number of stores keeps growing. Software and hardware are upgraded simultaneously. Best results are accomplished by word of mouth and brand visibility. On a market with fierce competition, Chlitina has gradually accumulated explosive growth momentum.

(E) Regulations Governing Services Provided in the Beauty Sector

The requirements of Chlitina for systems and guidelines are all in compliance with regulations governing services provided in the beauty sectors promulgated in Mainland China and through organized education and counseling, more rigid requirements are communicated in order to stand out in the mist of competition in beauty business.

(F) Self-owned R&D Capabilities and R&D in Regenerative Medicine

a. Fundamental Research

Experienced R&D people constantly collect and analyze various latest publications and study reports on skin physiology to be the basis for their research and production so that the benefits and forward-looking nature of products can be ensured. The research includes the aging mechanism, cause for melanin to occur and synthesize, skin moisturizing and reconstruction of the barrier mechanism, and allergic and immune response, among other biochemical pathways. Active ingredients capable of antagonizing, promoting, or inhibiting various biochemical reactions are being sought in order to come up with products with powerful and comprehensive formula functionality.

b. Formulation Research

Professional knowledge such as interface chemistry and colloid chemistry is flexibly applied to different formulations such as soluble, melt adhesive, dispersion, suspension, emulsion and microemulsion, and nano-emulsion to design formulas that are well received by the senses, such as enhanced, extended-release, tactile, fragrant, and skin feel.

c. Process Research

Different mechanical forces are applied (such as mixing, cutting, shredding, grinding, and homogenizing) to realize consistent and steady mass production quality. Senior researchers combine three professional techniques and experiences to constantly develop novel products for which mass production is possible and whose quality is stable.

d. Research in Regenerative Medicine

Experts in the field of regenerative medicine at well-known national research institutes are combined to apply the R&D advantages and results of regenerative medicine to existing products and existing channels and to contribute to the innovation of products and regimens.

B. Disadvantageous Factors and Countermeasures

(A) Change in Cosmetologists

Professional beauticians are the mainstay of beauty salons, it takes two years to complete the educational training. However, due to the high turnover rate in the overall environment, the skills of beauticians vary from one another. In addition, due to fierce market competition, it's easy to cause the high turnover rate of professional beauticians.

Response measures:

Internal statistics show that the retention rate among cosmetologists who have attended centralized corporate training twice within a year can reach above 90%. The original centralized training and education that occur at the main office is now changed to take place at respective areas in provinces throughout the country in order to reduce the time, transportation, among other costs, spent and to accordingly enhance the staff retention rate. Meanwhile, product information may be updated at any time and the latest service educational training may be provided.

Chlitina owns the complete educational training mechanism. The training available for beauty elites consists of three stages; they are Basic Training, Beauty Ambassador, and Advanced Adviser. Reinforced learning is provided to meet the needs for market deployment and reflect the learning phase. Intensive educational learning programs are organized to provide complete and long-lasting professional human resources.

(B) Changing Commodity Prices Affect Operational Cost

Due to the fact that products of Chlitina feature extract essence from natural plants, major raw materials, including Rose vanilla pollen, marine algae, vitamin, amino acids, and various types of precious plants, come from different places and this results in the production cost being affected by the availability of raw materials because of the climate. As far as the packing materials are concerned, there is paper, plastic, and glass and the importation prices of these materials are also affected due to fluctuating crude oil prices.

Response measures:

Despite the fact that the fluctuating prices in botanical materials and crude oil have slightly driven up the costs of commodities and hardware, the overall expanded systematic scale relatively reduces the operational cost. Besides this, the main source of cost for Chlitina comes from the operational cost of channels that offer exquisite services. Compared to pricing of products, the costs of raw materials account for a relatively small weight for the Company. Meanwhile, educational training for staff and the organization adds to the value of service and by applying digital technology, distant education and circulation of information are boosted, which can also relatively reduce the cost of training.

2. Important purpose and production process of major products

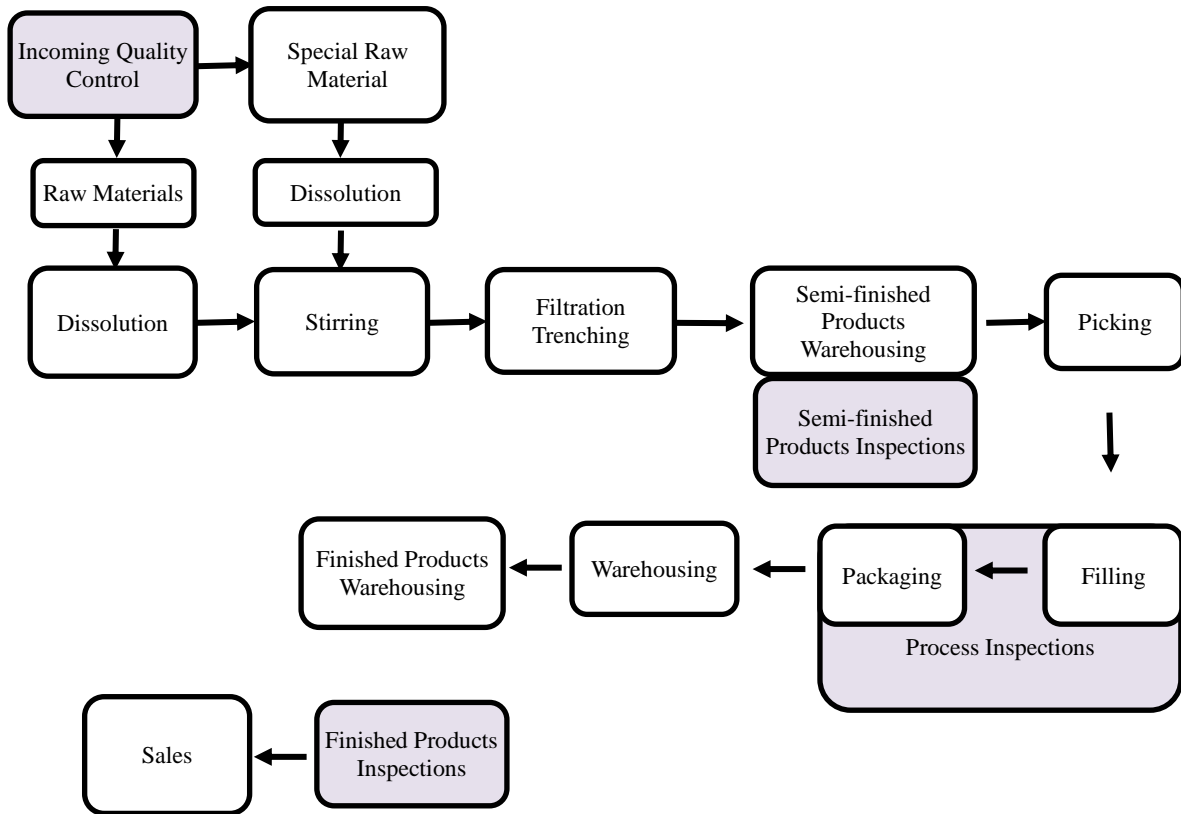
(1) Important purpose of major products

The Company mainly supplies skin care and beauty care products for use by women on their face to care for their skin and to accomplish whitening, softening, wrinkle-removing, and anti-aging effects. The distribution, on the other hand, is done through brand franchising. That is, the Company provides franchisees with educational training and helps them train skin care cosmetologists. Goods are supplied centrally by the Company to franchised stores as well and consistent corporate logos are created. Only the Company's products are allowed at franchised stores.

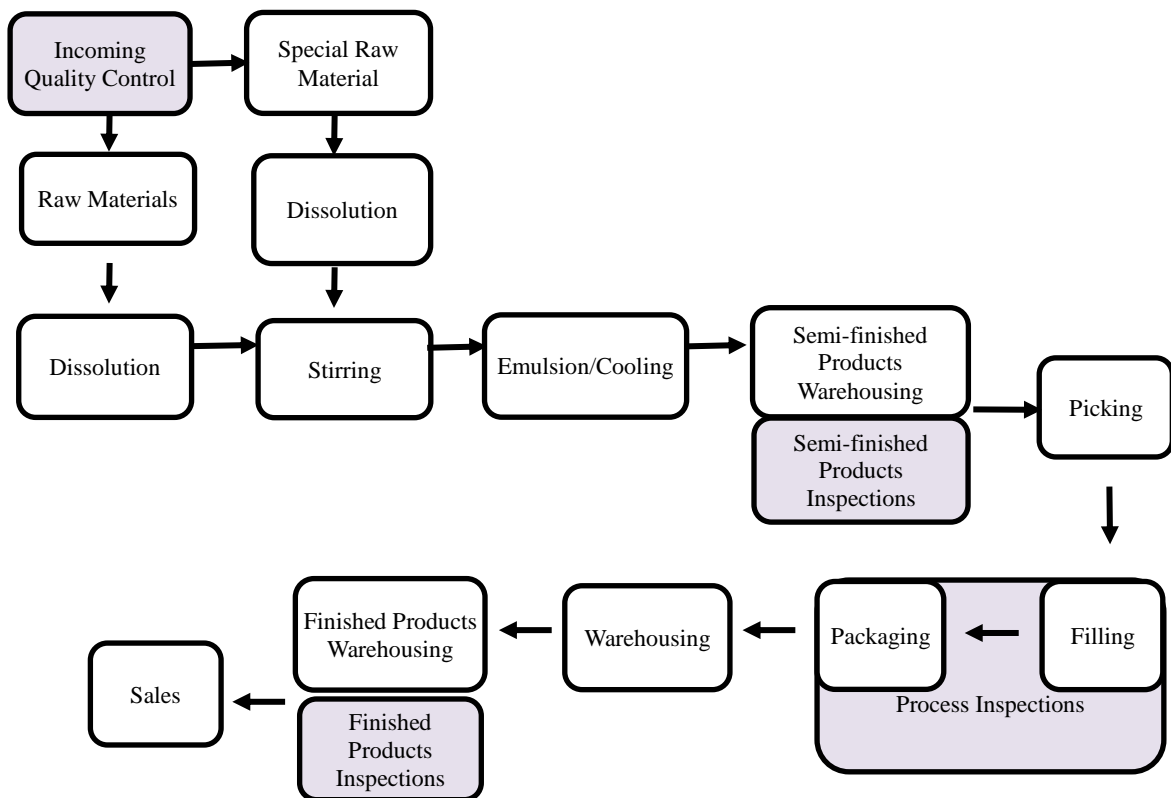
(2) Production process of major products

For the Company's products, according to the production equipment, facilities, and production capabilities, production qualification for the following two categories, was acquired. They are general liquids (cleansing, skin care liquids, and gelatin), and ointment/cream/emulsion (skin care cleansing and hairstyle), the process flow goes as follows:

General liquid unit production work order process:



Creams and lotions unit production work order process:



3. Supply for main materials

The primary raw materials of beauty skin care products manufactured by the Company include chemicals, semi-finished products, and packing materials, among others. They come from numerous suppliers and supplies of primary raw materials over the past three years have been desirable. To ensure a steady supply of materials and products that meet pre-defined criteria for quality at favorable prices, the Company has signed annual contracts with the key suppliers to guarantee supply volume for the year at better than market prices. In addition, the Company has taken the extra step of auditing and managing the key suppliers to ensure the timely delivery of raw materials and their quality. This year, the strategy is to develop relationships with more reputable manufacturers domestically and offshore, and international raw materials suppliers. In terms of the respective raw materials and ordinary materials, the Company maintains the supply from several suppliers and keeps long-term favorable partnerships with respective suppliers to ensure steady sources of supply. The Company also works in collaboration with the suppliers and develops together.

4. Descriptions of Major Changes in Gross Profits by the Primary Product or Department over the Past Two years

Major changes in gross profits by the primary product or department over the past two years
Unit: NTD 1,000

Item	Year	2019	2020
Operating revenues		5,138,879	4,055,996
Gross profit		4,320,468	3,451,425
Gross profit ratio		84.07%	85.09%
Rate of change in gross profit ratio		1.87%	1.21%

5. List of Primary Purchases and Sales Customers

- (1) Names of suppliers accounting for 10% of total purchases or more in any year of the most recent two years and the value and ratio of purchases from them, with descriptions of reasons for the increase or decrease.

Purchases made by the Company are mainly chemical raw materials, semi-finished products, packing materials, and healthy drinks, among others. In terms of chemical raw materials, semi-finished products, and packing materials, there are several suppliers and no shortage or interrupted supply of goods has happened. There are no single supplier accounting for 10% of the net purchases of the Company over the past two years; therefore, there is no risk of purchase concentration. Generally speaking, changes in suppliers over the past two years should be reasonable.

- (2) Names of customers accounting for 10% of total sales or more in any year of the most recent two years and the value and ratio of sales to them, with descriptions of reasons for the increase or decrease:

The Company's products are mainly sold in China's domestic market and it is positioned as a franchise brand on the market. It is meant mainly to create a brand platform and maintain a marketing network and keeps a brand franchise relationship with all franchisees. In recent years, the successful expansion in business operation of the Company's franchised stores contributed

to the steady growths in the Company's sales, causing the increase in the number and the decentralization of the Company's sales customers. There are no single sales customer accounting for 10% of the net sales of the Company over the past two years; therefore, there is no risk of sales concentration. Generally speaking, no major abnormalities were found with sales customers over the past two years.

6. Production Volume/Value and Variation Analysis Over the Past Two years

Unit: kpcs; NTD 1,000

Year of production Production volume/value Major products	2019			2020		
	Through put	Production volume	Production value	Through put	Production volume	Production value
Face skin care products	19,312	7,631	363,242	23,609	8,512	313,981
Body products		49	4,327		205	9,627
Others		98	8,901		104	6,944
Total	19,312	7,778	376,470	23,609	8,821	330,552

7. Sales Volume/Value and Variation Analysis Over the Past Two years

Unit: kpcs; NTD 1,000

Year Sales volume/value Item	2019				2020			
	Importation		Exportation		Importation		Exportation	
	Sales volume	Sales value	Sales volume	Sales value	Sales volum e	Sales value	Sales volume	Sales value
Face care products	144	125,581	4303	4,631,547	160	120,255	3954	3,591,535
Body products	9	2,265	67	62,775	5	1,049	66	54,516
Othe rs	51	12,228	1,664	304,483	55	15,817	1304	272,824
Total	204	140,074	6016	4,998,805	220	137,121	5324	3,918,875

III. Number of practitioners over the past two years

Item		2019	2020	2021 up to the end of March
Number of employees	Manager	103	120	122
	Ordinary staff	634	611	600
	Production line employees	46	45	7
	Total	783	776	729
Average age		35.61	36.07	36.31
Average years of service		4.2	4.52	4.49
Education distribution	Doctorate	0.38%	0.13%	0.14%
	Master's degree	2.94%	3.99%	4.53%

ratio %	University/college	77.65%	79.12%	85.85%
	Senior high school and below	19.03%	16.75%	12.48%
	Total	100.00%	100.00%	100.00%

IV. Environmental protection expenditures information

In the overall factory production chain, cosmetics and care products belong to the “low-contamination and high-tech” environmentally friendly business category. The production focuses on formula research and precise reconstitution and packaging of biotech raw materials. The Company applies vacuum emulsifying and mixing, continuous cooling, high-speed cutting and mixing, and the micro-flow collision high-pressure homogenizing process, among other advanced processes to create each marvelous quality care and cosmetic products with pure and clean natural raw materials.

1. As is required by law, for those that should apply for a permit for setting up contamination facilities or a permit for contamination emissions or should pay pollution prevention and control fees or should have an environmental protection unit and staff, the application, payment, or establishment statuses are described as follows:

The Company’s subsidiary Weishuo Company has a production factory in Shanghai, China where ISO9001 Quality and 14001 Environmental Management System are enforced and Good Manufacturing Practice criteria are complied. Meanwhile, it is certified for HACCP (Hazard Analysis and Critical Control Point) compliance. The environmental assessment report was obtained as soon as the factory was first established. Also, because the premises were rented from the related party and the volume of contaminated water generated during production and to be discharged is yet to reach the criteria of control, it is now discharged into the sewer after having been treated through the water treatment equipment and gone through biochemistry treatment of Kelti (China) and the said related party has also obtained the water discharge permit. In addition, as far as waste treatment is concerned, contracts have also been entered into with qualified waste treatment service providers to ensure periodic treatments.

2. List investments of the Company in major equipment to help prevent against environmental pollution and the purposes as well as possible benefits: None
3. Contamination disputes in the Company’s effort to correct environmental pollution over the past two years up to the date on which the annual report was printed and describe the management process: None.
4. The losses borne by the Company due to environmental pollution (including damage compensation and violation of environment regulations disclosed in the environmental protection audit result; the date of punishment and document number, the provision violated, the violation, and the punishment shall be listed) in the most recent year and up to the date the annual report was printed and disclose possible estimated values and countermeasures at present and in the future; if they cannot be reasonably estimated, descriptions of facts that they cannot be reasonably estimated should be provided: None
5. Explain current pollution status and the impacts of its correction on the Company’s earnings, competitive advantages, and capital expenditure and estimated major environmental protection-oriented capital expenditure in the coming two years: None.

V. Relations between employees and employer

1. List the various benefits, continuing education, training, and retirement systems available at the Company and their implementation status and the agreement between the employer and employees and measures on the protection of various employees’ rights:

(1) Employee benefit measures and implementation status

The main location of operation for the Group is Mainland China where the benefits provided by the Company include those required by the Law of the People’s Republic of China on Employment Contracts, the Regulation of Shanghai Municipality on Labor Contracts and

labor insurance and health insurance in compliance with the local government’s requirements. Besides benefits under applicable China laws, regulations, and policies, the Company also provide employees with various kinds of allowances, bonuses, vacations, cultural and recreational activities, continuing education programs, social insurance, among others.

Employee benefit measures of Taiwan branch:

- a. Insurance: Group business insurance.
- b. Remuneration: Performance bonus, bonus to employees, gifts (cash) for three festivals and year-end bonus.
- c. Benefits: Birthday gifts, weddings, funeral and maternity gifts, year-end parties, and a pregnancy-friendly environment.
- d. Health and leisure activities: Department dinner for the staff.

(2) Continuing Education and Training

Talent is the most important core competitive advantage of the Company and continuing education and training help inspire personal potential of employees and boost their knowledge so that labor can be effectively utilized and the overall management performance of the Company may be enhanced to accordingly fulfill the operational goal of the Company. In order to improve employees’ quality and skills at work, when new hires report to work, the pre-service training is given and the Company conducts general and specialized training as needed from time to time. Long-term management and training are provided to employees at respective management levels through e-learning. The number of participants in the internal and external training (including legal compliance with the ethical management, products and accounting systems) organized by the Company in 2020 was 157 persons with a total of 1,256 hours.

(3) Retirement system and implementation status

Since July 1, 2005, Taiwan Branch of the Group has established the defined retirement contribution system applicable to employees with native nationality according to the “Labor Pension Act.” Taiwan Branch of the Group contributes the pension no less than 6% of the salary to the exclusive personal account at the Bureau of Labor Insurance based on the labor pension system of the “Labor Pension Act” selected by the employee. The payment of employee pension is paid on a monthly basis or in a lump sum based on the amount from an employee’s individual labor pension account and the accrued dividends.

The subsidiary in Mainland China contributes the pension based on certain ratio of the employee’s total monthly salary according to the old-age pension system regulated by the government of the People’s Republic of China. The pension of the employees is managed and organized by the government and the Group has no further obligation other than the allocation each month. The details related to the defined contribution pension plan are as follows:

<u>Competent Authority</u>	<u>Beneficiary</u>	<u>Pension Appropriation Rate</u>
Province and city governments in Mainland China	Employees of all the subsidiaries in Mainland China	16%

The subsidiary, Hong Kong Chlitina, implemented the mandatory pension plan for employees hired according to the Employment Ordinance in compliance to the regulations of the Mandatory Provident Fund Schemes Ordinance, Hong Kong. The plan is a pension plan with fixed contribution managed by the independent trustee. In addition, according to the regulations of the plan, the employer and the employee shall contribute 5% of the employee’s relevant income separately. Since June 2014, the ceiling of relevant income each month increased from HK\$ 25,000 to HK\$30,000 concerning the contribution to relevant regulated account. The Group has no further obligation other than the allocation each month.

The pension costs recognized by Group based on the previous pension method in 2020 and 2019 were RMB 6,369,000 (NTD 27,266,000) and RMB 14,148,000 (NTD 63,223,000)

respectively.

- (4) Employer–employee agreement and measures to protect various rights of the employees
 Besides establishing work rules as required by law in order to clearly specify the various labor conditions and to protect employees’ rights, the Company has the employee complaint channel available so that the various rights of employees may be handled fairly and reasonably in various ways. Up to date, the Company has not experienced any major employer–employee disputes.
2. List the losses borne by the Company due to employer-employee disputes (including damage compensation and violation of the Labor Standards Act disclosed in the labor inspection result; the date of punishment and document number, the provision violated, the violation, and the punishment shall be listed) in the most recent year and up to the date the annual report was printed and disclose possible estimated values and countermeasures at present and in the future; if they cannot be reasonably estimated, descriptions of facts that they cannot be reasonably estimated should be provided: The employer-employee relations of the Company have been harmonious. No major losses have ever occurred due to employer-employee disputes. It is estimated that no such major losses will occur due to employer-employee disputes in the future, either.

VI. Important Contracts

(I) Weishuo (Shanghai) Daily Product Limited

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Technology developed	Tongji University	12.21.2017–12.20.2022	Products R&D	None

(II) W-Amber (Shanghai) Trade Limited

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Lease contract	Company A	March 10, 2019 – December 31, 2028	Housing leasing	Confidentiality clauses

(III) Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd.

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Lease contract	Yang O da	January 1, 2019 – April 30, 2028	Housing leasing	None
Lease contract	Company B	May 16, 2019 – December 31, 2028	Housing leasing	Confidentiality clauses

(IV) Hong Kong Chlitina International Limited

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Collaborative agreement	Company C	Contract date January 14, 2020	Equity investment and exclusive agency	Confidentiality clauses

Chapter 6 Financial status

I. Summary of the financial information for the most recent five years

1) Summary of Balance Sheet

Unit: NTD 1,000

Item	Year	Financial information for the most recent five years					Wednesday, March 31, 2021 (Note 1)
		2016 (Note 1)	2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	
Current Assets		4,260,197	4,194,313	4,768,842	5,944,434	5,918,531	
Real estate, plant and equipment		975,309	1,057,140	1,363,566	1,367,720	1,376,374	
Intangible assets		39,037	58,861	76,028	99,394	78,790	
Other assets		335,407	81,490	179,905	742,415	1,590,091	
Total assets		5,609,950	5,391,804	6,388,341	8,153,963	8,963,786	
Current Liabilities	Before distribution	2,029,827	1,899,222	2,245,959	3,110,733	2,818,687	
	After distribution	2,541,347	2,535,160	3,199,867	4,144,134	Note 2	
Non-current liabilities		20,301	10,779	28,831	661,429	1,736,784	
Total liabilities	Before distribution	2,050,128	1,910,001	2,274,790	3,772,162	4,555,471	
	After distribution	2,561,648	2,545,939	3,228,698	4,805,563	Note 2	
Total equity attributable to the owner of parent company		3,559,822	3,481,803	4,113,551	4,381,801	4,408,315	
Capital stock		794,924	794,924	794,924	794,924	794,924	
Additional paid-in capital		1,456,484	1,456,484	1,351,932	1,351,932	1,375,164	
Retained earnings	Before distribution	1,533,427	1,605,021	2,306,734	2,784,904	2,711,031	
	After distribution	1,021,907	1,088,321	1,352,826	1,751,503	Note 2	
Other equities		(181,806)	(258,063)	(340,039)	(549,959)	(472,804)	
Treasury stock		(43,207)	(116,563)	-	-	-	
Uncontrolled equity		-	-	-	-	-	
Equity	Before distribution	3,559,822	3,481,803	4,113,551	4,381,801	4,408,315	
	After distribution	3,048,302	2,845,865	3,159,643	3,348,400	Note 2	

Note 1: The Company was founded on July 3, 2012. The information in the 2016-2020 summary of balance sheet is on the basis of the financial statements audited and issued by the accountants. As of the issue date, the 2021 Q1 financial statements audited by the accountants have not been released.

Note 2: The 2020 profit distribution is subject to the resolution of the regular shareholders' meetings.

2) Summary of Consolidated Income Statements

Unit: NTD 1,000

Item \ Year	Financial information for the most recent five years					
	2016 (Note 1)	2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	Wednesday, March 31, 2021 (Note 1)
Operating revenues	3,360,584	3,290,702	4,578,513	5,138,879	4,055,996	-
Gross profit	2,698,304	2,666,626	3,778,754	4,320,468	3,451,425	-
Operating profit and loss	1,003,647	803,311	1,562,668	1,789,074	1,120,266	-
Non-operating revenues and expenses	21,419	17,899	105,877	193,178	273,695	-
Pretax income	1,025,066	821,210	1,668,545	1,982,252	1,393,961	-
Continuing departments net income – current period	730,790	582,962	1,218,880	1,432,163	959,636	-
Discontinued operation loss	-	-	-	-	-	-
Current net profit (loss)	730,790	582,962	1,218,880	1,432,163	959,636	-
Current other consolidated profit/loss (net after tax)	(279,566)	(76,105)	(82,443)	(210,005)	77,047	-
Total consolidated income – current period	451,224	506,857	1,136,437	1,222,158	1,036,683	-
Net profit attributable to the owner of parent	730,790	582,962	1,218,880	1,432,163	959,636	-
Net profit attributable to uncontrolled equity	-	-	-	-	-	-
Net profit from total consolidated profit/loss attributable to the owner of parent	451,224	506,857	1,136,437	1,222,158	1,036,683	-
Total consolidated income attributable to uncontrolled equity	-	-	-	-	-	-
Earnings per share (NTD)	9.19	7.41	15.40	18.02	12.09	-

Note 1: The Company was founded on July 3, 2012. The information in the 2016-2020 summary of profit/loss and taxes statement is on the basis of the financial statements audited and issued by the accountants. As of the issue date, the 2021 Q1 financial statements audited by the accountants have not been released.

3) Independent CPAs over the past five years and their audit opinions

Year	Independent CPA	Name of enterprise	Inspection Feedback
2016	Huang, Po-Shu; Yu, An-Tien	KPMG Certified Public Accountants	Unqualified opinions
2017	Lin, Jun-Yao, Zhang, Shu-Qiong	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions
2018	Lin, Jun-Yao, Zhang, Shu-Qiong	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions
2019	Lin, Jun-Yao, Zhang, Shu-Qiong	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions
2020	Lin, Jun-Yao, Zhang, Shu-Qiong	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions

II. Financial analysis for the most recent five years

Year		Financial analysis for the most recent five years					
		2016	2017	2018	2019	2020	March 31, 2021 (Note 1)
Analysis item (Note 1)							
Financial structure (%)	Ratio of liabilities to assets	36.54	35.42	35.61	46.26%	50.82%	-
	Long-term capital accounted for real estate, plant and equipment ratio	367.08	330.38	303.79	368.73	446.47%	-
Debt-paying ability	Current ratio (%)	209.83	220.84	212.33	191.09	209.97	-
	Quick ratio (%)	182.39	192.24	186.90	175.95	190.96	-
	Times interest earned	60.44	48.53	58.20	35.07	27.66	-
Operational ability	Accounts receivable turnover rate (times)	9.92	498.06	1328.84	1776.62	1223.71	-
	Average cash collection days	37	1	0	0	0	-
	Inventory turnover rate (times)	1.41	1.26	1.72	1.90	1.42	-
	Accounts payable turnover rate (times)	4.97	7.42	11.15	9.96	7.43	-
	Average days on goods sold	258	289	212	192	257	-
	Real estate, plant and equipment turnover rate (times)	3.29	3.23	3.78	3.76	2.96	-
	Total assets turnover rate (times)	0.58	0.59	0.78	0.71	0.47	-
Profitability	Return on assets (%)	12.83	10.82	21.07	20.27	11.58	-
	Return on equity (%)	19.47	16.55	32.10	33.72	21.83	-
	Net income before tax accounted for paid-in capital ratio (%)	128.95	103.30	209.90	249.36	175.36	-
	Profit margin (%)	21.75	17.71	26.62	27.87	23.66	-
	Earnings per share (NTD)	9.19	7.41	15.40	18.02	12.09	-
Cash flow	Cash flow ratio (%)	72.62	37.84	58.62	58.94	53.98	-
	Cash flow adequacy (%)	-	-	-	-	-	-
	Cash reinvestment ratio (%)	17.17	5.26	11.21	15.63	7.16	-
Leverage	Operating leverage	1.21	1.31	1.06	1.14	1.28	-
	Financial leverage	1.02	1.02	1.02	1.03	1.05	-

	<p>Please explain the reasons for changes in each financial ratio during the most recent two years. (Analysis is not required if the magnitude of increase or decrease is less than 20%).</p> <p>1、Financial structure Ratio of liabilities to assets: Increase/decrease is less than 20%. Increase in long-term capital accounted for real estate, plant and equipment ratio: Mainly due to the increase of long-term loans, causing the increase in the long-term capital.</p> <p>2、Debt-paying ability Decrease in times interest earned: Mainly due to the decrease in current profit or loss before tax.</p> <p>3、Operational ability Decrease in accounts receivable turnover rate and increase in average cash collection days: Mainly due to the increase of current balance of accounts receivable. Decrease in inventory turnover rate, decrease in accounts payable turnover rate, increase of average days on goods sold: Mainly due to the percentage of the decrease in current sales cost exceeding the percentage of the decrease in inventory balance and accounts payable balance. Decrease in property, plant, and equipment turnover rate: Mainly due to the decrease in current net income of goods sold and increase in fixed assets.</p> <p>4、Profitability Decrease in return on assets: Mainly due to the decrease in current profit or loss after tax and increase in average total assets. Decrease in return on equity = Mainly due to the decrease in current profit or loss after tax and increase in average equity. Decrease in net income before tax accounted for paid-in capital ratio: Mainly due to the decrease in current profit or loss before tax.</p> <p>5、Cash flow Decrease in cash reinvestment ratio: Mainly due to the decrease in net cash flow from operating activities rather than increase in non-current assets.</p> <p>6、Leverage Increase/decrease is less than 20%.</p>
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Note 1: As of the issue date, the 2021 Q1 financial statements checked by the accountants have not been released.

Note 2: The calculation has not been done due to absence of such information as the net cash flows from the operating activities and capital expenditure in the most recent five years.

Note 3: The calculation formula for each financial ratio is shown in the following table:

1. Financial structure

- (1) Liability to asset ratio = Total liabilities / Total assets
- (2) Long-term capital accounted for real estate, plant and equipment ratio = (Total equity + Non-current liabilities) / Net of real estate, plant, and equipment.

2. Debt-paying ability

- (1) Current ratio = Current asset / Current liabilities.
- (2) Quick ratio = (Current asset – Inventory – Advance payments) / Current liabilities.
- (3) Times interest earned = Pre-net income of income tax and interest expense / Current interest expenditures.

3. Operational ability

- (1) Turnover of amounts receivable (including the accounts receivable and notes receivable incurred in operation) = net sales / average balance of the accounts receivables of each period (including the accounts receivable and notes receivable incurred in operation).
- (2) Average cash collection days = 365 / Accounts receivable turnover rate.
- (3) Inventory turnover rate = Cost of goods sold / Average inventory amount.
- (4) Turnover of amounts payable (including the accounts payable and notes payable incurred in operation) = sales costs / average balance of the amounts payable of each period (including the accounts payable and notes payable incurred in operation).
- (5) Average days on goods sold = 365 / Inventory turnover rate.
- (6) Real estate, plant and equipment turnover rate = Net income of goods sold / Average net income of real estate, plant and equipment.
- (7) Total assets turnover rate = Net income of goods sold / Average total assets.

4. Profitability

- (1) Return on assets = $[\text{After-tax income (loss)} + \text{Interest expense} \times (1 - \text{Tax rate})] / \text{Average total assets}$.
 - (2) Return on equity = $\text{After-tax income (loss)} / \text{Average total equity}$.
 - (3) Net profit margin = $\text{After-tax income (loss)} / \text{Net income of goods sold}$.
 - (4) EPS = $(\text{After-tax income (loss)} \text{ attributable to the owner of the parent company} - \text{Preferred stock dividends}) / \text{Weighted average number of outstanding shares}$.
5. Cash flow
- (1) Cash flow rate = $\text{Net cash flow from operating activities} / \text{Current liabilities}$.
 - (2) Cash flow adequacy ratio = $\text{Net cash flow from operating activities during the most recent five years} / (\text{Capital spending} + \text{Inventory increase amount} + \text{Cash dividends}) \text{ during the most recent five years}$.
 - (3) Cash reinvestment ratio = $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross amount of real estate, plant, and equipment} + \text{Long-term investment} + \text{Other non-current assets} + \text{Operating fund})$.
6. Leverage:
- (1) Operating leverage = $(\text{Net income of operating} - \text{Change of operating costs and expense}) / \text{Operating benefits}$.
 - (2) Financial leverage = $\text{Operating benefits} / (\text{Operating benefits} - \text{Interest expense})$.

III. Audit Committee's Report on the Latest Financial Statements

Chlitina Holding Limited Audit Report from the Audit Committee

The Board of Directors has submitted the Company's 2020 business report and financial statements. Independent auditors, Lin, Chun-Yao and Chang, Shu-Chiung of PwC Taiwan, were retained by the Board to audit the financial statements and has issued an audit report accordingly. The business report and financial statements, and earnings appropriation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Attn.

2021 General Shareholders' Meeting of Chlitina Holding Limited

Chlitina Holding Limited
Audit Committee

Convened by: Tsai, Yu-Ching



蔡玉清

March 11, 2021

Chlitina Holding Limited

Audit Report from the Audit Committee

The Board of Directors has submitted the Company's 2020 earnings appropriation proposal. The 2020 earnings appropriation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Attn.

2021 General Shareholders' Meeting of Chlitina Holding Limited

Chlitina Holding Limited
Audit Committee

Convened by: Tsai, Yu-Ching



蔡玉馨

April 20, 2021

IV. Financial statements for the recent year

**CHLITINA HOLDING LIMITED AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2020 AND 2019

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chlitina Holding Limited

Opinion

We have audited the accompanying consolidated balance sheets of Chlitina Holding Limited and its subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance 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 as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Accuracy of sales discounts and allowances calculation and recognition

Description

Refer to Note 4(27) for accounting policy on sales discounts and allowances.

The Group offers sales discounts and allowances to customers based on mutual agreement which is recorded as deduction to operating revenue. Given its mathematical complexity, large volume and its significance in determining the Group's operating performance and financial condition for the investors and key management, we consider it one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Tested whether the internal controls over sales and collection process (including manual and system controls) are effectively designed and performed.
- B. Obtained documentation reviewed and approved by key management to verify whether the estimates and calculation on sales discounts and allowances are accurate.
- C. Tested selected samples of sales discounts and allowances transaction, reviewed the supporting documentation and confirmed whether they are accurate.

Accounting estimates on inventory valuation

Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation and Note 6(5) for details of inventories.

The Group is primarily engaged in the research and development, manufacturing and sales of skincare products. Due to the short expiration dates of its products, the Group is exposed to higher risks of inventory valuation loss or overdue loss when purchase orders are modified or product demand deteriorates unexpectedly. The Group evaluates inventories stated at the lower of cost and net realisable value and recognises provision based on the length of time to the products' expiration date.

Since the amount of inventories is significant, the inventory items are numerous, the evaluation of inventories is subject to management's judgement and the accounting estimations will have a significant influence on the inventory values, we consider the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Assessed whether the policy on the allowance for inventory valuation loss is reasonable based on our understanding of the Group's operations and industry.
- B. Tested whether the market value on which the net realisable value is estimated is consistent with the Group's policy, and validated, on a test basis, the selling price and the accuracy of net realisable value calculation.
- C. Obtained the detailed listings of products' expiration date, and inspected the related supporting documents and proper recognition in the financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance 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 as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Chun-Yao

Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2021

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

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of dollars)

	Asset	Notes	December 31, 2020			December 31, 2019		
			CNY	TWD	%	CNY	TWD	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 1,221,784	\$ 5,347,749	60	\$ 1,267,476	\$ 5,456,484	67
1136	Financial assets at amortized cost - current	6(1)(3)	-	-	-	1	4	-
1150	Notes receivable, net		-	-	-	3	13	-
1170	Accounts receivable, net	6(4)	792	3,467	-	58	250	-
1180	Accounts receivable - related parties, net	6(4)and7	502	2,195	-	163	704	-
1200	Other receivables		6,459	28,273	-	3,333	14,349	-
1210	Other receivables - related parties	7	194	849	-	198	849	-
130X	Inventories	6(5)	106,782	467,385	5	88,870	382,585	5
1410	Prepayments	7	15,676	68,613	1	20,596	88,666	1
1470	Other current assets		-	-	-	123	530	-
11XX	Total current assets		<u>1,352,189</u>	<u>5,918,531</u>	<u>66</u>	<u>1,380,821</u>	<u>5,944,434</u>	<u>73</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	21,618	94,622	1	-	-	-
1535	Financial assets at amortized cost - non-current	6(1)(3)	112,000	490,224	6	-	-	-
1550	Investments accounted for using equity method	6(6)	49,824	218,080	2	4,543	19,558	1
1600	Property, plant and equipment, net	6(7)and7	314,456	1,376,374	15	317,705	1,367,720	17
1755	Right-of-use assets	6(8)and7	131,519	575,659	6	114,688	493,732	6
1760	Investment property, net		17,731	77,609	1	18,725	80,611	1
1780	Intangible assets, net	6(9)	18,001	78,790	1	23,088	99,394	1
1840	Deferred income tax assets	6(24)	12,018	52,603	1	6,987	30,079	-
1990	Other non-current assets		18,573	81,294	1	27,511	118,435	1
15XX	Total non-current assets		<u>695,740</u>	<u>3,045,255</u>	<u>34</u>	<u>513,247</u>	<u>2,209,529</u>	<u>27</u>
1XXX	Total assets		<u>\$ 2,047,929</u>	<u>\$ 8,963,786</u>	<u>100</u>	<u>\$ 1,894,068</u>	<u>\$ 8,153,963</u>	<u>100</u>

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CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of dollars)

	Liabilities and Equity	Notes	December 31, 2020			December 31, 2019		
			CNY	TWD	%	CNY	TWD	%
	Current liabilities							
2100	Short-term loans	6(10)	\$ 150,956	\$ 660,734	7	\$ 388,162	\$ 1,671,037	20
2130	Current contract liabilities	6(18)	82,207	359,820	4	56,007	241,110	3
2170	Accounts payable		13,177	57,676	1	15,307	65,897	1
2180	Accounts payable - related parties	7	3,194	13,978	-	5,864	25,244	-
2200	Other payables	6(11)	178,549	781,509	9	125,202	538,995	7
2220	Other payables - related parties	7	2,646	11,582	-	2,796	12,036	-
2230	Current income tax liabilities		47,356	207,277	2	30,674	132,052	2
2280	Lease liabilities - current	7	31,197	136,549	2	28,228	121,522	1
2320	Long-term borrowings - current portion	6(12)	58,561	256,321	3	-	-	-
2645	Guarantee deposits		76,134	333,241	4	70,346	302,840	4
21XX	Total current liabilities		<u>643,977</u>	<u>2,818,687</u>	<u>32</u>	<u>722,586</u>	<u>3,110,733</u>	<u>38</u>
	Non-current liabilities							
2540	Long-term borrowings	6(12)	291,502	1,275,904	14	62,676	269,820	3
2570	Deferred income tax liabilities	6(24)	5,331	23,334	-	6,415	27,617	-
2580	Lease liabilities - non-current	7	99,314	434,697	5	83,502	359,476	5
2640	Net defined benefit liabilities	6(13)	651	2,849	-	1,049	4,516	-
25XX	Total non-current liabilities		<u>396,798</u>	<u>1,736,784</u>	<u>19</u>	<u>153,642</u>	<u>661,429</u>	<u>8</u>
2XXX	Total liabilities		<u>1,040,775</u>	<u>4,555,471</u>	<u>51</u>	<u>876,228</u>	<u>3,772,162</u>	<u>46</u>
	Equity attributable to shareholders of the parent							
	Share capital	6(15)						
3110	Common stock		161,772	794,924	9	161,772	794,924	10
	Capital surplus	6(14)(16)						
3200	Capital surplus		277,143	1,375,164	15	271,792	1,351,932	17
	Retained earnings	6(17)						
3310	Legal reserve		150,794	691,593	8	116,727	548,377	7
3320	Special reserve		123,415	549,959	6	73,482	340,039	4
3350	Unappropriated retained earnings		283,991	1,469,479	16	389,684	1,896,488	23
	Other equity							
3410	Financial statements translation differences of foreign operations		9,928	(473,279)	(5)	4,383	(549,959)	(7)
3420	Unrealised gains (losses) from financial assets at fair value through other comprehensive income		111	475	-	-	-	-
3XXX	Total equity		<u>1,007,154</u>	<u>4,408,315</u>	<u>49</u>	<u>1,017,840</u>	<u>4,381,801</u>	<u>54</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 2,047,929</u>	<u>\$ 8,963,786</u>	<u>100</u>	<u>\$ 1,894,068</u>	<u>\$ 8,153,963</u>	<u>100</u>

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

CHITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of dollars, except earnings per share data)

Items	Notes	For the year ended December 31, 2020			For the year ended December 31, 2019		
		CNY	TWD	%	CNY	TWD	%
4000 Operating revenue	6(18) and 7	\$ 947,375	\$ 4,055,996	100	\$ 1,149,997	\$ 5,138,879	100
5000 Operating costs	6(5)(23) and 7	(141,212)	(604,571)	(15)	(183,147)	(818,411)	(16)
5900 Gross profit		806,163	3,451,425	85	966,850	4,320,468	84
Operating expenses	6(23) and 7						
6100 Selling expenses		(366,185)	(1,567,748)	(39)	(400,409)	(1,789,267)	(35)
6200 Administrative expenses		(178,313)	(763,411)	(19)	(166,076)	(742,127)	(14)
6000 Total operating expenses		(544,498)	(2,331,159)	(58)	(566,485)	(2,531,394)	(49)
6900 Operating profit		261,665	1,120,266	27	400,365	1,789,074	35
Non-operating income and expenses							
7100 Interest income	6(19)	18,765	80,339	2	14,674	65,572	1
7010 Other income	6(20)	30,811	131,911	3	25,518	114,030	2
7020 Other gains and losses	6(21)	24,270	103,907	3	16,636	74,340	1
7050 Finance costs	6(22) and 7	(12,211)	(52,279)	(1)	(13,022)	(58,190)	(1)
7060 Share of profit or loss of associates and joint ventures accounted for under equity method	6(6)	2,293	9,817	-	(576)	(2,574)	-
7000 Total non-operating income and expenses		63,928	273,695	7	43,230	193,178	3
7900 Profit before tax		325,593	1,393,961	34	443,595	1,982,252	38
7950 Income tax expense	6(24)	(101,447)	(434,325)	(11)	(123,101)	(550,089)	(11)
8200 Profit for the year		\$ 224,146	\$ 959,636	23	\$ 320,494	\$ 1,432,163	27
Other comprehensive income (loss)							
Components of other comprehensive income (loss) that will not be reclassified to profit or loss							
8311 Losses on remeasurements of defined benefit plans	6(13)	(\$ 25)	(\$ 108)	-	(\$ 19)	(\$ 85)	-
8330 Share of other comprehensive income of associates and joint ventures accounted for under equity method		111	475	-	-	-	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		86	367	-	(19)	(85)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss							
8361 Financial statement translation differences of foreign operations		8,675	90,079	2	(11,952)	(209,920)	(4)
8370 Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(6)	(3,130)	(13,399)	-	-	-	-
8360 Total comprehensive income (loss) that will be reclassified to profit or loss		5,545	76,680	2	(11,952)	(209,920)	(4)
Other comprehensive income (loss) for the year		5,631	77,047	2	(11,971)	(210,005)	(4)
8500 Total comprehensive income for the year		\$ 229,777	\$ 1,036,683	25	\$ 308,523	\$ 1,222,158	23
Earnings per share (in dollars)	6(25)						
9750 Basic earnings per share		\$ 2.82	\$ 12.09		\$ 4.03	\$ 18.02	
9850 Diluted earnings per share		\$ 2.82	\$ 12.07		\$ 4.02	\$ 17.98	

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of dollars)

Notes	Equity attributable to shareholders of the parent																	
	Retained earnings										Other equity							
	Common stock		Capital surplus		Legal reserve		Special Reserve		Unappropriated retained earnings		Financial statement translation differences of foreign operations		Unrealised gains (losses) from financial assets at fair value through other comprehensive income		Treasury stocks		Total equity	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
For the year ended December 31, 2019																		
Balance at January 1, 2019	\$ 161,772	\$ 794,924	\$ 271,792	\$ 1,351,932	\$ 89,826	\$ 426,489	\$ 55,390	\$ 258,063	\$ 324,731	\$ 1,622,182	\$ 16,335	(\$ 340,039)	\$ -	\$ -	\$ -	\$ -	\$ 919,846	\$ 4,113,551
Profit for the year	-	-	-	-	-	-	-	-	320,494	1,432,163	-	-	-	-	-	-	320,494	1,432,163
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	(19)	(85)	(11,952)	(209,920)	-	-	-	-	(11,971)	(210,005)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	320,475	1,432,078	(11,952)	(209,920)	-	-	-	-	308,523	1,222,158
Appropriations of 2018 earnings	6(17)																	
Legal reserve	-	-	-	-	26,901	121,888	-	-	(26,901)	(121,888)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	18,092	81,976	(18,092)	(81,976)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(210,529)	(953,908)	-	-	-	-	-	-	(210,529)	(953,908)
Balance at December 31, 2019	\$ 161,772	\$ 794,924	\$ 271,792	\$ 1,351,932	\$ 116,727	\$ 548,377	\$ 73,482	\$ 340,039	\$ 389,684	\$ 1,896,488	\$ 4,383	(\$ 549,959)	\$ -	\$ -	\$ -	\$ -	\$ 1,017,840	\$ 4,381,801
For the year ended December 31, 2020																		
Balance at January 1, 2020	\$ 161,772	\$ 794,924	\$ 271,792	\$ 1,351,932	\$ 116,727	\$ 548,377	\$ 73,482	\$ 340,039	\$ 389,684	\$ 1,896,488	\$ 4,383	(\$ 549,959)	\$ -	\$ -	\$ -	\$ -	\$ 1,017,840	\$ 4,381,801
Profit for the year	-	-	-	-	-	-	-	-	224,146	959,636	-	-	-	-	-	-	224,146	959,636
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	(25)	(108)	5,545	76,680	111	475	-	-	5,631	77,047
Total comprehensive income for the year	-	-	-	-	-	-	-	-	224,121	959,528	5,545	76,680	111	475	-	-	229,777	1,036,683
Appropriations of 2019 earnings	6(17)																	
Legal reserve	-	-	-	-	34,067	143,216	-	-	(34,067)	(143,216)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	49,933	209,920	(49,933)	(209,920)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(245,814)	(1,033,401)	-	-	-	-	-	-	(245,814)	(1,033,401)
Change in capital surplus accounted for using equity method	6(16)	-	-	2,818	12,335	-	-	-	-	-	-	-	-	-	-	-	2,818	12,335
Share-based payment	6(14)(16)	-	-	2,532	10,893	-	-	-	-	-	-	-	-	-	-	-	2,532	10,893
Other additional paid-in capital	6(16)	-	-	1	4	-	-	-	-	-	-	-	-	-	-	-	1	4
Purchase of treasury stocks		-	-	-	-	-	-	-	-	-	-	-	-	-	(11,003)	(46,821)	(11,003)	(46,821)
Treasury stocks transferred to employees		-	-	-	-	-	-	-	-	-	-	-	-	-	11,003	46,821	11,003	46,821
Balance at December 31, 2020	\$ 161,772	\$ 794,924	\$ 277,143	\$ 1,375,164	\$ 150,794	\$ 691,593	\$ 123,415	\$ 549,959	\$ 283,991	\$ 1,469,479	\$ 9,928	(\$ 473,279)	\$ 111	\$ 475	\$ -	\$ -	\$ 1,007,154	\$ 4,408,315

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of dollars)

	Notes	For the year ended December 31, 2020		For the year ended December 31, 2019	
		CNY	TWD	CNY	TWD
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		\$ 325,593	\$ 1,393,961	\$ 443,595	\$ 1,982,252
Adjustments					
Adjustment to reconcile profit (loss)					
Depreciation	6(7)(8)(21)(23)	67,795	290,250	51,840	231,652
Amortization	6(9)(23)	5,491	23,510	6,020	26,901
Expected credit impairment losses	6(21)	-	-	2,000	8,937
Net gain on financial assets at fair value through profit or loss	6(2)(21)	(2,875)	(12,309)	(5,984)	(26,740)
Interest expense	6(22)	12,211	52,279	13,022	58,190
Interest income	6(19)	(18,765)	(80,339)	(14,674)	(65,572)
Compensation cost of share-based payments	6(14)	2,532	10,893	-	-
Share of profit or loss of associates and joint venture accounted for using equity method	6(6)	(2,293)	(9,817)	576	2,574
Loss on disposal of property, plant and equipment	6(21)	144	618	200	894
Loss from lease modifications	6(8)(21)	50	214	-	-
Changes in operating assets and liabilities relating to operating activities					
Changes in operating assets					
Financial assets and liabilities at fair value through profit or loss		2,875	12,309	5,984	26,740
Notes receivable		3	13	(3)	(13)
Accounts receivable		(734)	(3,142)	1,715	7,664
Accounts receivable - related parties		(339)	(1,451)	323	1,443
Other receivables		(239)	(1,023)	102	456
Other receivables - related parties		4	17	2	9
Inventories		(17,912)	(76,687)	19,255	86,043
Prepayments		4,984	21,338	(4,810)	(21,494)
Changes in operating liabilities					
Contract liabilities		26,200	112,170	6,555	29,292
Accounts payable		(2,130)	(9,119)	(802)	(3,584)
Accounts payable - related parties		(2,670)	(11,431)	2,705	12,088
Other payables		53,587	229,422	(2,397)	(10,711)
Other payables - related parties		(150)	(642)	817	3,651
Net defined benefit liabilities		(415)	(1,777)	(72)	(322)
Guarantee deposits		5,788	24,780	6,623	29,596
Cash provided by operating activities		458,735	1,964,037	532,592	2,379,946
Interest paid		(12,451)	(53,306)	(12,966)	(57,940)
Income tax paid		(90,880)	(389,085)	(109,310)	(488,463)
Net cash provided by operating activities		355,404	1,521,646	410,316	1,833,543

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CHLITINA HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of dollars)

	Notes	For the year ended December 31, 2020		For the year ended December 31, 2019	
		CNY	TWD	CNY	TWD
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Acquisition of financial assets at amortised cost		(\$ 112,000)	(\$ 479,506)	(\$ 76,092)	(\$ 340,025)
Proceeds from disposal of financial assets at amortised cost		1	4	127,592	570,158
Acquisition of financial assets at fair value through profit or loss		(21,618)	(92,553)	-	-
Increase in prepayment of investments		-	-	(2,000)	(8,937)
Decrease (increase) in other current assets		123	527	(51)	(228)
Increase in investments accounted for using equity method		(43,189)	(177,624)	-	-
Acquisition of property, plant and equipment	6(7)	(23,017)	(98,543)	(42,828)	(191,382)
Proceeds from disposal of property, plant and equipment		56	240	47	210
Acquisition of subsidiary	6(26)	-	-	(3,037)	(13,571)
Acquisition of intangible assets	6(9)	(109)	(467)	(1,385)	(6,189)
Decrease (increase) in other non-current assets		3,164	13,546	(13,088)	(58,485)
Interest received		15,878	67,978	14,835	66,292
Net cash (used in) provided by investing activities		(180,711)	(766,398)	3,993	17,843
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Repayment of the principal portion of lease liabilities	6(27)	(33,928)	(145,256)	(25,027)	(111,836)
(Decrease) increase in short-term borrowings	6(27)	(223,353)	(956,239)	155,240	693,706
Proceeds from long-term borrowings	6(27)	342,594	1,466,746	63,120	282,060
Repayment of long-term borrowings	6(27)	(34,012)	(145,616)	-	-
Purchase of treasury stocks		(11,003)	(46,821)	-	-
Treasury stocks transferred to employees		11,003	46,821	-	-
Payment of cash dividends	6(17)	(245,814)	(1,033,401)	(210,529)	(953,908)
Net cash flows used in financing activities		(194,513)	(813,766)	(17,196)	(89,978)
Effects due to changes in exchange rates		(25,872)	(50,217)	(12,017)	(250,927)
(Decrease) increase in cash and cash equivalents		(45,692)	(108,735)	385,096	1,510,481
Cash and cash equivalents at beginning of period		1,267,476	5,456,484	882,380	3,946,003
Cash and cash equivalents at end of period		\$ 1,221,784	\$ 5,347,749	\$ 1,267,476	\$ 5,456,484

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorized by the Board of Directors on March 11, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
The Company	Chlitina Group Limited (Chlitina Group)	Investing	100.00	100.00	
Chlitina Group	Chlitina International Limited (Chlitina International)	Investing	100.00	100.00	
Chlitina Group	Chlitina Intelligence Limited (Chlitina Intelligence)	Investing and research and development	100.00	100.00	Note 1
Chlitina Group	W-Amber International Limited (W-Amber International)	Investing	100.00	100.00	
Chlitina Group	W-Champion International Limited (W-Champion International)	Investing	100.00	100.00	

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Hong Kong Chlitina	Hong Kong Crystal Asia International Limited (Hong Kong Crystal Asia)	Investing	100.00	100.00	
Hong Kong Chlitina	Hua Pao Sdn. Bhd. (Hua Pao)	Dealer of skincare products	100.00	100.00	
Hong Kong W-Amber	Weihu (Shanghai) Trade Limited (Weihu Shanghai)	Investing, dealer of skincare products and supplementary health care products	100.00	100.00	
Hong Kong W-Amber	Crystal Asia (Shanghai) Limited (Crystal Asia Shanghai)	Dealer of skincare products and supplementary health care products	100.00	100.00	
Hong Kong W-Amber	Hong Kong Crystal International Services Limited (Hong Kong Crystal International)	Investing, dealer of skincare products and supplementary health care products	100.00	100.00	
Hong Kong Crystal Asia	Cui Jie (Shanghai) Trading Co. Ltd. (Cui Jie Shanhai)	Dealer of health food and daily necessities	100.00	100.00	
Hong Kong W-Champion	Wuguan (Shanghai) Trade Limited (Wuguan Shanghai)	Dealer of skincare products and supplementary health care products	100.00	100.00	
Chlitina China	Shanghai Zhe Mei Technology Training Co., Ltd. (Shanghai Zhe Mei)	Cosmetology training services	100.00	100.00	Note 4
Shanghai Li Shuo	He Deng Clinic (Shanghai) Co., Ltd. (He Deng Shanghai)	Dealer of general practice	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Weihu Shanghai	Shanghai Yuanshuo Management Consulting Limited (Shanghai Yuanshuo)	Enterprise management consulting and investing	100.00	100.00	
Shanghai Yuanshuo	Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd. (Beijing YaPulide)	Medical cosmetology services	100.00	100.00	
Shanghai Yuanshuo	Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd. (Shanghai Yapu)	Medical cosmetology services	100.00	100.00	
Shanghai Yuanshuo	Shanghai Lunxin Medical Beauty Clinic Co., Ltd. (Shanghai Lunxin)	Medical cosmetology services	100.00	100.00	
Shanghai Yuanshuo	Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd. (Nanjing Yapu Lide)	Medical cosmetology services	100.00	100.00	
Shanghai Yuanshuo	Jinghe Clinic (Nanjing) Co., Ltd. (Nanjing Jinghe)	Dealer of general practice and foods	100.00	100.00	
W-Amber International	W-Amber Marketing Limited (W-Amber Marketing)	Investing	100.00	100.00	
Crystal Asia Shanghai	Li Shuo Biotechnology (Shanghai) Co., Ltd. (Shanghai Li Shuo)	Enterprise management consulting and investing	100.00	100.00	
W-Champion International	W-Champion Marketing Limited (W-Champion Marketing)	Investing	100.00	100.00	
Yong Li	Vinh Le Company Limited (Vinh Le)	Dealer of skincare products	100.00	-	Note 5

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

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

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

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

Note 5 : Yong Li holds a 100% equity interest in Vinh Le through the name of other individuals due to the restriction of local regulations, and has 100% substantial control over the investee.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Both of the Company's functional and presentation currency are TWD, however, the functional currency of the significant operating components of the Group is CNY, thus the consolidated financial statements are presented in CNY.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

C. On December 31, 2020 and 2019, the spot exchange rates of CNY to TWD were CNY \$1=TWD \$4.3770 and CNY \$1=TWD \$4.3050, respectively, and for the years ended December 31, 2020 and 2019, the average exchange rates of CNY to TWD were CNY \$1=TWD \$4.2813 and CNY \$1=TWD \$4.4686, respectively.

(5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

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

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

(12) Inventories

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

(13) Investments accounted for using equity method - associates

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

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

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

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

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

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

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

(16) Investment property

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

(17) Intangible assets

A. Licences

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

B. Computer software

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

C. Goodwill

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

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

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

(21) Derecognition of financial liabilities

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

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit

obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

(23) Employee share-based payment

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

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells skincare products, health care products and other products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
 - (b) The skincare products and health care products are often sold with volume discounts based on aggregate sales over a 1-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. The Group calculates sales discounts and allowances based on the actual sales in current month. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur, and is settled at each reporting date. The sales usually are made with a credit term of advance receipts before goods are shipped to customers, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
 - (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- B. The Group manages franchises and provides beautician training services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Franchise contract include multiple deliverables that shall be rendered by the Group, such as store equipment, beautician training and others. In most cases, the beautician training can be provided by another party, therefore beautician training is accounted for us a separate performance obligation. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the sales of store equipment, revenue for the store equipment is recognised at a point in time when the store equipment is delivered, the legal title has passed and the customer has accepted the store equipment.

(28) Government grants

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

(29) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2020, the carrying amount of inventories was CNY\$106,782 (TWD\$467,385).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Cash on hand	\$ 379	\$ 1,659	\$ 362	\$ 1,558
Check deposits and demand deposits	614,322	2,688,887	494,603	2,129,266
Time deposits	176,149	771,004	146,146	629,159
Cash equivalents	430,934	1,886,199	626,365	2,696,501
	<u>\$ 1,221,784</u>	<u>\$ 5,347,749</u>	<u>\$ 1,267,476</u>	<u>\$ 5,456,484</u>

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

B. As of December 31, 2020 and 2019, the Group's time deposits with maturity term of over three months amounted to CNY \$112,000 (TWD \$490,224) and CNY \$1 (TWD \$4), respectively, which were reclassified as financial assets at amortised cost.

C. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

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

Items	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Non-current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Unlisted stocks	\$ 21,618	\$ 94,622	\$ -	\$ -

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss for the years ended December 31, 2020 and 2019 are listed below:

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Financial assets mandatorily measured at fair value through profit or loss				
Floating rate financial instruments that are principal guaranteed	\$ 2,875	\$ 12,309	\$ 5,984	\$ 26,740
Unlisted, listed and emerging stocks	-	-	-	-
	<u>\$ 2,875</u>	<u>\$ 12,309</u>	<u>\$ 5,984</u>	<u>\$ 26,740</u>

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

(3) Financial assets at amortised cost

Items	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Current items:				
Time deposits with maturity term of over three months	\$ -	\$ -	\$ 1	\$ 4
Non-current items:				
Time deposits with maturity over one year	\$ 112,000	\$ 490,224	\$ -	\$ -

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

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest income	\$ 1,190	\$ 5,095	\$ 1,991	\$ 8,897

B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was CNY \$112,000 (TWD \$490,224) and CNY \$1 (TWD \$4), respectively.

C. The Group has no financial assets at amortised cost pledged to others as collateral.

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

(4) Accounts receivable

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Accounts receivable	\$ 792	\$ 3,467	\$ 58	\$ 250
Accounts receivable - related parties	502	2,195	163	704
	\$ 1,294	\$ 5,662	\$ 221	\$ 954

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

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

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was CNY \$1,294 (TWD \$5,662) and CNY \$221 (TWD \$954), respectively.

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

(5) Inventories

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

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

A. For the years ended December 31, 2020 and 2019, the cost of inventories recognised as expenses are as follows:

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Cost of goods sold	\$ 134,763	\$ 576,961	\$ 177,309	\$ 792,323
Loss on decline in market value	6,449	27,610	5,838	26,088
	<u>\$ 141,212</u>	<u>\$ 604,571</u>	<u>\$ 183,147</u>	<u>\$ 818,411</u>

B. The Group has no inventories pledged to others.

(6) Investments accounted for using equity method

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Associates				
General Biologicals Corp.	\$ 46,881	\$ 205,198	\$ -	\$ -
Shanghai Zhongye Trade Co., Ltd.	2,943	12,882	4,543	19,558
	<u>\$ 49,824</u>	<u>\$ 218,080</u>	<u>\$ 4,543</u>	<u>\$ 19,558</u>

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

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Profit (loss) for the year	\$ 2,293	\$ 9,817	(\$ 576)	(\$ 2,574)
Other comprehensive loss	(3,019)	(12,924)	-	-
Total comprehensive loss for the year	<u>(\$ 726)</u>	<u>(\$ 3,107)</u>	<u>(\$ 576)</u>	<u>(\$ 2,574)</u>

- D. The Group has no investments accounted for using the equity method pledged to others.
- E. The Group's associate, General Biologicals Corp., has quoted market prices. As of December 31, 2020, the fair value was CNY \$145,940 (TWD \$638,780).
- F. The Group is the single largest shareholder of General Biologicals Corp. with a 19.71% equity interest. Given the participation extent of other shareholders in the previous shareholders' meeting and the record of voting shares on significant issues, which indicates that the Group has no current ability to direct the relevant activities of General Biologicals Corp., the Group has no control, but only has significant influence, over the investee.

(7) Property, plant and equipment

(In thousands of CNY)

	2020						
	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 24,552	\$ 294,166	\$ 5,975	\$ 16,107	\$ 108,668	\$ 4,299	\$ 453,767
Accumulated depreciation and impairment	-	(70,311)	(4,411)	(7,919)	(53,421)	-	(136,062)
	<u>\$ 24,552</u>	<u>\$ 223,855</u>	<u>\$ 1,564</u>	<u>\$ 8,188</u>	<u>\$ 55,247</u>	<u>\$ 4,299</u>	<u>\$ 317,705</u>
Balance at January 1	\$ 24,552	\$ 223,855	\$ 1,564	\$ 8,188	\$ 55,247	\$ 4,299	\$ 317,705
Additions	-	-	16	78	16,254	6,669	23,017
Disposals	-	-	(12)	(3)	(185)	-	(200)
Reclassifications	-	-	-	-	12,247	(6,830)	5,417
Depreciation charge	-	(13,354)	(307)	(1,222)	(16,151)	-	(31,034)
Net exchange differences	(404)	(1)	(6)	(1)	12	(49)	(449)
Balance at December 31	<u>\$ 24,148</u>	<u>\$ 210,500</u>	<u>\$ 1,255</u>	<u>\$ 7,040</u>	<u>\$ 67,424</u>	<u>\$ 4,089</u>	<u>\$ 314,456</u>
<u>At December 31</u>							
Cost	\$ 24,148	\$ 294,166	\$ 5,864	\$ 16,170	\$ 134,711	\$ 4,089	\$ 479,148
Accumulated depreciation and impairment	-	(83,666)	(4,609)	(9,130)	(67,287)	-	(164,692)
	<u>\$ 24,148</u>	<u>\$ 210,500</u>	<u>\$ 1,255</u>	<u>\$ 7,040</u>	<u>\$ 67,424</u>	<u>\$ 4,089</u>	<u>\$ 314,456</u>

(In thousands of CNY)

2019

	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 23,635	\$ 300,573	\$ 5,577	\$ 14,498	\$ 69,853	\$ 3,596	\$ 417,732
Accumulated depreciation and impairment	-	(57,054)	(4,234)	(6,697)	(44,835)	-	(112,820)
	<u>\$ 23,635</u>	<u>\$ 243,519</u>	<u>\$ 1,343</u>	<u>\$ 7,801</u>	<u>\$ 25,018</u>	<u>\$ 3,596</u>	<u>\$ 304,912</u>
Balance at January 1	\$ 23,635	\$ 243,519	\$ 1,343	\$ 7,801	\$ 25,018	\$ 3,596	\$ 304,912
Additions	-	-	676	1,491	32,126	8,535	42,828
Acquired from business combinations	-	-	9	-	3,552	-	3,561
Disposals	-	-	(32)	-	(215)	-	(247)
Reclassifications	-	(6,022)	-	119	3,750	(7,854)	(10,007)
Depreciation charge	-	(13,642)	(450)	(1,223)	(9,197)	-	(24,512)
Net exchange differences	917	-	18	-	213	22	1,170
Balance at December 31	<u>\$ 24,552</u>	<u>\$ 223,855</u>	<u>\$ 1,564</u>	<u>\$ 8,188</u>	<u>\$ 55,247</u>	<u>\$ 4,299</u>	<u>\$ 317,705</u>
<u>At December 31</u>							
Cost	\$ 24,552	\$ 294,166	\$ 5,975	\$ 16,107	\$ 108,668	\$ 4,299	\$ 453,767
Accumulated depreciation and impairment	-	(70,311)	(4,411)	(7,919)	(53,421)	-	(136,062)
	<u>\$ 24,552</u>	<u>\$ 223,855</u>	<u>\$ 1,564</u>	<u>\$ 8,188</u>	<u>\$ 55,247</u>	<u>\$ 4,299</u>	<u>\$ 317,705</u>

(In thousands of TWD)

2020

	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 105,696	\$ 1,266,385	\$ 25,722	\$ 69,341	\$ 467,816	\$ 18,507	\$ 1,953,467
Accumulated depreciation and impairment	-	(302,689)	(18,989)	(34,092)	(229,977)	-	(585,747)
	<u>\$ 105,696</u>	<u>\$ 963,696</u>	<u>\$ 6,733</u>	<u>\$ 35,249</u>	<u>\$ 237,839</u>	<u>\$ 18,507</u>	<u>\$ 1,367,720</u>
Balance at January 1	\$ 105,696	\$ 963,696	\$ 6,733	\$ 35,249	\$ 237,839	\$ 18,507	\$ 1,367,720
Additions	-	-	69	334	69,588	28,552	98,543
Disposals	-	-	(51)	(13)	(792)	-	(856)
Reclassifications	-	-	-	-	52,433	(29,241)	23,192
Depreciation charge	-	(57,172)	(1,314)	(5,232)	(69,147)	-	(132,865)
Net exchange differences	-	14,835	56	476	5,193	80	20,640
Balance at December 31	<u>\$ 105,696</u>	<u>\$ 921,359</u>	<u>\$ 5,493</u>	<u>\$ 30,814</u>	<u>\$ 295,114</u>	<u>\$ 17,898</u>	<u>\$ 1,376,374</u>
<u>At December 31</u>							
Cost	\$ 105,696	\$ 1,287,565	\$ 25,667	\$ 70,776	\$ 589,630	\$ 17,898	\$ 2,097,232
Accumulated depreciation and impairment	-	(366,206)	(20,174)	(39,962)	(294,516)	-	(720,858)
	<u>\$ 105,696</u>	<u>\$ 921,359</u>	<u>\$ 5,493</u>	<u>\$ 30,814</u>	<u>\$ 295,114</u>	<u>\$ 17,898</u>	<u>\$ 1,376,374</u>

(In thousands of TWD)

2019

	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 105,696	\$ 1,344,162	\$ 24,940	\$ 64,835	\$ 312,383	\$ 16,081	\$ 1,868,097
Accumulated depreciation and impairment	-	(255,145)	(18,934)	(29,949)	(200,503)	-	(504,531)
	<u>\$ 105,696</u>	<u>\$ 1,089,017</u>	<u>\$ 6,006</u>	<u>\$ 34,886</u>	<u>\$ 111,880</u>	<u>\$ 16,081</u>	<u>\$ 1,363,566</u>
Balance at January 1	\$ 105,696	\$ 1,089,017	\$ 6,006	\$ 34,886	\$ 111,880	\$ 16,081	\$ 1,363,566
Additions	-	-	3,021	6,663	143,558	38,140	191,382
Acquired from business combinations	-	-	40	-	15,872	-	15,912
Disposals	-	-	(143)	-	(961)	-	(1,104)
Reclassifications	-	(26,910)	-	532	16,757	(35,096)	(44,717)
Depreciation charge	-	(60,961)	(2,011)	(5,465)	(41,098)	-	(109,535)
Net exchange differences	-	(37,450)	(180)	(1,367)	(8,169)	(618)	(47,784)
Balance at December 31	<u>\$ 105,696</u>	<u>\$ 963,696</u>	<u>\$ 6,733</u>	<u>\$ 35,249</u>	<u>\$ 237,839</u>	<u>\$ 18,507</u>	<u>\$ 1,367,720</u>
<u>At December 31</u>							
Cost	\$ 105,696	\$ 1,266,385	\$ 25,722	\$ 69,341	\$ 467,816	\$ 18,507	\$ 1,953,467
Accumulated depreciation and impairment	-	(302,689)	(18,989)	(34,092)	(229,977)	-	(585,747)
	<u>\$ 105,696</u>	<u>\$ 963,696</u>	<u>\$ 6,733</u>	<u>\$ 35,249</u>	<u>\$ 237,839</u>	<u>\$ 18,507</u>	<u>\$ 1,367,720</u>

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

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

(8) Leasing arrangements - lessee

A. The Group leases various assets including buildings and office equipment. Rental contracts are typically made for periods of 1 to 14 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise parking lots. Low-value assets comprise copying machines.

C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Carrying amount</u>		<u>Carrying amount</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Buildings	\$ 131,509	\$ 575,615	\$ 114,673	\$ 493,667
Office equipment	10	44	15	65
	<u>\$ 131,519</u>	<u>\$ 575,659</u>	<u>\$ 114,688</u>	<u>\$ 493,732</u>
	<u>Year ended December 31</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Depreciation charge</u>		<u>Depreciation charge</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Buildings	\$ 35,762	\$ 153,108	\$ 26,617	\$ 118,941
Office equipment	5	21	5	22
	<u>\$ 35,767</u>	<u>\$ 153,129</u>	<u>\$ 26,622</u>	<u>\$ 118,963</u>

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were CNY \$63,819 (TWD \$273,228) and CNY \$90,641 (TWD \$405,038), respectively, and right-of-use assets acquired from business combination amounted to CNY \$0 (TWD \$0) and CNY \$510 (TWD \$2,279), respectively.

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

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$ 4,298	\$ 18,401	\$ 3,242	\$ 14,487
Expense on short-term lease contracts	1,405	6,015	3,021	13,500
Expense on leases of low-value assets	6	26	5	22
Losses from lease modification	50	214	-	-

F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were CNY \$39,637 (TWD \$169,698) and CNY \$31,295 (TWD \$139,845), respectively.

(9) Intangible assets

	2020									
	Goodwill		Licences		Software		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1										
Cost	\$ 3,213	\$ 13,832	\$ 10,162	\$ 43,748	\$ 28,320	\$ 121,917	\$ 9,528	\$ 41,018	\$ 51,223	\$ 220,515
Accumulated amortisation and impairment	-	-	(1,216)	(5,235)	(21,175)	(91,158)	(5,744)	(24,728)	(28,135)	(121,121)
	<u>\$ 3,213</u>	<u>\$ 13,832</u>	<u>\$ 8,946</u>	<u>\$ 38,513</u>	<u>\$ 7,145</u>	<u>\$ 30,759</u>	<u>\$ 3,784</u>	<u>\$ 16,290</u>	<u>\$ 23,088</u>	<u>\$ 99,394</u>
Balance at January 1	\$ 3,213	\$ 13,832	\$ 8,946	\$ 38,513	\$ 7,145	\$ 30,759	\$ 3,784	\$ 16,290	\$ 23,088	\$ 99,394
Reclassifications	-	-	-	-	356	1,524	-	-	356	1,524
Additions - acquired separately	-	-	-	-	109	467	-	-	109	467
Amortisation charge	-	-	(720)	(3,083)	(4,282)	(18,333)	(489)	(2,094)	(5,491)	(23,510)
Net exchange differences	-	231	-	575	-	150	(61)	(41)	(61)	915
Balance at December 31	<u>\$ 3,213</u>	<u>\$ 14,063</u>	<u>\$ 8,226</u>	<u>\$ 36,005</u>	<u>\$ 3,328</u>	<u>\$ 14,567</u>	<u>\$ 3,234</u>	<u>\$ 14,155</u>	<u>\$ 18,001</u>	<u>\$ 78,790</u>
At December 31										
Cost	\$ 3,213	\$ 14,063	\$ 10,162	\$ 44,479	\$ 28,785	\$ 125,992	\$ 9,372	\$ 41,021	\$ 51,532	\$ 225,555
Accumulated amortisation and impairment	-	-	(1,936)	(8,474)	(25,457)	(111,425)	(6,138)	(26,866)	(33,531)	(146,765)
	<u>\$ 3,213</u>	<u>\$ 14,063</u>	<u>\$ 8,226</u>	<u>\$ 36,005</u>	<u>\$ 3,328</u>	<u>\$ 14,567</u>	<u>\$ 3,234</u>	<u>\$ 14,155</u>	<u>\$ 18,001</u>	<u>\$ 78,790</u>

	2019									
	Goodwill		Licences		Software		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1										
Cost	\$ 1,684	\$ 7,531	\$ 6,060	\$ 27,100	\$ 23,712	\$ 106,040	\$ 7,094	\$ 31,698	\$ 38,550	\$ 172,369
Accumulated amortisation and impairment	-	-	(707)	(3,161)	(17,362)	(77,643)	(3,480)	(15,537)	(21,549)	(96,341)
	<u>\$ 1,684</u>	<u>\$ 7,531</u>	<u>\$ 5,353</u>	<u>\$ 23,939</u>	<u>\$ 6,350</u>	<u>\$ 28,397</u>	<u>\$ 3,614</u>	<u>\$ 16,161</u>	<u>\$ 17,001</u>	<u>\$ 76,028</u>
Balance at January 1	\$ 1,684	\$ 7,531	\$ 5,353	\$ 23,939	\$ 6,350	\$ 28,397	\$ 3,614	\$ 16,161	\$ 17,001	\$ 76,028
Reclassifications	-	-	-	-	4,280	19,126	368	1,644	4,648	20,770
Additions - acquired separately	-	-	-	-	328	1,466	1,057	4,723	1,385	6,189
Additions-acquired through business combinations	1,529	6,688	4,102	17,938	-	-	449	1,962	6,080	26,588
Amortisation charge	-	-	(509)	(2,275)	(3,813)	(17,039)	(1,698)	(7,587)	(6,020)	(26,901)
Net exchange differences	-	(387)	-	(1,089)	-	(1,191)	(6)	(613)	(6)	(3,280)
Balance at December 31	<u>\$ 3,213</u>	<u>\$ 13,832</u>	<u>\$ 8,946</u>	<u>\$ 38,513</u>	<u>\$ 7,145</u>	<u>\$ 30,759</u>	<u>\$ 3,784</u>	<u>\$ 16,290</u>	<u>\$ 23,088</u>	<u>\$ 99,394</u>
At December 31										
Cost	\$ 3,213	\$ 13,832	\$ 10,162	\$ 43,748	\$ 28,320	\$ 121,917	\$ 9,528	\$ 41,018	\$ 51,223	\$ 220,515
Accumulated amortisation and impairment	-	-	(1,216)	(5,235)	(21,175)	(91,158)	(5,744)	(24,728)	(28,135)	(121,121)
	<u>\$ 3,213</u>	<u>\$ 13,832</u>	<u>\$ 8,946</u>	<u>\$ 38,513</u>	<u>\$ 7,145</u>	<u>\$ 30,759</u>	<u>\$ 3,784</u>	<u>\$ 16,290</u>	<u>\$ 23,088</u>	<u>\$ 99,394</u>

- A. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management.
- B. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risk relating to the relevant operating segments.
- C. For the year ended December 31, 2019, the Group increased the intangible assets - goodwill arising through the business combinations by CNY \$1,529 (TWD \$6,688). The related information is provided in Note 6(26).

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>		<u>Interest rate range</u>	<u>Collateral</u>
	<u>CNY</u>	<u>TWD</u>		
Bank borrowings				
Unsecured borrowings	<u>\$ 150,956</u>	<u>\$ 660,734</u>	1.03%~1.23%	-

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

- A. The Group recognised interest expense in profit or loss for the years ended December 31, 2020 and 2019, from long-term and short-term borrowings, amounting to CNY \$7,913 (TWD \$33,878), and CNY \$9,780 (TWD \$43,703), respectively.
- B. The bank borrowing agreement specifies that the consolidated financial statements of the Group need to meet the criteria as agreed. During the period of the borrowings, the loan needs to be reviewed and maintained quarterly and semiannually and the bank will audit the covenants at any time when necessary. As of December 31, 2020 and 2019, the Group has not violated any of the loan covenants in the borrowing agreement.

(11) Other payables

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Wages and salaries payable	\$ 29,615	\$ 129,625	\$ 29,595	\$ 127,406
Tax payable	45,718	200,108	12,528	53,933
Others	103,216	451,776	83,079	357,656
	<u>\$ 178,549</u>	<u>\$ 781,509</u>	<u>\$ 125,202</u>	<u>\$ 538,995</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2020	
				CNY	TWD
Unsecured borrowings					
CTBC BANK	Borrowing period is from November 19, 2019 to August 19, 2021; interest is payable monthly; principal is payable at maturity	0.95%~ 0.98%	None	\$ 58,561	\$ 256,321
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 14, 2020 to September 3, 2022; interest is payable monthly; principal is payable at maturity	0.78%~ 0.81%	None	128,834	563,904
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 26, 2020 to September 3, 2022; interest is payable monthly; principal is payable at maturity	0.78%	None	65,067	284,800
Fubon Bank	Borrowing period is from August 12, 2020 to February 13, 2022; interest is payable monthly; principal is payable at maturity	0.92%~ 1.00%	None	91,094	398,720
Fubon Bank	Borrowing period is from October 5, 2020 to February 13, 2022; interest is payable monthly; principal is payable at maturity	0.98%	None	6,507	28,480
Less: Current portion				(58,561)	(256,321)
				<u>\$ 291,502</u>	<u>\$ 1,275,904</u>

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

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

(13) Pensions

A. (a) Taiwan branches have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. For employees eligible under the Labor Standards Law, pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Present value of defined benefit obligations	\$ 651	\$ 2,849	\$ 1,049	\$ 4,516
Fair value of plan assets	-	-	-	-
Net defined benefit liability	<u>\$ 651</u>	<u>\$ 2,849</u>	<u>\$ 1,049</u>	<u>\$ 4,516</u>

(c) Changes in net defined benefit liability are as follows:

(In thousands of CNY)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
	<u> </u>	<u> </u>	<u> </u>
<u>Year ended December 31, 2020</u>			
Balance at January 1	\$ 1,049	\$ -	\$ 1,049
Current service cost	12	-	12
Past service cost	(427)	-	(427)
	<u>634</u>	<u>-</u>	<u>634</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in financial assumptions	30	-	30
Experience adjustments	(5)	-	(5)
	<u>25</u>	<u>-</u>	<u>25</u>
Pension fund contribution	-	-	-
Paid pension	-	-	-
Exchange difference	(8)	-	(8)
Balance at December 31	<u>\$ 651</u>	<u>\$ -</u>	<u>\$ 651</u>

(In thousands of CNY)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	\$ 1,061	\$ -	\$ 1,061
Current service cost	14	-	14
Past service cost	(84)	-	(84)
	<u>991</u>	<u>-</u>	<u>991</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in financial assumptions	33	-	33
Experience adjustments	(14)	-	(14)
	<u>19</u>	<u>-</u>	<u>19</u>
Pension fund contribution	-	-	-
Paid pension	-	-	-
Exchange difference	39	-	39
Balance at December 31	<u>\$ 1,049</u>	<u>\$ -</u>	<u>\$ 1,049</u>

(In thousands of TWD)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2020</u>			
Balance at January 1	\$ 4,516	\$ -	\$ 4,516
Current service cost	52	-	52
Past service cost	(1,827)	-	(1,827)
	<u>2,741</u>	<u>-</u>	<u>2,741</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in financial assumptions	130	-	130
Experience adjustments	(22)	-	(22)
	<u>108</u>	<u>-</u>	<u>108</u>
Pension fund contribution	-	-	-
Paid pension	-	-	-
Balance at December 31	<u>\$ 2,849</u>	<u>\$ -</u>	<u>\$ 2,849</u>

(In thousands of TWD)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	\$ 4,745	\$ -	\$ 4,745
Current service cost	64	-	64
Past service cost	(378)	-	(378)
	<u>4,431</u>	<u>-</u>	<u>4,431</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in financial assumptions	149	-	149
Experience adjustments	(64)	-	(64)
	<u>85</u>	<u>-</u>	<u>85</u>
Pension fund contribution	-	-	-
Paid pension	-	-	-
Balance at December 31	<u>\$ 4,516</u>	<u>\$ -</u>	<u>\$ 4,516</u>

(d) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2020	2019
Discount rate	<u>0.750%</u>	<u>1.125%</u>
Future salary increases	<u>3.000%</u>	<u>3.000%</u>

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	(In thousand)		
	Discount rate		Future salary
	Increase	Decrease	Increase
	0.25%	0.25%	0.25%
<u>December 31, 2020</u>			
Impact on present value of defined benefit obligation	<u>(\$ 20)</u>	<u>\$ 21</u>	<u>\$ 20</u>
<u>December 31, 2019</u>			
Impact on present value of defined benefit obligation	<u>(\$ 34)</u>	<u>\$ 35</u>	<u>\$ 34</u>

	(In thousands of TWD)			
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Impact on present value of defined benefit obligation	(\$ 87)	\$ 90	\$ 87	(\$ 84)
<u>December 31, 2019</u>				
Impact on present value of defined benefit obligation	(\$ 145)	\$ 150	\$ 145	(\$ 141)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net defined benefit liabilities in the balance sheet are the same.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$0.
- (f) As of December 31, 2020, the weighted average duration of that retirement plan is 16.53 years.
- B. (a) Effective July 1, 2005, Taiwan branches established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, Taiwan branches contribute monthly an amount based on not less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The subsidiaries in Mainland China have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of the employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The details of the defined contribution plans are as follows:

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

- (c) The subsidiary-Hong Kong Chlitina established a compulsory pension program, which allocates a fixed amount of money for pension benefit, and is managed by an independent trustee based on Hong Kong Employee Act. In addition, according to the regulations of that

program, both the employer and the employee have to contribute 5% of the employees' salary. From June 2014, the maximum relevant salary per month increased from HKD \$25,000 to HKD \$30,000. Other than the monthly contributions, the Group has no further obligations.

- (d) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were CNY \$6,369 (TWD \$27,266) and CNY \$14,148 (TWD \$63,223), respectively.

(14) Share-based payment

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

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

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

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

	2020	
	No. of options (thousands)	Weighted-average exercise price (New Taiwan dollars)
Options outstanding at January 1	-	\$ -
Options granted	285	164.28
Options exercised	(285)	(164.28)
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-

For the year ended December 31, 2019: None.

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

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

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

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

	Year ended December 31, 2020	
	CNY	TWD
Equity-settled	\$ 2,532	\$ 10,893

For the year ended December 31, 2019: None.

(15) Share capital

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

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

	2020	2019
At January 1	79,492	79,492
Purchase of treasury shares	(285)	-
Treasury shares sold to employees	285	-
At December 31	79,492	79,492

C. On September 28, 2020, the Board of Directors of the Company resolved to increase capital by issuing a maximum of 3,000 thousand new shares with a par value of TWD \$10 (in dollars) per share at a maximum total issuance amount of TWD \$30,000. The capital increase was approved by the Financial Supervisory Commission on November 17, 2020.

D. On September 28, 2020, the Board of Directors of the Company resolved to issue the second-time domestic unsecured convertible bonds of TWD \$1,000,000 at face value of 100%~100.5% with the coupon rate at 0%, with a par value of TWD \$100 per share. The bonds mature 3 years from the issue date. The issuance was approved by the Financial Supervisory Commission on November 17, 2020.

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

(16) Capital surplus

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

2020												
	Share premium		Employee stock options		Stock options		Others		Net change in equity of associates		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 7,408	\$ 59,862	\$ -	\$ -	\$ 271,792	\$ 1,351,932
Share-based compensation payment	-	-	2,532	10,893	-	-	-	-	-	-	2,532	10,893
Treasury shares sold to employees	-	-	(2,532)	(10,893)	-	-	2,532	10,893	-	-	-	-
Other changes in capital surplus	-	-	-	-	-	-	1	4	-	-	1	4
Recognition of change in equity of associates in portion to the Group's ownership	-	-	-	-	-	-	-	-	2,818	12,335	2,818	12,335
At December 31	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 9,941	\$ 70,759	\$ 2,818	\$ 12,335	\$ 277,143	\$ 1,375,164

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

(17) Retained earnings

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

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

E. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(23).

(18) Operating revenue

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Revenue from contracts with customers	<u>\$ 947,375</u>	<u>\$ 4,055,996</u>	<u>\$ 1,149,997</u>	<u>\$ 5,138,879</u>

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Net sales of goods	\$ 924,956	\$ 3,960,014	\$ 1,108,914	\$ 4,955,295
Special affiliate income	12,799	54,796	32,584	145,605
Skincare service from company-operated salon and other income	9,421	40,334	8,207	36,674
OEM income	199	852	292	1,305
	<u>\$ 947,375</u>	<u>\$ 4,055,996</u>	<u>\$ 1,149,997</u>	<u>\$ 5,138,879</u>

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

B. Contract liabilities

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

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers	\$ 82,207	\$ 359,820	\$ 56,007	\$ 241,110
			January 1, 2019	
			CNY	TWD
Contract liabilities - advance sales receipts from customers			\$ 46,791	\$ 209,249

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

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers at the beginning of the year	\$ 52,286	\$ 223,852	\$ 46,791	\$ 209,090

(19) Interest income

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest income from bank deposits	\$ 8,913	\$ 38,159	\$ 5,508	\$ 24,613
Interest income from financial assets measured at amortised cost	1,190	5,095	1,991	8,897
Other interest income	8,662	37,085	7,175	32,062
	\$ 18,765	\$ 80,339	\$ 14,674	\$ 65,572

(20) Other income

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Government grants revenue	\$ 27,641	\$ 118,339	\$ 23,563	\$ 105,294
Others	3,170	13,572	1,955	8,736
	\$ 30,811	\$ 131,911	\$ 25,518	\$ 114,030

(21) Other gains and losses

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Losses on disposal of property, plant and equipment	(\$ 144)	(\$ 618)	(\$ 200)	(\$ 894)
Foreign exchange gains	22,252	95,267	12,829	57,328
Net gains on financial assets at fair value through profit or loss	2,875	12,309	5,984	26,740
Losses from lease modification	(50)	(214)	-	-
Expected credit loss	-	-	(2,000)	(8,937)
Depreciation expense - investment property, buildings	(994)	(4,256)	-	-
Other gains	331	1,419	23	103
	<u>\$ 24,270</u>	<u>\$ 103,907</u>	<u>\$ 16,636</u>	<u>\$ 74,340</u>

(22) Finance cost

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Interest expense - Bank borrowings	\$ 7,913	\$ 33,878	\$ 9,780	\$ 43,703
Interest expense - Lease liability	4,298	18,401	3,242	14,487
	<u>\$ 12,211</u>	<u>\$ 52,279</u>	<u>\$ 13,022</u>	<u>\$ 58,190</u>

(23) Employee benefit expense, depreciation and amortisation

	Year ended December 31, 2020					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 7,984	\$ 34,182	\$ 135,455	\$ 579,923	\$ 143,439	\$ 614,105
Labour and health insurance fees	374	1,601	8,389	35,916	8,763	37,517
Pension costs	59	253	5,895	25,238	5,954	25,491
Other employee benefit expense	326	1,396	13,718	58,731	14,044	60,127
Depreciation	1,265	5,416	65,536	280,578	66,801	285,994
Amortisation	695	2,976	4,796	20,534	5,491	23,510

	Year ended December 31, 2019					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 8,742	\$ 39,065	\$ 131,529	\$ 587,750	\$ 140,271	\$ 626,815
Labour and health insurance fees	803	3,588	8,554	38,224	9,357	41,812
Pension costs	708	3,164	13,370	59,745	14,078	62,909
Other employee benefit expense	424	1,895	12,388	55,357	12,812	57,252
Depreciation	2,570	11,484	49,270	220,168	51,840	231,652
Amortisation	190	849	5,830	26,052	6,020	26,901

- A. In accordance with the Company's Articles of Incorporation, the Company should distribute 1%~5% of the profit as employees' compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit. Employees entitled to receive the abovementioned employees' compensation, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.
- B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at CNY \$4,992 (TWD \$21,372) and CNY \$6,801 (TWD \$30,391), respectively; directors' remuneration was accrued at CNY \$2,496 (TWD \$10,686) and CNY \$3,401 (TWD \$15,198), respectively. These were estimated based on the net income before tax less employees' compensation and directors' remuneration and then multiplied by the distribution ratio as regulated in the Company's Articles of Incorporation, and recognised as salary expenses.

The employees' compensation and directors' remuneration for 2019 as approved by the Board of Directors on March 12, 2020 amounted to CNY \$6,801 (TWD \$30,391) and CNY \$3,401 (TWD \$15,198), respectively, which were in agreement with the amounts recognised in the financial statements for the year ended December 31, 2019. Aforementioned employees' compensation will be distributed in cash.

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

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Current tax:				
Current tax on profits for the year	\$ 99,639	\$ 426,584	\$ 122,092	\$ 545,578
Prior year income tax underestimation	7,891	33,783	894	3,995
Total current tax	<u>107,530</u>	<u>460,367</u>	<u>122,986</u>	<u>549,573</u>
Deferred tax:				
Origination and reversal of temporary differences	(6,083)	(26,042)	115	516
Total deferred tax	<u>(6,083)</u>	<u>(26,042)</u>	<u>115</u>	<u>516</u>
Income tax expense	<u>\$ 101,447</u>	<u>\$ 434,325</u>	<u>\$ 123,101</u>	<u>\$ 550,089</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,			
	2020		2019	
	CNY	TWD	CNY	TWD
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 80,949	\$ 346,567	\$ 113,047	\$ 505,162
Effect from items disallowed by tax regulation	5,705	24,425	501	2,238
Effect from tax exempt income by tax regulation	(1,887)	(8,079)	-	-
Taxable loss not recognised as deferred tax assets	7,057	30,213	4,705	21,024
Change in assessment of realisation of deferred tax assets	(5,227)	(22,378)	(224)	(1,000)
Prior year income tax underestimation	7,891	33,783	894	3,995
Withholding tax on distributable earnings of subsidiaries in China	<u>6,959</u>	<u>29,794</u>	<u>4,178</u>	<u>18,670</u>
Income tax expense	<u>\$ 101,447</u>	<u>\$ 434,325</u>	<u>\$ 123,101</u>	<u>\$ 550,089</u>

Note: The applicable tax rates are the rates applicable in the respective countries where the Group

entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

(In thousands of CNY)

	2020				
	January 1	Recognised in profit or loss	Translation differences	Business combination	December 31
Deferred tax assets:					
Temporary differences					
Unrealised expenses	\$ 1,268	\$ 6,042	\$ -	\$ -	\$ 7,310
Decline in value of inventories	2,455	(9)	(5)	-	2,441
Unrealised exchange loss	12	(13)	1	-	-
Loss carryforwards	<u>3,252</u>	<u>(967)</u>	<u>(18)</u>	<u>-</u>	<u>2,267</u>
	<u>6,987</u>	<u>5,053</u>	<u>(22)</u>	<u>-</u>	<u>12,018</u>
Deferred tax liabilities:					
Temporary differences					
Withholding tax of attributable earnings	(4,178)	4,124	54	-	-
Unrealised profit from sales	-	(3,273)	-	-	(3,273)
Licences	<u>(2,237)</u>	<u>179</u>	<u>-</u>	<u>-</u>	<u>(2,058)</u>
	<u>(6,415)</u>	<u>1,030</u>	<u>54</u>	<u>-</u>	<u>(5,331)</u>
	<u>\$ 572</u>	<u>\$ 6,083</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 6,687</u>

(In thousands of CNY)

2019					
	January 1	Recognised in profit or loss	Translation differences	Business combination	December 31
Deferred tax assets:					
Temporary differences					
Unrealised expenses	\$ 1,545	(\$ 277)	\$ -	\$ -	\$ 1,268
Decline in value of inventories	2,436	(19)	38	-	2,455
Unrealised exchange loss	8	3	1	-	12
Loss carryforwards	<u>2,989</u>	<u>242</u>	<u>21</u>	<u>-</u>	<u>3,252</u>
	<u>6,978</u>	<u>(51)</u>	<u>60</u>	<u>-</u>	<u>6,987</u>
Deferred tax liabilities:					
Temporary differences					
Withholding tax of attributable earnings	(4,048)	(191)	61	-	(4,178)
Licences	(1,338)	127	-	(1,026)	(2,237)
	<u>(5,386)</u>	<u>(64)</u>	<u>61</u>	<u>(1,026)</u>	<u>(6,415)</u>
	<u>\$ 1,592</u>	<u>(\$ 115)</u>	<u>\$ 121</u>	<u>(\$ 1,026)</u>	<u>\$ 572</u>

(In thousands of TWD)

2020					
	January 1	Recognised in profit or loss	Translation differences	Business combination	December 31
Deferred tax assets:					
Temporary differences					
Unrealised expenses	\$ 5,459	\$ 25,868	\$ 669	\$ -	\$ 31,996
Decline in value of inventories	10,569	(39)	154	-	10,684
Unrealised exchange loss	52	(56)	4	-	-
Loss carryforwards	<u>13,999</u>	<u>(4,140)</u>	<u>64</u>	<u>-</u>	<u>9,923</u>
	<u>30,079</u>	<u>21,633</u>	<u>891</u>	<u>-</u>	<u>52,603</u>
Deferred tax liabilities:					
Temporary differences					
Withholding tax of attributable earnings	(17,986)	17,656	330	-	-
Unrealised profit from sales	-	(14,012)	(314)	-	(14,326)
Licences	(9,631)	765	(142)	-	(9,008)
	<u>(27,617)</u>	<u>4,409</u>	<u>(126)</u>	<u>-</u>	<u>(23,334)</u>
	<u>\$ 2,462</u>	<u>\$ 26,042</u>	<u>\$ 765</u>	<u>\$ -</u>	<u>\$ 29,269</u>

(In thousands of TWD)

	2019				
	January 1	Recognised in profit or loss	Translation differences	Business combination	December 31
Deferred tax assets:					
Temporary differences					
Unrealised expenses	\$ 6,909	(\$ 1,238)	(\$ 212)	\$ -	\$ 5,459
Decline in value of inventories	10,894	(85)	(240)	-	10,569
Unrealised exchange loss	36	13	3	-	52
Loss carryforwards	13,367	1,081	(449)	-	13,999
	<u>31,206</u>	<u>(229)</u>	<u>(898)</u>	<u>-</u>	<u>30,079</u>
Deferred tax liabilities:					
Temporary differences					
Withholding tax of attributable earnings	(18,103)	(854)	971	-	(17,986)
Licences	(5,983)	568	271	(4,487)	(9,631)
	<u>(24,086)</u>	<u>(286)</u>	<u>1,242</u>	<u>(4,487)</u>	<u>(27,617)</u>
	<u>\$ 7,120</u>	<u>(\$ 515)</u>	<u>\$ 344</u>	<u>(\$ 4,487)</u>	<u>\$ 2,462</u>

D. Details of the amount of unrecognised deferred tax assets are as follows:

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Tax losses	<u>\$ 122,255</u>	<u>\$ 548,829</u>	<u>\$ 90,851</u>	<u>\$ 411,233</u>

Pursuant to local taxation laws, the loss carryforwards can be used indefinitely for subsidiaries in Hong Kong, whereas it expires in ten years for branches in Taiwan and five years for subsidiaries in China.

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2020 and 2019, the amounts of temporary differences unrecognised as deferred tax liabilities were CNY\$61,964 (TWD \$265,286) and CNY\$50,167 (TWD \$224,176), respectively. The amount was estimated based on expected realised tax rate of 5%.

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

(25) Earnings per share

Year ended December 31, 2020					
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share	
	(In thousands of CNY)	(In thousands of TWD)		(CNY dollars)	(TWD dollars)
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	<u>\$ 224,146</u>	<u>\$ 959,636</u>	<u>79,354</u>	<u>\$ 2.82</u>	<u>\$ 12.09</u>
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 224,146	\$ 959,636	79,354		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	141		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 224,146</u>	<u>\$ 959,636</u>	<u>79,495</u>	<u>\$ 2.82</u>	<u>\$ 12.07</u>
Year ended December 31, 2019					
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share	
	(In thousands of CNY)	(In thousands of TWD)		(CNY dollars)	(TWD dollars)
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	<u>\$ 320,494</u>	<u>\$ 1,432,163</u>	<u>79,492</u>	<u>\$ 4.03</u>	<u>\$ 18.02</u>
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 320,494	\$ 1,432,163	79,492		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	157		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 320,494</u>	<u>\$ 1,432,163</u>	<u>79,649</u>	<u>\$ 4.02</u>	<u>\$ 17.98</u>

(26) Business combinations

- A. For the year ended December 31, 2020: None.
- B. On September 2, 2019, the Group acquired 100% of the share capital of Shanghai Zhe Mei Technology Training Co., Ltd. (Shanghai Zhe Mei) for CNY \$4,000 and obtained the control of Shanghai Zhe Mei, a cosmetology training service provider operating in Shanghai. As a result of the acquisition, the Group expected to increase its overall brand value and enhance the plan for a beauty industry chain.
- C. The following table summarises the consideration paid for Shanghai Zhe Mei and the fair values of the assets acquired and liabilities assumed at the acquisition date:

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

- D. The operating revenue included in the consolidated statement of comprehensive income since September 2, 2019 contributed by Shanghai Zhe Mei was CNY \$3,970 (TWD \$17,740). Shanghai Zhe Mei also contributed loss before income tax of CNY \$2,607 (TWD \$11,650) over the same period. Had Shanghai Zhe Mei been consolidated from January 1, 2019, the consolidated statement of comprehensive income would show operating revenue of CNY \$1,150,391 (TWD \$5,140,637) and profit before income tax of CNY \$442,040 (TWD \$1,975,300).

(27) Changes in liabilities from financing activities

	Short-term loans		Lease liabilities		Long-term borrowings	
	CNY	TWD	CNY	TWD	CNY	TWD
At January 1, 2020	\$ 388,162	\$ 1,671,037	\$ 111,730	\$ 480,998	\$ 62,676	\$ 269,820
Changes in cash flow from financing activities	(223,353)	(956,239)	(33,928)	(145,256)	-	-
Proceeds from long-term debt	-	-	-	-	342,594	1,466,746
Repayments of long-term debt	-	-	-	-	(34,012)	(145,616)
Increase in lease liabilities	-	-	63,819	273,228	-	-
Decrease in lease liabilities	-	-	(10,907)	(46,696)	-	-
Interest paid on lease liabilities	-	-	(4,298)	(18,401)	-	-
Interest expense on lease liabilities	-	-	4,298	18,401	-	-
Lease liabilities reclassification	-	-	64	274	-	-
Impact of changes in foreign exchange rate	(13,853)	(54,064)	(267)	8,698	(21,195)	(58,725)
At December 31, 2020	<u>\$ 150,956</u>	<u>\$ 660,734</u>	<u>\$ 130,511</u>	<u>\$ 571,246</u>	<u>\$ 350,063</u>	<u>\$ 1,532,225</u>

	Short-term loans		Lease liabilities		Long-term borrowings	
	CNY	TWD	CNY	TWD	CNY	TWD
At January 1, 2019	\$ 231,386	\$ 1,034,758	\$ 45,019	\$ 210,325	\$ -	\$ -
Changes in cash flow from financing activities	155,240	693,706	(25,027)	(111,836)	-	-
Proceeds from long-term borrowings	-	-	-	-	63,120	282,060
Increase in lease liabilities	-	-	90,641	405,038	-	-
Increase in lease liabilities acquired from business combinations	-	-	510	2,279	-	-
Interest paid on lease liabilities	-	-	(3,242)	(14,487)	-	-
Interest expense on lease liabilities	-	-	3,242	14,487	-	-
Lease liabilities reclassification	-	-	(166)	(742)	-	-
Impact of changes in foreign exchange rate	1,536	(57,427)	753	(15,066)	(444)	(12,240)
At December 31, 2019	<u>\$ 388,162</u>	<u>\$ 1,671,037</u>	<u>\$ 111,730</u>	<u>\$ 489,998</u>	<u>\$ 62,676</u>	<u>\$ 269,820</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

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

(2) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Sales of goods and OEM income:				
Associate	\$ 602	\$ 2,579	\$ 994	\$ 4,440
Other related parties	1,222	5,228	1,843	8,238
	<u>\$ 1,824</u>	<u>\$ 7,807</u>	<u>\$ 2,837</u>	<u>\$ 12,678</u>

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

B. Purchases

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Associate	\$ 391	\$ 1,670	\$ 904	\$ 4,038
Other related parties	23,161	99,159	12,307	54,992
	<u>\$ 23,552</u>	<u>\$ 100,829</u>	<u>\$ 13,211</u>	<u>\$ 59,030</u>

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

C. Receivables from related parties

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Accounts receivable:				
Associate				
Shanghai Zhongye	\$ 435	\$ 1,904	\$ 51	\$ 221
Other related parties				
Kelti China	51	221	59	254
Mc.Reene	-	-	45	194
Others	16	70	8	35
	<u>\$ 502</u>	<u>\$ 2,195</u>	<u>\$ 163</u>	<u>\$ 704</u>
Other receivables:				
Other related parties	<u>\$ 194</u>	<u>\$ 849</u>	<u>\$ 198</u>	<u>\$ 849</u>

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

allowances for receivables.

D. Payables to related parties

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Accounts payable:				
Associate	\$ 252	\$ 1,102	\$ -	\$ -
Other related parties				
Kelti China	1,993	8,722	2,031	8,744
Charming Biotech	710	3,106	2,931	12,615
Others	239	1,048	902	3,885
	<u>\$ 3,194</u>	<u>\$ 13,978</u>	<u>\$ 5,864</u>	<u>\$ 25,244</u>
Other payables:				
Associate	\$ 8	\$ 35	\$ 3	\$ 11
Other related parties				
Kelti China	1,938	8,483	1,315	5,661
Others	700	3,064	1,478	6,364
	<u>\$ 2,646</u>	<u>\$ 11,582</u>	<u>\$ 2,796</u>	<u>\$ 12,036</u>

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

E. Leasing arrangements - lessee

(a) The Group leases offices and plant from related parties for periods of 2 to 10 years and rents are payable at the beginning of each month.

(b) Acquisition of right-of-use assets

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Kelti China	\$ 17,784	\$ 76,137	\$ -	\$ -
Other related parties	18,095	77,470	11,558	51,648
	<u>\$ 35,879</u>	<u>\$ 153,607</u>	<u>\$ 11,558</u>	<u>\$ 51,648</u>

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

(c) Lease liability

i. Balance at end of year

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Chen, Wu-Kang	\$ 16,889	\$ 73,923	\$ 8,757	\$ 37,699
Kelti China	15,205	66,552	2,895	12,463
Other related parties	12,231	53,535	6,520	28,068
	<u>\$ 44,325</u>	<u>\$ 194,010</u>	<u>\$ 18,172</u>	<u>\$ 78,230</u>

ii. Interest expense

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties	<u>\$ 777</u>	<u>\$ 3,327</u>	<u>\$ 425</u>	<u>\$ 1,899</u>

F. Prepayments

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Other related parties	<u>\$ 44</u>	<u>\$ 193</u>	<u>\$ 185</u>	<u>\$ 796</u>

G. Property transactions

Acquisition of property, plant and equipment

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Associate	\$ 2	\$ 7	\$ 2	\$ 10
Other related parties	688	2,947	27	122
	<u>\$ 690</u>	<u>\$ 2,954</u>	<u>\$ 29</u>	<u>\$ 132</u>

H. Services expense

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties				
Kelti China	\$ 651	\$ 2,787	\$ 671	\$ 2,998
Lee, Tsai & Partners	390	1,670	1,955	8,738
	<u>\$ 1,041</u>	<u>\$ 4,457</u>	<u>\$ 2,626</u>	<u>\$ 11,736</u>

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

I. Training expense

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Other related parties				
Shanghai Zhe Mei	\$ -	\$ -	\$ 7,702	\$ 34,416

(3) Key management compensation

	Year ended December 31			
	2020		2019	
	CNY	TWD	CNY	TWD
Salaries and other short-term employee	\$ 13,057	\$ 55,898	\$ 17,555	\$ 78,444
Post-employment benefits	90	385	49	219
	\$ 13,147	\$ 56,283	\$ 17,604	\$ 78,663

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
Contract signed	\$ 17,530	\$ 76,729	\$ 3,522	\$ 15,162

- B. In June 2017, the Group had signed a donation agreement with Shanghai Tongji University Education Development Foundation, committing to donate CNY \$2,000 every year to reach the total amount of CNY \$10,000 from 2017 to 2021. This donation will be used to help to establish Shanghai Tongji University and Chlitina Holding Limited Education Foundation to support the School of Medicine’s recruitment and the School of Economics and Management’s development of scientific research. As of December 31, 2020, the Group has paid the aforementioned payment amounting to CNY \$2,000.
- C. In September 2017, the Group had signed a collaboration agreement with Shanghai Tongji University Lifeng Institute of Regenerative Medicine, committing to pay for research expenses amounting to CNY \$10,000 every year to reach the total amount of CNY \$50,000 from 2017 to 2021. The funds of Tongji University Lifeng Institute of Regenerative Medicine will be used to help the establishment, operations and research expenses of Lifeng Institute of Regenerative Medicine. As of December 31, 2020, the Group has paid the aforementioned payment amounting to CNY \$20,500.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure and the confidence of investors, creditors and market, to return compensation on shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the liability ratio. This ratio is calculated as total liability divided by total assets.

During 2020, the Group’s strategy was to maintain the liability ratio within reasonable range, which was unchanged from 2019. The liability ratios at December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Liability ratio	<u>51%</u>	<u>46%</u>

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020		December 31, 2019	
	CNY	TWD	CNY	TWD
<u>Financial assets</u>				
Financial assets at amortised cost				
Cash and cash equivalents	\$ 1,221,784	\$ 5,347,749	\$ 1,267,476	\$ 5,456,484
Financial assets at amortised cost (including current and non-current)	112,000	490,224	1	4
Notes receivable	-	-	3	13
Accounts receivable (including related parties)	1,294	5,662	221	954
Other receivables (including related parties)	6,653	29,122	3,531	15,198
	<u>\$ 1,341,731</u>	<u>\$ 5,872,757</u>	<u>\$ 1,271,232</u>	<u>\$ 5,472,653</u>
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or lost - current	<u>\$ 21,618</u>	<u>\$ 94,622</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial liabilities</u>				
Financial liabilities at amortised cost				
Short-term loans	\$ 150,956	\$ 660,734	\$ 388,162	\$ 1,671,037
Accounts payable (including related parties)	16,371	71,654	21,171	91,141
Other payables (including related parties)	181,195	793,091	127,998	551,031
Guarantee deposits received	76,134	333,241	70,346	302,840
Long-term borrowings (including current portion)	350,063	1,532,225	62,676	269,820
	<u>\$ 774,719</u>	<u>\$ 3,390,945</u>	<u>\$ 670,353</u>	<u>\$ 2,885,869</u>
Lease liabilities (including current and non-current)	<u>\$ 130,511</u>	<u>\$ 571,246</u>	<u>\$ 111,730</u>	<u>\$ 480,998</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's

overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

- (b) Risk management is carried out by a central treasury department (the Group's treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
December 31, 2019				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : TWD	\$ 11,995	\$ 29.9800	\$ 83,533	\$ 359,610
USD : HKD	9,672	7.7890	67,356	289,968
CNY : TWD	9,647	4.3050	9,647	41,530
CNY : HKD	865	1.1184	865	3,724
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : CNY	\$ 1,936	\$ 6.9640	\$ 13,482	\$ 58,040
USD : TWD	64,738	29.9800	450,838	1,940,857

- iv. The total exchange gains, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to CNY \$22,252 (TWD \$95,267) and CNY \$12,829 (TWD \$57,328), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2020					
Sensitivity analysis					
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
		CNY	TWD	CNY	TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 30	\$ 131	\$ -	\$ -
USD : TWD	3%	2,082	9,111	-	-
USD : HKD	3%	706	3,091	-	-
CNY : TWD	3%	39	170	-	-
CNY : USD	3%	1	3	-	-
CNY : HKD	3%	171	747	-	-
EUR : USD	3%	19	85	-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 257	\$ 1,126	\$ -	\$ -
USD : TWD	3%	15,031	65,789	-	-
USD : HKD	3%	14	62	-	-

Year ended December 31, 2019					
Sensitivity analysis					
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
		CNY	TWD	CNY	TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 330	\$ 1,419	\$ -	\$ -
USD : TWD	3%	2,506	10,788	-	-
USD : HKD	3%	2,021	8,699	-	-
CNY : TWD	3%	289	1,246	-	-
CNY : USD	3%	2	7	-	-
CNY : HKD	3%	26	112	-	-
EUR : USD	3%	19	84	-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 404	\$ 1,741	\$ -	\$ -
USD : TWD	3%	13,525	58,226	-	-
USD : HKD	3%	88	380	-	-

Price risk

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

Cash flow and fair value interest rate risk

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

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;

- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2020 and 2019, the Group has no written-off financial assets that are still under recourse procedures.
- viii. The Group's accounts receivable are with customers who have optimal credit rating, and the expected credit loss rate is 0.03%. As of December 31, 2020 and 2019, the carrying amount of accounts receivable (including related parties) amounted to CNY \$1,294 (TWD \$5,662) and CNY \$221 (TWD \$954), respectively. Because the Group expects that the impairment from expected credit loss is insignificant, no loss allowance was recognised.
- ix. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

		December 31, 2020							
		12 months		Lifetime				Total	
		CNY	TWD	Significant increase in credit risk		Impairment of credit		CNY	TWD
		CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost		\$ 112,000	\$ 490,224	\$ -	\$ -	\$ -	\$ -	\$ 112,000	\$ 490,224
		December 31, 2019							
		12 months		Lifetime				Total	
		CNY	TWD	Significant increase in credit risk		Impairment of credit		CNY	TWD
		CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost		\$ 1	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 4

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

(c) Liquidity risk

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

<u>Non-derivative</u>		(In thousands of CNY)		
<u>financial liabilities:</u>				
December 31, 2020	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>	
Short-term loans	\$ 150,956	\$ -	\$ -	
Accounts payable (including related parties)	16,371	-	-	
Other payables (including related parties)	181,195	-	-	
Lease liabilities	32,182	30,010	83,124	
Guarantee deposits received	76,134	-	-	
Long-term borrowings (including current portion)	58,561	291,502	-	
December 31, 2019	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>	
Short-term loans	\$ 388,162	\$ -	\$ -	
Accounts payable (including related parties)	21,171	-	-	
Other payables (including related parties)	127,998	-	-	
Lease liabilities	29,784	21,489	74,414	
Guarantee deposits received	70,346	-	-	
Long-term borrowings	-	62,676	-	

<u>Non-derivative</u>		(In thousands of TWD)		
<u>financial liabilities:</u>			Between 1	
December 31, 2020	Less than 1 year	and 2 years	Over 2 years	
Short-term loans	\$ 660,734	\$ -		\$ -
Accounts payable (including related parties)	71,654	-		-
Other payables (including related parties)	793,091	-		-
Lease liabilities	140,861	131,354		363,834
Guarantee deposits received	333,241	-		-
Long-term borrowings (including current portion)	256,321	1,275,904		-
<u>Non-derivative</u>			Between 1	
<u>financial liabilities:</u>			and 2 years	
December 31, 2019	Less than 1 year	and 2 years	Over 2 years	
Short-term loans	\$ 1,671,037	\$ -		\$ -
Accounts payable (including related parties)	91,141	-		-
Other payables (including related parties)	551,031	-		-
Lease liabilities	128,220	92,510		320,352
Guarantee deposits received	302,840	-		-
Long-term borrowings	-	269,820		-

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

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

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

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 is as follows:

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

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

	(In thousands of CNY)			
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ -	\$ -

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

December 31, 2019	(In thousands of TWD)			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ -	\$ -

D. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020		2019	
	<u>Equity instrument</u>	<u>Equity instrument</u>	<u>Equity instrument</u>	<u>Equity instrument</u>
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
	At January 1	\$ -	\$ -	\$ -
Acquired in the year	21,618	94,622	-	-
At December 31	\$ 21,618	\$ 94,622	\$ -	\$ -

E. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

F. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at		Fair value at December		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
	December 31, 2020		31, 2019					
	CNY	TWD	CNY	TWD				
Non-derivative equity instrument:								
Unlisted shares	\$ 21,618	\$ 94,622	\$ -	\$ -	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	Not applicable	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching TWD \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching TWD \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching TWD \$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching TWD \$100 million or 20% of paid-in capital or more: Please refer to Table 5.

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

J. Significant inter-company transactions during the reporting period: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

(3) Information about segment profit or loss, assets and liabilities

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

(4) Reconciliation for segment income (loss)

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

(5) Information on products and services

Please refer to Note 6(18) for information on products and services.

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	(In thousands of CNY)			
	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 914,704	\$ 431,519	\$ 1,118,289	\$ 448,488
Others	32,671	68,761	31,708	53,229
	<u>\$ 947,375</u>	<u>\$ 500,280</u>	<u>\$ 1,149,997</u>	<u>\$ 501,717</u>

	(In thousands of TWD)			
	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 3,916,121	\$ 1,888,759	\$ 4,997,187	\$ 1,930,741
Others	139,875	300,967	141,692	229,151
	<u>\$ 4,055,996</u>	<u>\$ 2,189,726</u>	<u>\$ 5,138,879</u>	<u>\$ 2,159,892</u>

(7) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2020 and 2019.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Loans to others
Year ended December, 31

Table 1

Expressed in thousands of TWD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan (Note 2)	Transaction amounts	Reason for short- term financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company	Financing company's total financing amount limits	Footnote
													Item	Value			
1	Chlitina (China) Trade Limited	Wuguan (Shanghai) Trade Limited	Other receivables	Yes	\$ 87,540	\$ 87,540	\$ -	Lower 10% of loan market rate	2	\$ -	Operating capital	\$ -	None	-	\$ 3,897,353	\$ 3,897,353	Note 4, 5
2	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	Other receivables	Yes	87,540	87,540	-	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	1,362,601	1,362,601	Note 4, 5
3	Hong Kong Chlitina International Limited	Yong Li Trading Company Limited	Other receivables	Yes	29,100	28,480	21,360	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	6,108,617	6,108,617	Note 4, 6

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

(1) The Company is '0'.

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

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

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

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

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

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

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

December 31, 2020

Table 2 Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2020				
				Number of shares (in thousand shares/thousand unit)	Book value	Ownership (%)	Fair value	Footnote
Hong Kong Chlitina International Limited	Onward Therapeutics SA	None	Non-current financial assets at fair value through profit or loss	2,290	\$ 94,622	6.33%	\$ 94,622	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December, 31

Table 3

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the investor	Beginning Balance		Acquisition		Disposal			Ending Balance		Footnote	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares		Amount
Weishuo (Shanghai) Daily Product Limited	Jun De-Li Fund	Financial assets at fair value through profit or loss-current	-	-	-	\$ -	447,155,000	\$ 1,914,405	447,155,000	\$ 1,916,641	\$ 1,914,405	\$ 2,236	-	\$ -	
Weishuo (Shanghai) Daily Product Limited	ICBC Credit Suisse Salary Monetary Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	277,000,000	1,185,920	277,000,000	1,187,579	1,185,920	1,659	-	-	
Chlitina (China) Trade Limited	ICBC Credit Suisse Salary Monetary Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	550,000,000	2,354,715	550,000,000	2,358,293	2,354,715	3,578	-	-	
Chlitina (China) Trade Limited	HFT Money Market Fund B	Financial assets at fair value through profit or loss-current	-	-	-	-	50,006,684	214,094	50,006,684	214,242	214,094	148	-	-	
Chlitina (China) Trade Limited	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	855,285,000	3,661,732	855,285,000	3,664,882	3,661,732	3,150	-	-	
Chlitina (China) Trade Limited	China Universal Cash Express Money Market Fund	Financial assets at fair value through profit or loss-current	-	-	-	-	217,665,995	931,893	217,665,995	932,779	931,893	886	-	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December, 31

Table 3

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the investor	Beginning Balance		Acquisition		Disposal			Ending Balance		Footnote	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares		Amount
Chlitina (China) Trade Limited	FUANDA Cash Express Money Market Fund B	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	100,000,000	\$ 428,130	100,000,000	\$ 428,418	\$ 428,130	\$ 288	-	\$ -	
Hong Kong Chlitina International Limited	General Biologicals Corp.	Investments accounted for using equity method	General Biologicals Corp.	-	-	-	11805203	177624	-	-	-	-	11,805,203	205,198	Note 5

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

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

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

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

Note 5: Ending balance includes share of interest in the associate recognised for the year and the related valuation adjustments.

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December, 31

Table 4

Expressed in thousands of TWD

(Except as otherwise indicated)

Purchaser/ seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction					Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	Footnote
				Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Chlitina (China) Trade Limited	Weishuo (Shanghai) Daily Product Limited	Subsidiary	Purchases	\$ 545,333	81%	60 days after monthly billings	-	-	(\$ 161,704)	94%	Note 1	
British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	Subsidiaries	Trademark license	206,842	100%	Note 2	-	-	44,491	100%	Note 1	

Note 1: The transactions have been eliminated upon consolidation.

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 Year ended December, 31

Table 5

Expressed in thousands of TWD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	Subsidiaries	\$ 161,704	3.47	\$ -	-	\$ 78,622	\$ -	Note

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Year ended December, 31

Table 6

Expressed in thousands of TWD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	3	Sales	\$ 545,333	60 days after monthly billings	21%
1	Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	3	Accounts receivable	161,704	60 days after monthly billings	2%
1	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	3	Sales	29,632	60 days after monthly billings	1%
2	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Trademark right income	206,842	In accordance with mutual agreements	8%
2	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Accounts receivable	44,491	In accordance with mutual agreements	1%
3	Hong Kong Chlitina International Limited	Weishuo (Shanghai) Daily Product Limited	3	Sales	34,205	60 days after monthly billings	1%
3	Hong Kong Chlitina International Limited	Yong Li Trading Company Limited	3	Other receivables	21,360	Loans	0%
4	British Virgin IS. Chlitina Marketing Limited Taiwan Branch	Hong Kong Chlitina International Limited	3	Sales	33,520	60 days after monthly billings	1%
5	Crystal Asia Shanghai Limited	Chlitina (China) Trade Limited	3	Sales	29,894	60 days after monthly billings	1%

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Information on investees
Year ended December 31, 2020

Table 7

Expressed in thousands of TWD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at December 31, 2020			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Chlitina Holding Limited	Chlitina Group Limited	British Virgin Islands	Investing	\$ 631,539	\$ 604,294	2,006,707,348	\$ 100	\$ 6,431,332	\$ 943,912	\$ 943,912	
Chlitina Group Limited	Chlitina International Limited	British Virgin Islands	Investing	549,053	522,255	18,250,001	100	6,282,916	857,047	-	Note 1
Chlitina Group Limited	Chlitina Intelligence Limited	British Virgin Islands	Investing and researching	-	-	1	100	147,428	87,120	-	Note 1
Chlitina Group Limited	W-Amber International Limited	British Virgin Islands	Investing	50,880	50,880	1,150,000	100	76 (115)	-	Note 1
Chlitina Group Limited	W-Champion International Limited	British Virgin Islands	Investing	34,518	34,518	930,000	100	90	22	-	Note 1
Chlitina Group Limited	C-Asia International Limited	British Virgin Islands	Investing	920	920	20,000	100	146 (65)	-	Note 1
Chlitina International Limited	Hong Kong Chlitina International Limited	Hong Kong	Investing and trading of skincare products	276,221	276,221	69,850,001	100	6,108,617	877,874	-	Note 1
Chlitina International Limited	Chlitina Marketing Limited	British Virgin Islands	Investing and trading of skincare products	376,649	349,851	12,522,882	100	164,966 (20,652)	-	Note 1
Chlitina International Limited	Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	France	Research and development center	188	188	500	100	-	-	-	Note 1
Hong Kong Chilitina International Limited	Hong Kong Crystal-Asia International Limited	Hong Kong	Investing	69,642	69,642	2,300,000	100	51,637 (7,514)	-	Note 1
Hong Kong Chilitina International Limited	Hong Kong W-Champion International Limited	Hong Kong	Investing	61,865	61,865	2,950,000	100	66,812	8,784	-	Note 1

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Information on investees
Year ended December 31, 2020

Table 7 Expressed in thousands of TWD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at December 31, 2020			Net profit (loss) of the investee	Share of profit (loss) of investee	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Hong Kong Chilitina International Limited	Hong Kong W-Amber International Limited	Hong Kong	Investing	\$ 587,086	\$ 467,107	128,603,060	100	\$ 347,095	(\$ 93,450)	-	Note 1
Hong Kong Chilitina International Limited	Yong Li Trading Company Limited	Vietnam	Dealer of skincare products	17,373	17,373	-	100	10,352	(2,990)	-	Note 1
Hong Kong Chilitina International Limited	HUAPAO SDN. BHD.	Malaysia	Dealer of skincare products	3,502	3,502	500,000	100	2,905	(372)	-	Note 1
Hong Kong Chilitina International Limited	General Biologicals Corp.	Taiwan	Manufacturing of medical appliances	177,624	-	11,805,203	19.71	205,198	84,107	-	Note 1, 2
Yong Li Trading Company Limited	Vinh Le Company Limited	Vietnam	Dealer of skincare products	-	-	-	100	-	(531)	-	Note 1, 3
Hong Kong W-Amber International Limited	Hong Kong Crystal International Services Limited	Hong Kong	Investing, dealer of skincare and supplementary health care products	3,050	3,050	100,000	100	2,774	(11)	-	Note 1
W-Champion International Limited	W-Champion Marketing Limited	British Virgin Islands	Investing	31,783	31,783	930,000	100	90	22	-	Note 1
W-Amber International Limited	W-Amber Marketing Limited	British Virgin Islands	Investing	56,280	56,280	1,150,000	100	44	(108)	-	Note 1

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

Note 2: For the year ended December 31, 2020, the investment gain on General Biologicals Corp. was \$16,671.

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December, 31

Table 8

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chlitina (China) Trade Limited	Dealer of skincare products and health food	\$ 255,923	2	\$ -	\$ -	\$ -	\$ -	\$ 949,870	100	\$ 949,870	\$ 3,897,353	\$ -	
Shanghai Zhe Mei Technology Training Co., Ltd.	Cosmetology training services	78,302	2	-	-	-	-	(18,205)	100	(18,205)	38,169	-	
Weishuo (Shanghai) Daily Product Limited	Production and trading of skincare products	64,207	2	-	-	-	-	71,827	100	71,827	1,362,601	-	
Weihu (Shanghai) Trade Limited	Investing, dealer of skincare and supplementary health care products	605,565	2	-	-	-	-	(92,669)	100	(89,561)	315,389	-	
Crystal Asia Shanghai Limited	Dealer of skincare products and supplementary health care products	31,262	2	-	-	-	-	(1,591)	100	(1,591)	28,213	-	
Li Shuo Biotechnology (Shanghai) Co., Ltd.	Enterprise management consulting and investing	8,148	2	-	-	-	-	(1,218)	100	(1,218)	6,850	-	
Wuguan (Shanghai) Trade Limited	Dealer of skincare products and supplementary health care products	64,193	2	-	-	-	-	9,235	100	9,235	39,061	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December, 31

Table 8

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Yuanshuo Management Consulting Limited	Enterprise management consulting and investing	\$ 396,516	2	\$ -	\$ -	\$ -	\$ -	(\$ 67,207)	100	(\$ 64,099)	\$ 247,654	\$ -	
Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd.	Medical cosmetology services	103,346	2	-	-	-	-	(17,731)	100	(17,731)	42,737	-	
Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd	Medical cosmetology services	29,810	2	-	-	-	-	(2,522)	100	(2,522)	28,049	-	
Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd.	Medical cosmetology services	43,374	2	-	-	-	-	(7,560)	100	(7,560)	35,263	-	
Shanghai Lunxin Medical Beauty Clinic Co., Ltd.	Medical cosmetology services	17,219	2	-	-	-	-	(3,343)	100	(3,896)	13,524	-	
Jinghe Clinic (Nanjing) Co., Ltd	Dealer of general practice and foods	87	2	-	-	-	-	(3,665)	100	(3)	83	-	
He Deng Clinic (Shanghai) Co., Ltd	Dealer of general practice	738	2	-	-	-	-	(65)	100	(65)	677	-	
Cui Jei (Shanghai) Trading Co. Ltd.	Dealer of health food and daily necessities	6,055	2	-	-	-	-	(436)	100	(436)	5,386	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December, 31

Table 8

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Zhongye Trade Co., Ltd.	Production and trading of cosmetics	\$ 29,258	2	\$ -	\$ -	\$ -	\$ -	(\$ 22,846)	30.00	(\$ 6,854)	\$ 12,882	\$ -	

Company name	China	Investment amount authorized by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Not applicable to foreign issuer.	\$ -	\$ -	Note 4

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.(the investee in the third area is Chlitina Group Limited)
- (3) Others

Note 2: In the 'share of profit (loss)' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements were audited and attested by R.O.C. parent company's CPA.
 - C.Others.

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

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2020

Table 9

Name of major shareholders	Shares		Footnote
	No. of shares held	Ownership (%)	
Custody account Fu Yuan Investment Co. Ltd. entrusted under Cathay United Bank	28,056,000	35.29%	Note 1, 2
Fubon Life Assurance Co., Ltd	4,752,000	5.97%	Note 1, 2

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in the trust by the shareholders, the data is disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

- V. The latest Individual financial statement audited and certified by CPAs: None.
- VI. In case of any financial difficulty with the Company and its related companies in the recent year and as of the issue date of the annual reports, please state its impact on the financial status of the Company: None.

Chapter 7 Discussion of financial report status and financial performance and risks

I. Financial status

Unit: NTD 1,000

Item	Year	2019	2020	Difference		Analysis of changes
				Amount	%	
Current Assets		5,944,434	5,918,531	(25,903)	0	
Real estate, plant and equipment		1,367,720	1,376,374	8,654	1	
Other assets		841,809	1,668,881	827,072	98	1
Total assets		8,153,963	8,963,786	809,823	10	1
Current Liabilities		3,110,733	2,818,687	(292,046)	(9)	
Non-current liabilities		661,429	1,736,784	1,075,355	163	2
Total liabilities		3,772,162	4,555,471	783,309	21	2
Capital		794,924	794,924	0	0	
Additional paid-in capital		1,351,932	1,375,164	23,232	2	
Retained earnings		2,784,904	2,711,031	(73,873)	(3)	
Other equities		(549,959)	(472,804)	77,155	(14)	3
Total shareholders' equity		4,381,801	4,408,315	26,514	1	

Note to the increase (decrease) analysis: (the change is more than 10%, and the difference reaches 1% of the total assets of that year);

- Increase in other assets: Mainly due to the increase in non-current financial assets measured at amortized cost and increase in investment under the equity method.
- Increase in non-current liabilities: Mainly due to the increase in long-term loans.
- Decrease in other equities: Due to the changes in foreign exchange rate.

Response plan for the future:
The Company will pay continuous attention to the accuracy and rationality of the financial indicators, and adjust the short-term development strategies in light of its long-term development plans and the reality.

II. Financial performance

(I) Analysis of changes in operating outcome

Unit: NTD 1,000

Item	Year	2019	2020	Increase (decrease) amount	Ratio of changes (%)	Analysis of changes
Operating costs		818,411	604,571	(213,840)	(26)	1
Gross profit		4,320,468	3,451,425	(869,043)	(20)	1
Operating profit and loss		1,789,074	1,120,266	(668,808)	(37)	2
Non-operating revenues and expenses		193,178	273,695	80,517	42	3
Pretax income		1,982,252	1,393,961	(588,291)	(30)	4
Continuing departments net income before tax		1,982,252	1,393,961	(588,291)	(30)	4
Current net profit (loss)		1,432,163	959,636	(472,527)	(33)	4
Other consolidated income (net after tax) – current period		(210,005)	77,047	287,052	(137)	5
Total consolidated		1,222,158	1,036,683	(185,475)	(15)	6

income – current period					
Net profit attributable to the owner of parent	1,432,163	959,636	(472,527)	(33)	4
Net profit attributable to uncontrolled equity	-	-	-	-	-
Net profit from total consolidated profit/loss attributable to the owner of parent	1,222,158	1,036,683	(185,475)	(15)	6
Total consolidated income attributable to uncontrolled equity	-	-	-	-	-
Note to the increase (decrease) analysis: (the change is more than 10%, and the difference reaches 1% of the total assets of that year);					
1. Decrease in operating revenue, operating cost, and operating gross profit: Mainly due to the decrease in revenue as a result of the COVID-19 pandemic.					
2. Decrease in operating profit or loss: Mainly due to the decrease in operating gross profit and the fixed expenses in the expenses remained flat, and the decrease in total expenses was less than the decrease in operating gross profit.					
3. Increase in non-operating income and expense: Mainly due to the increase in the foreign exchange gain, acquisition of the government subsidies, and increase in the interest from bank deposit.					
4. Decrease in net profit before tax and current net profit: Mainly due to the decrease in operating gross profit.					
5. Increase in other consolidated income in current period: Mainly due to the change in the exchange rate.					
6. Decrease in consolidated income in current period: Mainly due to the increase of other comprehensive income and decrease in net profit in current period.					

(II) Estimated sales in the coming year and the basis

The Company sets the annual sales target on the basis of the industrial environment and previous performance. Given the huge cosmetology market in China, the expected growth rate of the chain beauty industry and the medical beauty industry is still very high. Moreover, the market expansion of the Company has gone smoothly; it is estimated that the sales of this year will grow as compared to last year. The financial status of the Company will be improved accordingly.

(III) Possible impact on the future financial position of the Company and the corresponding plan

Since the industry to which the Company belongs is still in the growing stage, the Company, in the future, will continuously deepen the brand connotation of “Brave Women Love,” exalt the brand popularity by promoting it through various media, expand the market share in light of the changes in market demand, raise the profits of the Company, and expects to realize sustainable business growth and sound financial position in the future.

III. Cash flow

(IV) Analyze and description of changes in cash flow for the latest year (2020)

Unit: NTD 1,000

Item	Year	2020	2019	Changes in increase (decrease)	
				Amount	%
Net cash flows from operating activities		1,833,543	1,521,646	(311,897)	(17)
Net cash flows from investing activities		17,843	(766,398)	(784,241)	(4,395)
Net cash flows from financing activities		(89,978)	(813,766)	(723,788)	804

- (1) Net cash flows from operating activities: Mainly due to the decrease in net profit before tax of the Company for year 2020.
 - (2) Net cash flows from financing activities: Mainly due to the increase in investment obtained using the equity method this year.
- (3) Net cash flows from financing activities: Mainly due to the loan payment and distribution of cash dividends.

(V) Plan for improving the liquidity shortage:

Since the cash flows from operating activities in 2020 are positive, which are enough for the operation, the Company did not have any liquidity shortage. The Company has not got involved in any liquidity shortage.

(VI) Analysis on the cash liquidity in the coming year (2021)

Unit: NTD 1,000

Initial cash balance	Estimated net cash flow from operating activities for the year	Estimated net cash flows from financing activities and financing activities	Cash surplus (insufficient)	Corrective measures against insufficient cash position	
				Investment plans	Financial management plans
5,347,749	753,166	-1,319,856	4,781,059	-	-
1. Analysis on the changes in cash flow of the current year (in the coming year) <ol style="list-style-type: none"> (1) Operating activities: It is estimated that the net cash inflows are mainly due to the operating revenue in the 2021. (2) Investing activities: It is estimated that the net cash outflows are mainly due to the increase in capital expenditure. (3) Financing activities: It is estimated that the net cash outflows are mainly due to the loan payment and distribution of cash dividends. 					
2. Analysis of liquidity and corrective measures against projected insufficient cash position: Not applicable.					

IV. Major capital expenditures in the most recent year

(VII) Major capital expenditures and their usage: None.

(VIII) Expected benefits: None.

V. Investment strategies, causes for investment gains and losses planned improvements for the most recent year and investment plan for the coming year

1. Reinvestment policy

The Company has mainly reinvested in its current business and relevant business. Besides the investment cycle provisions in the internal control regulations, the Company has also regulated the reinvestment according to the “Measures for the Administration of Affiliated Party Transactions” and the “Measures for Subsidiary Supervision and Management.” The Company will assist the reinvestment companies to establish appropriate internal control regulations in light of the practical operations of the reinvestment companies under the local laws and regulations.

2. Main reasons for gains or losses in reinvestment for the recent years

Unit: NTD 1,000; December 31, 2020

Invested enterprise	Territory	Main Operations	Initial investment amount	Reason for gains or losses	Improvement plans	Future other investment plans
Chlitina Group Limited	British Virgin IS.	Investment holdings.	631,539	Holding company's gains come from the subsidiaries	None	None
Chlitina Intelligence Limited	British Virgin IS.	Investment holdings and R&D	-	Collection of trademark royalty	None	None
Chlitina International Limited	British Virgin IS.	Investment holdings.	549,053	Holding company's gains come from the subsidiaries	None	None
W-Amber International Limited	British Virgin IS.	Investment holdings.	50,880	Holding company's losses come from the subsidiaries	None	None
W-Champion International Limited	British Virgin IS.	Investment holdings.	34,518	Holding company's gains come from the subsidiaries	None	None
C-Asia International Limited	British Virgin IS.	Investment holdings.	920	No actual operating activities	None	None
Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	France	R&D Center	188	Products R&D	None	None
Hong Kong Chlitina International Limited	Hong Kong	Investment holding and marketing of skincare products	276,221	Sale of own brand products and investment income of subsidiaries	None	None
Chlitina Marketing Limited	British Virgin IS.	Investment holding and marketing of skincare products	376,649	Sale of own brands and other brands and the operation and management of franchised chain stores	Further expand the Taiwan market and overseas market	None
W-Amber Marketing Limited	British Virgin IS.	Investment holdings.	56,280	No actual operating activities	None	None
Hong Kong C-Asia International Limited	Hong Kong	Investment holdings.	69,642	Holding company's losses come from the subsidiaries	Ask the subsidiaries to improve the operation and raise the profits.	None
Hong Kong W-Champion International Limited	Hong Kong	Investment holdings.	61,865	Holding company's gains come from the subsidiaries	None	None
Hong Kong W-Amber International Limited	Hong Kong	Investment holdings.	587,086	Holding company's losses come from the subsidiaries	Ask the subsidiaries to improve the operation and raise the profits.	None
W-Champion Marketing Limited	British Virgin IS.	Investment holdings.	31,783	No actual operating activities	None	None

Yong Li Trading Company Limited	Vietnam	Marketing of skin-care products	17,373	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Yong Li Company Limited	Vietnam	Marketing of skin-care products	0	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
HUAPAO SDN. BHD.	Malaysia	Marketing of skin-care products	3,502	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Hong Kong C-Asia International Limited	Hong Kong	Investment holding, marketing of skincare products, and health food products	3,050	No actual operating activities	None	None
Chlitina (China) Trade Limited	Mainland China	Marketing of skincare products and health food products	255,923	Sale of own brands and other brands and the operation and management of franchised chain stores	None	None
Shanghai Zhemei Vocational Training Co., Ltd.	Mainland China	Beauty practitioners training service	78,302	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Weishuo (Shanghai) Daily Product Limited	Mainland China	Production and marketing of skincare products	64,207	Manufacturing and sale of own brand products	None	None
W-Champion (Shanghai) Trade Limited	Mainland China	Marketing of skincare products and health food products	64,193	Sale of own brand products	None	None
W-Amber (Shanghai) Trade Limited	Mainland China	Investment holding, marketing of skincare products and health food products	605,565	No actual distribution marketing business, and the losses comes from the subsidiaries	Ask the subsidiaries to improve the operation and raise the profits.	None
C-Asia (Shanghai) Trade Limited	Mainland China	Marketing of skincare products and health food products	31,262	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Lishuo Biotechnology (Shanghai) Co., Ltd.	Mainland China	Enterprise management consulting and investment holdings	8,148	Holding company's losses come from the subsidiaries	Ask the subsidiaries to improve the operation and raise the profits.	None
Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd.	Mainland China	Enterprise management consulting and investment holdings	396,516	Holding company's losses come from the subsidiaries	Ask the subsidiaries to improve the operation and raise the profits.	None
Beijing Uplider	Mainland	Medical	103,346	The operation has	Strengthen the	None

Medical Beauty Treatment Clinic Co., Ltd.	China	cosmetology service		not reached the scale economy.	business expansion of the Company.	
Shanghai Uplider Medical Beauty Treatment Clinic Co., Ltd.	Mainland China	Medical cosmetology service	29,810	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Uplider Medical Beauty Treatment Clinic (Nanjing) Co., Ltd.	Mainland China	Medical cosmetology service	43,374	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Shanghai Lunxin Medical Beauty Treatment Clinic Co., Ltd.	Mainland China	Medical cosmetology service	17,219	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Jinghe Clinic (Nanjing) Co., Ltd.	Mainland China	General clinic and food	87	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Hedeng Clinic (Shanghai) Co., Ltd.	Mainland China	General clinic	738	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Cui Jie (Shanghai) Trading Co., Ltd.	Mainland China	Health products and daily necessities distribution	6,055	No actual distribution marketing business	None	None

3. Investment plan for the coming year

In recent years, the Company, besides actively expanding the cosmetic franchised chain stores, has also embarked on the development of cosmetic-related business for further exploring the market, boosting the brand positioning, enhancing the overall competitive edge of the Group, expanding the sales channel of the Company and the operational scale and profitability of the Company, and creating more value for the shareholders.

- 1) Set up and invest in medical beauty clinics, as well as make use of the current cosmetics chain resource to expand the medical beauty market;
- 2) Cooperate with enterprises or individuals mastering excellent resources to promote the research on the regenerative medicine;
- 3) Check the market demands and operational needs of subsidiaries, and carry out and publicize the diversified channel and exhibiting store program.
- 4) As for relevant investment plans, the Company will conduct the investment evaluation and verification procedure as stipulated.

VI. Analyze and assess the risks during the most recent year and up to the date of publication of this annual report:

1. Notes to the risks of overseas business establishment or subsidiary meeting one of the standards for important subsidiaries stipulated in Paragraph 2, Article 2-1 of the rules for accountants to assure financial statements in the most recent fiscal year shall be added:

The subsidiaries of the Company comply with the aforesaid standards for the recognition of the so-called “important business establishment or subsidiary” include Chlitina Group Limited, Chlitina International Limited, Chlitina Intelligence Limited, Chlitina Marketing Limited, Hong Kong Chlitina International Limited, Chlitina (China) Trade Limited and W-Amber (Shanghai) Daily Product Limited. Notes shall be made to local economic profile, changes in political and economic environment, foreign exchange control, taxes and relevant laws, and whether the effect of civil decisions of Chinese courts is acknowledged, other risks and countermeasures.

2. Foreign issuing companies shall also brief the economic profile, changes in political and economic environment, foreign exchange control taxes and relevant laws of the country where a foreign issuing company is incorporated and the main country of operation, and the risks of whether the civil decisions of Chinese courts are acknowledged, and the countermeasures taken:

(1) Country of incorporation: Cayman Islands

A. Economic profile and changes in the political and economic environment

The Cayman Islands is an autonomous British overseas territory in the West Indies. It is in the Caribbean Sea, which is 268km away from Jamaica in the northwest and 640km away from the south of Miami. It mainly consists of three islands. It is an overseas territory of UK. George Town is its capital and commercial center. Its economic revenue mainly comes from the financial service industry. Now, it has become the 5th financial center in the world after New York, London, Tokyo and Hong Kong. It has many professional service agencies in law and accounting, and can render rapid and convenient services.

Companies incorporated in Cayman Islands can be divided into five categories, namely, ordinary company, ordinary no-resident company, exempted company, exempted limited duration company and foreign company. Among them, the exempted company has been usually used by enterprises and individuals of other countries for financial planning because an exempted company cannot operate locally. In recent years, the Cayman government has actively strengthened its reputation of its offshore financial operations while vigorously developing the financial, insurance and shipping businesses. It has concluded the “Mutual Legal Assistance Treaty” with the US and UK for joint prevention of illegal transactions of international criminal organizations by making use of the financial system of Cayman.

To sum up, the Company is a holding company incorporated in the Cayman Islands as an exempted company, and has no material operating activities there. Moreover, the Cayman Islands have been stable in politics for a long time. Its general economic profile and changes in political and economic environment have no material impact on operation of the Company.

B. Foreign exchange control and tax risks and relevant laws

Cayman Islands have no control over foreign exchanges. Except for the annual license fee, exempted companies currently are free from the income tax or value-added tax. See below for the laws and regulations of Cayman Islands on exempted companies:

(A) An exempted company is prohibited from operating business within the territory of Cayman Islands unless such business has direct help to the offshore business of the company.

(B) Unless approved by the Financial Secretary of Cayman Islands, an exempted company cannot hold any land within the territory of Cayman Islands. Exempted companies that do not list in the stock exchange of Cayman Islands cannot invite citizens of Cayman Islands to subscribe to their shares or bonds.

(C) The Company Act of Cayman Islands does not have such provisions that a company must hold annual shareholders’ meetings. Such company shall hold meetings of shareholders and the board of directors as stipulated in the Articles of Incorporation, which may not necessarily be held in Cayman Islands. According to the Articles of Incorporation (“Articles of Incorporation of the listed company”) of the Company passed through resolutions of the shareholders’ meeting held on June 19, 2014, the Company shall hold the general meetings within six months after the end of each fiscal year or other period approved by the stock exchange; moreover, the Articles of Incorporation of the listed company also stipulate that during the stock listing period, the shareholders’ meetings of the Company shall be held within the territory of the Republic of China.

(D) The offering of new shares shall be subject to the resolutions of the board of directors. The Articles of Incorporation of the Company stipulate that the new common stock offering of

the Company shall be subject to the consent of over half of the directors present at a board meeting within more than 2/3 of the board members present. The Company is prohibited from offering shares whose capital stock has not been paid or has been paid partially.

- (E) An exempted company does not need to submit or declare detailed materials of shareholders to or with the company registry of Cayman Islands. According to the Articles of Incorporation of the Company, the board of directors shall keep the register of shareholders at an appropriate place within or beyond the territory of Cayman Islands.
- (F) The register of shareholders of an exempted company is not necessarily accessible by the public.
- (G) An exempted company may apply to the government of Cayman Islands for commitment of tax-free. The valid period of the commitment applied for the first time is 20 years. The commitment may be applied for update before its expiration.
- (H) An exempted company may apply for deregistration, and transfer the place of incorporation to other countries.
- (I) An exempted company may be registered as an exempted limited duration company. A limited duration company shall have at least two shareholders and the duration of operation of 30 years at most.
- (J) Since the laws of Cayman Islands on the protection of minority interest vary from the laws of the Republic of China and other regions with jurisdiction, the Company has, according to such laws of the Republic of China as the Securities and Exchange Act and requirements of competent authority, amended the Articles of Incorporation within the scope permitted by the laws of Cayman Islands to guarantee the shareholders' interests of Taiwan investors.
- (K) Unless otherwise approved, such words as bank, trust, mutual fund, insurance, royal, imperial, empire, assurance, building society or reinsurance shall not appear in a company's name; moreover, the registration documents shall be written in English.

To sum up, since the Cayman Islands implements the open policy to foreign exchanges, and have no relevant control restriction, it has no material impact on the Company's capital use. Moreover, the local government has granted tax preference policies to exempted companies, and has no major restrictions on the operation of exempted companies, with the exception of the aforesaid operation with the territory of Cayman Islands, inviting Cayman citizens to subscribe their shares or bonds, purchasing land within the territory of Cayman Islands and the company name, while the Company is only a holding company incorporated in Cayman Islands and has no operating activities there. Therefore, the Company's incorporation in Cayman Islands, the taxes and relevant laws of Cayman Islands have no material impact on the overall operation of the Company.

C. Whether acknowledge the civil decision effect of Chinese court

(A) Risk of claim:

The Company is an exempted company incorporated in Cayman Islands, and has not applied for a license from the Ministry of Economic Affairs as stipulated in the Company Act of Taiwan, but the Articles of Incorporation have explicitly stipulated that Taipei District Court shall be the court of first instance for several shareholders' interests protection affairs. Moreover, the Company has appointed the agent ad litem and non-agent ad litem within the territory of the Republic of China as required by Taiwan Stock Exchange Corporation, but where any investor files a lawsuit against the Company or its person-in-charge with the Republic of China court, the court may judge the existence of jurisdiction and the means of service in light of the case nature and plot, and require that the investor states the foreign laws involved in the case; therefore, not all kinds of cases can receive substantive judgment at a court of the Republic of China court.

(B) Risk of decision acknowledgment and execution:

The Cayman Islands laws have not explicitly stipulated that the civil decisions made by

courts of the Republic of China court (“decision made by the court of the Republic of China court”) shall be executed in Cayman Islands, but according to its common law, the decision made by a court of the Republic of China shall comply with the following requirements, only thus will a Cayman Islands court acknowledge its validity and execute it: (1) the foreign court making such decision has the jurisdiction; (2) the decision has explicitly stated that the debtor shall bear the obligation of paying the liquidated sum stated in the decision; (3) the decision shall be final; (4) do not involve taxes, fines and amercement; and (5) the way to obtain the decision, the decision acknowledgement and execution do not violate the principle of fairness and justice or the public policy of Cayman Islands.

If the court of Cayman Islands does not acknowledge the decision of a Chinese court, even if the investor has obtained the decision, it cannot be executed. Therefore, the investor may encounter the risk of being unable to successfully make claims abroad. The investors shall know the legal risks with the securities issued by foreign issuers.

D. Does China have to extradite the defendant to China for trial?

The securities regulator of Cayman Islands where the Company is incorporated has executed the “Multilateral Memorandum of International Securities Regulators.” The Financial Supervisory Commission of the Executive Yuan of the Republic of China shall, according to the memo, apply to the securities regulator of Cayman Islands for submission of relevant information or documents, including but not limited to the current records (including the bank and account records regarding fund and asset transfer) enough to rebuild the transactions of securities and derivative financial commodities. Since the memo does not have any provisions on extradition, Taiwan cannot apply to the Cayman Islands to extradite the defendants to Taiwan according to the memo. Next, Taiwan has not executed any agreement for reciprocal judicial assistance in criminal cases with Cayman Islands. To sum up, Taiwan may face the risk of unable to apply to Cayman to extradite the defense to Taiwan for trial.

E. Risk with the governing law due to the difference between the laws of Cayman Islands and the laws of the Republic of China

(A) The Company is a company established according to the laws of Cayman Islands. In order to list in Taiwan Stock Exchange Corporation, the Company has modified its Articles of Incorporation according to relevant laws of the Republic of China to secure the shareholders’ rights. As for the matters uncovered in the Articles of Incorporation, the Company will handle them according to relevant laws of Cayman Islands and the laws of the Republic of China governing foreign issuers. Given the differences between the laws of Cayman Islands and the Taiwan laws on corporate operations, the investors cannot apply the opinions on protecting the legal rights when investing in Taiwan companies to the investments in a Cayman company. Therefore, the investors shall indeed know and consult with experts on whether the shareholders’ interests can be secured when investing in a Cayman company.

(B) Since the differences between Cayman Islands and the Republic of China in laws and stock exchange regulations will probably cause conflicts in governing law or interpretation, the resolution of conflicts in governing law or interpretation is still subject to the court decision. Therefore, the investors are hereby reminded to aware that when they intend to apply to a court of the Cayman Islands to execute a Taiwan court decision, or file a lawsuit or apply to a court of the Cayman Islands for execution of relevant rights, the court of the Cayman Islands will not necessarily recognize the Taiwan laws and practices (including but not limited to the way of equity transfer and records of equity holders), which will probably incur the risks of exercising rights to foreign companies.

F. An investor, when trading the listed, OTC and emerging stocks, shall prudently assess whether its financial position and capacity fit for investment, and pay close attention to the following issues:

- (A) Since the Company is incorporated in the Cayman Islands and subject to the laws and regulations of the Cayman Islands. The provisions on corporate governance, accounting standards and taxation may probably vary from the Chinese provisions and are different from the Chinese provisions on listing and OTC, review method, information disclosure, shareholder's equity protection and regulation applicable to enterprises incorporated in China. Therefore, the investors shall know this and other potential investment risks.
- (B) The contents of the company act of the place where the Company is incorporated on the exercise and guarantee of shareholders' rights vary from the Chinese laws. The investors shall carefully read the annual reports and Articles of Incorporation of a company to know the capital increase and reduction procedures, disposal of the shares obtained, restrictions on equity transfer, notification period of a shareholders' meeting, attendance to the shareholders' meetings and exercise of the right to vote, dividend distribution ratio and procedure, director selection and removal methods, rights of the board of directors, functions and powers of the independent directors and the audit committee, remuneration of directors and managers, directors and managers' claim against the company for compensation, and other important affairs concerning the corporate governance and shareholders' rights. When necessary, the investors shall consult the opinions of professionals, such as the lawyers and accountants who have obtained the local license.
- (C) The investors, when making investments, shall know the characteristics and risks of the company, including the liquidity risk when trading in the Chinese market, financial risk of the company, and risks with the political, economic and social changes, changes in the industrial prosperity cyclical changes, law observance, etc. of the place of incorporation and the main place of operation.
- (D) Since the foreign securities investment risks and the factors influencing the market cannot be illustrated one by one, the investors shall, prior to each transaction, carefully read the public information released in the annual reports, and reckon on factors which will probably influence the investment judgment prudently to fulfill the financial planning and risk assessment well and avoid unbearable losses arising from the transactions.

(2) Main country of operations: British Virgin Islands (BVI)

The major subsidiaries of the Company in the main country of operation include Chlitina Group Limited, Chlitina International Limited, Chlitina Intelligence Limited and Chlitina Marketing Limited, which are all established according to the BVI laws. See below for details about the risks:

A. Economic profile and changes in the political and economic environment

BVI are a British overseas territory in the Caribbean and to the east of Puerto Rico. The BVI and the adjacent US Virgin Islands and the Virgin Islands of Spain are collectively referred to as the Virgin Islands. Currently, BVI are a British overseas territory featured by autonomous management, legislation through the independent legislative council and stable politics. The economic revenues of BVI mainly come from the tourism and financial services. The USD has been its common currency since 1959, and its official language is English.

B. Risks of foreign exchange control, laws and taxes

BVI have no control over foreign exchanges. Except for the government license tax to the local government, and the fees for using the registered address and registered agent, which are paid annually, the offshore income of business companies incorporated in BVI is free from the corporate tax, capital gains tax or property tax or other taxes applicable to business companies. BVI business companies may obtain special exemption from paying the income tax. The Income Tax Act also exempts the business companies from following relevant provisions in the Stamp Duty Tax and the Registration and Recording Act for the documents or contracts involved in operations of the business companies, including transaction in which a business company transfers its property to another business company or transactions involving the

corporate securities. The people living and working in BVI only pay few salaries tax. In terms of laws and regulations, according to the 2004 BVI Law for Business Companies, a company may not declare or distribute dividends unless its directors believe that after the dividend distribution, A. the company can still repay its debts falling due; and B. the assets of the company are more than its liabilities.

C. Whether or not acknowledge the effect of the civil decision of courts of the Republic of China court

The BVI laws have not explicitly stipulated that the civil decision made a court of the Republic of China court (“decision made by a court of the Republic of China”) shall be executed in BVI. The BVI court will deem the final decision made by a Taiwan court requiring a company to pay certain amount (other than the multiplied damages, taxes or other amounts of similar nature, or fines or other amercement) to certain people as valid, and will make a decision accordingly, but A. the Taiwan court shall have appropriate jurisdiction to the parties involved in the decision; B. the Taiwan court has not violated the principle of natural justice of BVI; C. such decision has not been obtained by means of cheating; D. the execution of such decision will not violate the public policies of BVI; E. the BVI court, before making a decision, has not received any new evidence adopted and related to the lawsuit; and F. it has followed the due process under the BVI laws.

(3) Main country of operations: Hong Kong

The important subsidiary of the Company in the main country of operation is Hong Kong Chlitina International Limited that mainly engages in the investment and sale of skincare products. See below for details about relevant risks:

A. Economic profile and changes in the political and economic environment

Hong Kong is located at the coast of the South China Sea and eastside of the Pearl River estuary. It adjoins Guangdong and Shenzhen in the north, can see the Wanshan Islands in the south, and is adjacent to Macao and Guangdong Zhuhai in the west. Hong Kong consists of the Hong Kong Island, Kowloon and New Territories, and 263 islands in total. In 1984, Hong Kong and UK concluded the “Sino-British Joint Declaration.” On July 1, 1997, the sovereignty of Hong Kong was handed over, and the SAR was established. Hong Kong implements the “Basic Law of Hong Kong” which stipulates explicitly that Hong Kong does not implement socialism, and will continue its capitalism and way of life for fifty years. Besides the national defense and foreign affairs, Hong Kong enjoys high degree of autonomy in all the other affairs and the right to participate in international affairs, which is called “the Hong Kong people administer Hong Kong, and a high degree of autonomy.” Now, it has an important place in the Asia-Pacific area, and it is a modern international metropolis focusing on industry and business, and is called “one of the four Asian tigers” and the “Nylonkong.” Hong Kong is an important international hub of finance, service and shipping, and famous for its incorruptible society, excellent public order, economic freedom and perfect legal system.

Locally incorporated companies may establish private joint stock companies or incorporate and establish an unlimited liability companies and guarantee limited liability companies according to the HK Companies Ordinance. A company must have an English name, or both Chinese and English names. There is no restriction on the amount of the minimum authorized capital.

Generally, the amount is HK\$ 10,000. A HK company shall engage a HK local citizen to serve as its company secretary, and engage at least one director (individual or legal person); the HK company shall withdraw the business registration certificate and register with the inland revenue department, and submit the annual declaration form to the registration office for filing within 42 days as of the anniversary date of its incorporation, and have qualified independent auditors (i.e. accountants) conduct the annual audit. A company that will probably pay the profits tax will receive a profits tax return. The company shall fill relevant information in it and submit it together with the audited accounts to the government within one month upon issue of

the return (it is stipulated in the Inland Revenue Ordinance that a newly incorporated HK company generally shall confirm whether it needs to fill out the tax return within 18 months after its incorporation and submit it together with the audited accounts).

B. Risks of foreign exchange control, taxes and relevant legal

HK has no foreign exchange control. Moreover, the HK tax system is based on the “territory” or “tax source.” Generally speaking, HK only levies taxes on the income or profits obtained within the territory of HK other than those obtained beyond the territory of HK. Main taxes:

- ① Salaries tax: means the tax levied on the salaries of taxpayers earned for work in HK. The government will offer the salaries of taxpayers with various tax allowances and collect the tax at a progressive tax rate after deducting the tax allowances.
- ② Income tax: which is a tax paid by the taxpayer for the profits obtained from its business operation in Hong Kong.
- ③ Property tax: which is a tax paid by the taxpayer for holding a property in Hong Kong and earning profits by leasing the property. There is no need to pay the property tax for just holding a property, but the rates, land rates or land rents.
- ④ Stamp duty: is the tax levied by the HK government on real estate transfer or leasing and stock transfer.
- ⑤ Commodity tax: Hong Kong generally does not levy the commodity tax, with the exception of liquor, tobacco, hydrocarbon and methanol.

C. Whether acknowledge the civil decision effect of Chinese court

Since the HK courts and courts of the Republic of China do not have measures for reciprocal enforcement, the winner in a court of the Republic of China has to follow the common law of HK when in HK. However, whether to acknowledge and implement the decision of a court of the Republic of China or not, the HK court will, according to the details of each decision, consider whether the decision complies with several conditions, including but not limited to:

- ① Whether or not the rights covered by the decision belong to private rights or not;
- ② Whether or not such decision complies with the needs of judicial interests, common knowledge and legal order or not;
- ③ Whether not the acknowledgment of such decision will impair the sovereign interests or leads to violation of other public policies;
- ④ Whether or not the decision complies with the common law principles, including but not limited to: (i) whether or not such decision is valid and final; (ii) whether or not the persons involved in the decision (or the stakeholders) are the same as the ones in the case on which the HK court makes a decision; and (iii) whether or not the decision made by the HK court can resolve the disputable event.

(4) Main country of operations: Mainland China

The important subsidiaries of the Company in the main country of operation include Chlitina (China) Trade Limited and Weishuo (Shanghai) Daily Product Limited, which are all established according to the Chinese laws. See below for details about relevant risks:

A. Economic profile and changes in political and economic environment

Though seriously affected by the COVID-19 pandemic, the economic performance of China was recovered stably and better than expected. Eventually, China was the only country that had a positive annual growth rate among the major economies in the world. According to the Statistical Communique of the People’s Republic of China on the 2020 National Economic and Social Development released by the National Bureau of Statistics of China, the economic aggregate of China exceeded RMB 100,000 billion and the annual GDP was RMB 1,016 billion with a growth rate of 2.3% in comparison with the previous year.

The Mainland China has insisted on the general keynote of making progress while

maintaining stability in its economic development, firmly carried out the new development concept, focused on the improvement of quality and benefits, planned and promoted the “five-in-one” general arrangement, coordinated the progress of the “four-comprehensive” strategic layout, taken the supply side structured reform as the main line, and fulfilled the work for stable growth, reform promotion, structural adjustment, livelihood benefits and risk prevention to make the economy progress steadily, turn better, and even better than expectation, and make the economic society maintain the steady and sound development.

Since most of the Company’s products are manufactured and produced in China, and the development strategies of the Company have taken the Mainland China market as the main base of operation, and its operating revenue also comes from the Mainland China. Given this, the financial status, operation results and prospect of the Company will be subject to the policies, economy and legal development of China. This uncertainty will probably cause a certain impact on the operation of the Company and the investments of investors.

China’s economic environment varies from that of many developed countries in such aspects as economic structure, degree of government intervention, urban and rural development, economic growth, capital investment, control over capital investment, foreign exchange control, local resource distribution, etc. China had operated under the centrally planned economy system before 1978. All the production and business activities within the territory of China are subject to the economic objectives set forth in the five-year plan and annual plan of the central government. Since 1978, the Chinese government has implemented the opening-up and reform, and allowed foreigners to invest, as well as carried out the economic reform, which made it gradually change from the planned economy to the market-oriented economy. These reforms have contributed to the past more than 20 years of economic growth of China. However, the reforms and economic policies to be taken by the Chinese government have no precedents to follow or just carried out on a pilot basis, which will probably cause unforeseeable results and certain unexpected adverse effect on enterprises primarily operating in China, including the Company.

Despite the rapid economic growth of China, the geographical areas have not realized balanced growth. Rapid economic growth will probably bring increase in capital supply and accelerate the inflation. Where the price of the Company’s products has not been adjusted in time due to the market changes, it will probably lead to high costs, gross profit decline or sales decline, and have adverse effect on the Company’s business. In order to control inflation, the Chinese government used to control the bank credit, set the loan ceiling of fixed assets and restrictions on loans disbursed by the state banks. The implementation of these policies in the future will probably lead to the slowdown of economic growth and adverse effect on the business, financial status and operation results of the Company.

Though the legal system of China has gained development, it is still not perfect. Even if China has enough legal provisions, it is still uncertain and incidental when it enforces the current laws or contracts, and it may be not easy to obtain rapid and fair enforcement or execution of the judgments of other courts with jurisdiction. China’s legal system is based on the statute law and its interpretation. The previous court decision may be cited for reference, but the binding force is limited. Since China’s judicial organs do not have experience in many cases, the litigation outcome is uncertain. Moreover, the interpretation of laws and orders is probably subject to the government policies, and thus reflects the changes in domestic politics. Given the development of China’s legal system, the future changes in laws or interpretations will probably cause adverse effect on the business, operation results, financial status and prospect of the Company.

B. Risks of foreign exchange control, taxes and relevant legal

(A) Foreign Exchange Control

Since 1978, China’s foreign exchange administration system has been gradually adjusted

from a highly centralized planned model to a market-oriented one. Starting in 1994, China has carried out the reform of its foreign exchange administration system to further give play to the role of the market mechanism. The first is to align the RMB exchange rate with that of the international market and to implement a single, managed, floating exchange rate system based on market supply and demand. The second is to implement the banking foreign exchange settlements and sales system and to gradually realize free convertibility of the RMB in the current account balance. Finally, to establish the inter-bank foreign exchange market, improve the exchange rate formation mechanism, and maintain a reasonable and relatively stable RMB exchange rate. The exchange rate of RMB against foreign currencies depends on changes in China's politics and international political and economic environment. Since July 21, 2005, when China adopted a floating exchange rate policy, the RMB exchange rate was officially delinked from the US dollar. Instead, the exchange rate policy of a basket of currencies was adopted, allowing the RMB exchange rate to fluctuate slightly. But the RMB exchange rate is sometimes undervalued as Mainland China's government has strongly prevented RMB appreciation to maintain export competitiveness. The international powers headed by the United States and Europe will continue to put pressure on the Chinese government, arguing that China should adopt more floating monetary policies, which may cause the RMB to appreciate against the US dollar. Changes in the exchange rate of the RMB against the dollar may have an uncertain impact on cash flow, profit performance, earnings distribution, and financial conditions. The company's functional currency is mainly RMB, and it is the same case for purchasing and sales. Therefore, changes in the exchange rate of the RMB against the dollar will not have an uncertain impact on cash flow, profit performance, earnings distribution and financial conditions of the company.

(B) Income Tax and Value-added Tax

In addition, on March 16, 2007, China promulgated the "Law of the People's Republic of China on Enterprise Income Tax." On December 6, 2007, China promulgated the "Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China." The new law came into force on January 1, 2008. Pursuant to the new enterprise income tax law, all enterprises (including enterprises with foreign investment) would be subject to the statutory income tax rate of 25%. Some tax incentives, exemptions, and protection measures for enterprises with foreign investment in the current regulations will be abolished. Five years after the implementation of the new enterprise income tax law, the preferential enterprise income tax rate enjoyed by enterprises with foreign investment may gradually increase to 25%. But the new enterprise income tax law allows manufacturing enterprises with foreign investment to be exempt from the limit of the new law and to continue to enjoy preferential tax policies after five years.

In terms of value-added tax, all units and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, and the importation of goods within the territory of Mainland China are taxpayers of Value-Added Tax, the rate ranging from 0% to 13%. For taxpayers exporting goods, the tax rate shall be 0%. In addition, in accordance with the Law of the People's Republic of China on Enterprise Income Tax which came into force on January 1, 2008 and the regulation on its implementation, enterprises established outside Mainland China but with "actual management functions" conducted in China are seen as "resident enterprises." They shall pay enterprise income tax at the rate of 25% for income derived from or accruing in or outside of Mainland China.

Additionally, in accordance with the new enterprise income tax law, from January 1, 2008, where the non-resident enterprises have no office or premises established in Mainland China or the income derived or accrued has no de facto relationship with the office or premises established, they shall pay the prepaid enterprise income at a rate of 10% for various passive incomes (e.g. dividends) derived from or accruing in Mainland China. (In accordance with the

tax treaty of the Hong Kong Special Administrative Region, the tax rate is 5%.)

(C) Labor Contract Law

On January 1, 2008, China began to implement the new Labor Contract Law with the purpose of protecting the lawful rights and interests of employees and specifying the rights and obligations of the parties to employment contracts. The Labor Contract Law stipulates that once a company hires employees (including probation), the parties to employment contracts shall sign a written labor contract within one month from the date of employment. If employers have not signed a written labor contract with employees for more than one month and less than one year from the date of employment, each month the employers shall pay twice as much as the salary of the employees. If employers fail to enter into a written labor contract with employees within one year from the date of employment, it shall be deemed that the employer and the employee have entered into an open-ended labor contract. When the employment relationship ends, under certain circumstances stipulated in the labor contract law, the employer must pay severance pay. If the employer provides equal or better renewal terms than the present, but the employee refuses to sign a new contract, the employer is exempt from severance pay.

If the implementation of the Labor Contract Law greatly increases the employment cost of the company, there are clear regulations for manufactures in terms of the establishment of labor contracts, severance pay, a large number of dismissals, placement, and even non-competition. However, the company is not in a labor-intensive industry, and most of the human resources in the Chinese market are sales and management personnel. In recent years, the salaries of many Chinese employees have been increased to respond to changes in the human resources market. As the company has always been committed to providing employees with a good working environment and benefits, it is expected to effectively retain competent employees. Therefore, the Labor Contract Law that has been implemented since January 1, 2008 has a limited impact on the company, but legal changes in China in the future may affect the company's operation.

(D) Specialty of Land and Real Estate

There is no private ownership of land in China. Except where it is stipulated by law that it belongs to the state, the land within China is collectively owned by the working people. According to "Law of the People's Republic of China on Urban Real Estate Administration" (hereinafter referred to as "Real Estate Administration Law") adopted by the National People's Congress to adjust the urban real estate relationship, the main body of land ownership in China is specific, including the state and the collective. The land ownership is divided into national land ownership and collective land ownership, and the collectively owned land can be requisitioned in accordance with the law by the state.

In accordance with the "Real Estate Administration Law" and the "Measures for the Administration of Commercial Housing Leasing" which was promulgated on December 1st, 2010 and implemented on February 1st, 2011, parties to housing leasing shall enter into a written leasing contract and housing leasing shall be registered. According to the "Contract Law of the People's Republic of China" and the Supreme People's Court "Interpretation of several issues concerning the application of the 'Contract Law of the People's Republic of China' (1)," laws and administrative regulations provide that the contract shall be subject to registration procedures. But for a contract which is not clearly defined to be effective only after registration, the failure of the parties to complete the registration procedures will not affect the validity of the contract, and the ownership of the subject matter of the contract and other property rights cannot be transferred. Given the "Real Estate Administration Law" and "Measures for the Administration of Commercial Housing Leasing" and other relevant laws, administrative regulations do not stipulate that the leasing contract is only effective after registration; therefore, not completing leasing registration will not affect the validity of the leasing contract.

(E) Social Insurance and Housing Provident Fund

① Social Insurance

In accordance with the “Provisional Regulations on Collection and Payment of Social Insurance Premiums,” the types of social insurance cover basic pensions, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. It stipulates that employers shall, from January 22, 1999, pay social insurance premiums for employees. But given that China’s social insurance system is in the process of gradual establishment and improvement, there are enormous differences in the actual situations of various regions. Provinces, autonomous regions and municipalities directly under the Central Government, according to the actual local conditions, in compliance with the basic rules of the “Provisional Regulations on Collection and Payment of Social Insurance Premiums,” formulated their respective specific regulations of the collection and payment of social insurance premiums to realize the local management of social insurance.

The company’s major subsidiaries in Mainland China, including Chlitina China and Weishuo Company, all comply with the local regulations applicable in the Shanghai region. Both Chlitina China and Weishuo Company have obtained the “Fundamentals of Units Participating in City and Town Social Insurance” from the Shanghai Social Insurance Fund Management Center without any arrears. From January to July 2015, Chlitina China authorized Qianjin Network Company and its partners to pay social insurance for part of its employees, and we have obtained the relevant documents proving the above fact. From August 2015, Chlitina China began to pay social insurance for relevant employees on its own.

As described above, the company pays and withdraws various social insurance premiums for employees in accordance with the relevant laws, regulations, and local policies. The social insurance premium base number and rate are in compliance with the relevant laws and administrative regulations, and there is no need to pay a dodged amount and there are no penalties. By the date of issuing this certificate, Chlitina China and Weishuo Company did not have any major illegal or bad records of labor and social insurance, nor had any major labor disputes or employee strikes, nor had been subject to administrative penalties from the labor and social security authorities.

② Housing Provident Fund

“Regulations on Management of Housing Provident Funds” was promulgated and implemented on April 3, 1999, stipulating that employers should pay housing provident funds for employees. But given that Mainland China’s housing provident fund system is in the process of gradual establishment and improvement, provinces, autonomous regions and municipalities directly under the Central Government, according to the actual local conditions, in compliance with the basic rules of the “Regulations on Management of Housing Provident Funds,” formulated their respective specific regulations for the collection and payment of housing provident funds, or published policies related to the base number and rate of housing provident funds every year, to realize the local management of housing provident funds.

The company’s major subsidiaries in Mainland China, including Chlitina China and Weishuo Company, all comply with the laws and regulations to open a provident fund account and pay provident funds, and pay housing provident funds for employees in accordance with the law. They do not violate the laws and regulations of the State and Shanghai on the management of housing provident funds and have obtained the “Housing provident fund deposit certificate” issued by the Shanghai Provident Fund Management Center, indicating that the above two companies have not been subject to an administrative penalty from the center since they opened their account and deposited into it. Meanwhile, from January to July 2015, Chlitina China authorized Qianjin Network Company and its partners to pay housing provident funds for part of their employees, and we have obtained the relevant documents proving the above fact. From August 2015, Chlitina China began to pay the housing provident funds of the relevant employees on its own. As described above, the companies have complied with the

“Regulations on Management of Housing Provident Funds” and “Regulations on Management of Housing Provident Funds in Shanghai” to pay housing provident funds for employees without disputes with employees due to housing provident fund issues.

(F) Environmental Protection

The company’s production base is in Mainland China. The subsidiary of the company in Mainland China, Weishuo Company, is mainly responsible for production and manufacturing, therefore it must comply with a number of environmental regulations in China. The factory of Weishuo Company obtained the environmental impact assessment report at the time of the establishment, and passed the acceptance check of the local environmental protection authority. Weishuo leased the plant to Chlitina (China), and the sewage generated during its production has not yet reached the standard of the pipes. Therefore, the sewage goes through physiochemical and biochemical treatment of the water treatment equipment of Chlitina (China) before being discharged into the sewer. As for waste disposal, Weishuo also entered into contracts with qualified waste disposal companies for regular processing. Although the company has done its best to comply with applicable environmental laws and regulations, China’s central and local governments may modify environmental regulations and implement more or more stringent environmental standards and regulatory requirements. Compliance with the relevant regulations may result in significant costs for the company, but the company may not be able to pass on such costs to customers. If the company fails to comply with or is accused of violating these environmental protection regulations, it may pay fines or be asked to shoulder other environmental liabilities, which may adversely affect the company’s reputation. If the Chinese government changes its existing environmental protection regulations, it may also cause the company to increase its spending on environmental protection.

The company did not have an adverse record of environmental protection violations as of the publication date of the annual report, and will continue to comply with environmental protection laws and regulations.

(G) The Company’s subsidiaries in Mainland China are supervised and regulated by Chinese government agencies, including but not limited to the commerce departments, industry and commerce departments, foreign exchange administration departments, environmental protection departments, safety supervision departments, and drug regulatory departments. The aforementioned government regulatory authorities have the right to promulgate and/or enforce laws, regulations, and regulations concerning the production and operation of subsidiaries in Mainland China in accordance with the laws and regulations. The production and operation of the company’s subsidiaries in Mainland China requires obtaining the relevant approvals and licenses from the government regulatory authorities. If subsidiaries in Mainland China cannot obtain or continue to hold the approvals and licenses of various government regulatory authorities, they may be punished including fines, termination, or restriction of business. The occurrence of any of the above conditions will affect the company’s production and operation. The company will continue to closely observe and understand the Chinese government’s policy development trends and regulatory changes, and is committed to following them.

(H) Dividends Distribution

As the company is a holding company, the ability to pay dividends depends on the surplus and distribution of its subsidiaries, and the distribution method and amounts approved by the Board of Directors. Therefore, the dividend distribution in the future will be based on the overall operating performance, financial condition, cash requirements and applicable laws of the group, as well as applicable laws and regulations. For example, in accordance with Chinese law, Chinese subsidiaries can only distribute and pay dividends from their net profits, and the amount of net income is based on the retained earnings calculated in accordance with China’s generally accepted accounting principles and China’s relevant financial laws and regulations,

differing from international financial reporting standards.

In addition, in accordance with the relevant laws and regulations, when a Chinese subsidiary distributes profits, it is required to allocate at least 10% of the net profit after taxation for the current year to be the statutory surplus (a statutory reserve for no distribution of dividends, but only when the reserve accumulated reaches 50% of the company's registered capital). If a subsidiary in Mainland China pays dividends to the company in repatriation of funds, it is subject to 10% income tax, which may reduce the company's ability to allocate dividends to shareholders.

C. Whether acknowledge the civil decision effect of Chinese court

In accordance with the "Provisions of the Supreme People's Court on People's Courts Recognizing Civil Judgments of Taiwan's Related Courts" and the "Supplementary Provisions of the Supreme People's Court on People's Courts Recognizing Civil Judgments of Taiwan's Related Courts" that were promulgated and implemented by the Supreme People's Court, if the person concerned's domicile or habitual residence or the location of the property to be executed is in the other provinces, autonomous regions, or municipalities directly under the Central Government, the civil judgments of Taiwan's related courts may be submitted to the People's Court for approval within two years after the determination of the validity of the judgment, and the person concerned can also apply for property preservation. The civil judgments of the related courts of Taiwan approved by the people's court shall have the same effect as the effective judgments made by the people's courts. Although there is no mutual legal assistance agreement or other similar agreement between the Chinese judicial authorities and the judicial authorities, in accordance with the relevant regulations of the Chinese judicial authorities and mutual legal assistance agreements signed by cross-strait institutions, Chinese lawyers believe that China, on the basis of the reciprocity principle without the violation of related laws, public order, or good customs, can recognize and enforce the civil judgments and arbitration awards of Taiwan. However, if the Chinese court does not recognize the judgments of the Republic of China Court, even if the investor has obtained the determined judgment in the Republic of China, it may not be able to execute the judgment. Therefore, the investor may encounter the risk of being unable to successfully claim compensation abroad. The investor should understand the legal risks of purchasing the securities issued by foreign issuers.

3. The impact of changes in interest rates, exchange rates and inflation on the company's profit and loss, and future response measures in the latest year and as of the date of publication of the annual report:

(1) Interest rate

The interest rate risk for the company mainly relates to its borrowing from the bank, which exposes the company to the risks of cash flow interest rates and the market interest rates. The interest income is derived from bank deposits. Interest expenses are the rates charged for being lent funds. The Company's respective interest income from 2018, 2019 and 2020 was NTD 55,539,000, NTD 65,572,000 and 80,339,000 respectively, and each amount accounts for the ratio of net operating revenue 1.21%, 1.28% and 1.98%, respectively. The respective interest expenses of 2017, 2018 and 2019 were NTD 29,168,000, NTD 58,190,000 and NTD 52,279,000 respectively with the respective net operating income ratio of 0.64%, 1.13% and 1.29%. These are not high ratios; therefore, the impact of changes in interest rate on the Company's operation is limited.

Response measures:

The company has been maintaining good relations with the banks and keeping good financial stability and creditability to obtain a better level of interest rate. It's expected that the company's overall operation in the future will not be significantly impacted by interest rate changes. In addition, in order to adopt appropriate response measures that reduce the company's profit and loss impacted by the changes of interest rate, it's essential to keep alert to

the changes of interest rate.

(2) Exchange rate

The company was listed on the Taiwan Stock Exchange (TWSE) on November 27, 2013. As a result of changes in the economic environment, the resolution of the Board of Directors changed the company's monomeric functional currency from the United States dollar (USD) to New Taiwan dollar (NTD). The company's combined functional currency is Renminbi (RMB). In all of company's main operating entities are located in Mainland China, as a result, the day-to-day operations of the Renminbi are adopted as a trading currency. Basically, most sales are also RMB-denominated. Exchange loss of NTD 17,617,000 and exchange profit of NTD 57,328,000 and NTD 95,267,000 occurred respectively in 2017, 2018 and 2019. They accounted for a low impact ratio of -3.28%, 4.00% and 2.35% in the current operating profit, respectively.

The risk exposures for the company's main operating entities in the current environment of exchange rate fluctuations are the revenues from and purchases of non-functional currencies. The company's royalty income derived from intellectual property and the subsidiaries purchase from Taiwan are transacted in USD. However, the amount of revenue and payment only accounts for a small ratio of the company's cash flow, and the risk of the exchange rate is also relatively low. Additionally, since most of the Company's loans are calculated in USD, fluctuation of the exchange rate has impact on the Group.

Response measures:

- ① Continuously strengthen our financial personnel's concept of hedging (a way for the company to minimize foreign exchange risk) by the means of a real-time online exchange rate system and intensified contacts with financial institution to analyze the movements in exchange rates as a reference for foreign exchange settlement.
- ② Maintain intense contacts with major banks and monitor changes in the Forex (foreign exchange market) at all times to provide the relevant managers with comprehensive information that grasps the movements in exchange rates. In case of processing alternate currency receipts, appropriate adjustments can be made in time.
- ③ As far as possible, use the same currency of sales revenue to pay procurement and other related expenses and achieve an automatic hedging effect.

(3) Inflation

Under the rapid changes in the overall economic environment so far, there's no immediate and significant impact to the company caused by inflation and deflation mentioned above. In particular, the end users of products produced by the company are the general public. The company will keep alert to global economic changes, fluctuations of market prices of raw materials and end products, as well as good interactive relationships with suppliers and consumers. Furthermore, in the face of changes in the global economic environment, the marketing strategy and cost structure will be adjusted by the company at any time in response to the impact of these changes in the overall economic environment caused by inflation and deflation, so as to prevent the company from any significant impacts.

4. The main causes of profit and loss, as well as the future response measures to the company's policies of engaging in high-risk, highly leveraged investments, capital loans to others, endorsements, guarantees and derivative commodity transactions during the most recent year and up to the date of publication of this annual report.

- (1) The main causes of profit and loss, as well as the future response measures to the company's policies of engaging in high-risk, highly leveraged investments:

Based on the principle of stability and pragmatic business philosophy, in addition to our focus on the main business, the company has not engaged in high-risk or highly leveraged investment but has taken the principle of prudent conservatism as the financial policy. All investments engaged in are carefully executed after considerate assessments.

- (2) The main causes of profit and loss, as well as the future response measures to the company's policies of engaging in loans to other:

The resolution, "Management Approach for Loans to Others," of the Board of Directors serves as the basis for compliance by the company and its subsidiaries engaging in the related business. The company's funds and loans and the cases comply with the provisions of the operation and announcement. There are no funds or loans to other companies other than the merged company during the most recent year and up to the date of publication of this annual report. Overall, there is no significant impact on the profit or loss in the consolidated financial statements.

- (3) The main causes of profit and loss, as well as the future response measures to the company's policies of engaging in endorsement and guarantees.

The resolution, "Management Approach for Endorsement and Guarantees" of the Board of Directors serves as the basis for compliance by the company and its subsidiaries in the related business. There is no endorsement or guarantee between the company and the merged companies and no endorsement or guarantee for companies other than the merged company during the most recent year and up to the date of publication of this annual report. Overall, there is no significant impact on the profit or loss of the consolidated financial statements.

- (4) The main causes of profit and loss, as well as the future response measures to the company's policies of derivative transactions:

The company and the merged companies have not engaged in derivative transactions during the most recent year and up to the date of publication of this annual report. In the future, depending on the operating condition, the company will assess relevant hedging strategies on a regular basis and follow the "Procedures for the Acquisition or Disposal of Assets" to execute necessary management.

5. The company's policies of research and development plans and projected investment costs in the future during the most recent year and up to the date of publication of this annual report:

The company dedicates itself to seeking the application of the skin concept, "medicine-oriented, beauty for use" by the means of providing professional skincare solutions to women who are plagued by various skin problems. Through the introduction of advanced technology in the industry and focusing on consumer groups targeted in different market channels, the company will continue to launch new products to broaden the distribution of product lines. Extending the professional market channel to e-commerce, the Company has continued to research and develop a series of products featuring "trendy," "highly effective" and "instant" qualities. Different products launched through different channels can satisfy the needs of different consumers for personalized skincare and healthy lifestyles to the greatest extent. In recent years, the Company set foot in the aesthetic medicine channels and works with Tongji University to study the regenerative medicine and anti-aging medicine items to build a beauty industrial chain with big health.

Considering that the company owns a well-known market channel of beauty chain stores and brand products, we commit to researching and developing a wide range of products that meet the vast number of consumer demands.

- (1) Future development plans

For the company's future R&D plans, please refer to Chapter Five, profiles of "New R&D Products" related to the current business operating status.

- (2) Estimated R&D expense in the future

The respective company's R&D costs in 2018, 2019 and 2020 were NTD 21,936,000, NTD 27,724,000 and NTD 34,132,000 respectively and each accounted for 0.48%, 0.54% and 0.84% respectively of the current annual revenue. The company's main R&D center is located in the Chlitina Intellectual Property Limited Taiwan Branch, and the R&D personnel for

technology transfer and process improvement are working in the Songjiang factory situated in Shanghai, Mainland China. At present, the company's R&D is fully directed to professional beauty products, personal skin care products, aromatherapy and spa products, and relevant fields. With the expansion of the R&D scale in the future, the annual R&D costs for 2021 are expected to account for about 1% of the annual revenue.

6. The impacts to the company's financial operation caused by the important policies nationwide and worldwide and the law changes, as well as the response measures during the most recent year and up to the date of publication of this annual report:

The State of Incorporation of the company is in the Cayman Islands, and the main operations are in Mainland China. The main economic activity in the Cayman Islands is financial services with an open economy without foreign exchange control. China has become one of the world's major economic systems. Although the economic environment has tended to be open, outward fund remittance is still subject to the foreign exchange control of the Chinese government. Consequently, in the future, if there are changes of policies, taxation, economic status or interest rate policy made by the Chinese government, or the occurrence of any political, diplomatic or social events, the company's business may be impacted. The company complies with important policies nationwide and worldwide, as well as the legal regulations to execute each business operation. Also, the company has been keeping alert to the movements in the development of important policies nationwide and worldwide in order to adopt appropriate response measures to the changes in the market environment in a timely manner.

7. The impacts to the company's financial operations caused by the changes in technology and industry, as well as the response measures during the most recent year and up to the date of publication of this annual report:

With the rapid changes in modern technology, in addition to grasping movements in the market and the trend of improvement in technology, the company's research focuses on all kinds of raw materials and skin care products in order to develop skin care products that are best suitable for the skin and physical conditions of Asian weather. We provide the best quality products and services to consumers to expand the market share and better control the changes in the industrial environment. At present, there are no major technological changes or industrial changes that significantly impact the company's financial business during the most recent year and up to the date of publication of this annual report.

8. The impacts to the company's crisis management caused by the change of corporate image, as well as the response measures during the most recent year and up to the date of publication of this annual report:

The company has been upholding a steady and practical spirit in its enterprise management. Ever since the establishment, we have been progressively strengthening the internal management, improving quality and efficiency. There is no change in the company's crisis management caused by the changes of corporate image. In the future, in case the change of corporate image impacts the company's crisis management and leads to the company not being able to implement timely measures of coping responses to a boom or changes in the market, as well as the adverse effects to the company's business operation,

the company will put more dedication to maintain corporate governance by insisting in transparent operation and strengthening the capacity of the management team to return good results to the shareholders and the public, so as to fulfill the enterprise's social responsibility as well as intensify the company's image of reliability.

9. Expected benefit(s), possible risk(s) and response action(s) of merger and acquisitions during the most recent year and up to the date of publication of this annual report.

The Company had no acquisition merging plans during the most recent year and up to the date of publication of this annual report.

10. Expected benefit(s), possible risk(s), and response action(s) of the expansion of factory

plants during the most recent year and up to the date of publication of this annual report.

The Company had no plans for expansion of its factory plants during the most recent year and up to the date of publication of this annual report.

11. The risks of sales and purchasing concentration, as well as the response measures during the most recent year and up to the date of publication of this annual report:

(1) Risks of purchasing concentration

There are numerous suppliers providing the main raw materials adopted by the company, including chemical raw materials, semi-finished products and packaging materials. In order to maintain negotiation flexibility in the price of raw materials, as well as ensure the sources of raw materials, the group has signed a one-year supply contract with several suppliers. Retaining several suppliers as the sources of raw materials and keeping good long-term collaborative relationships can ensure the stability of supply sources.

(2) Risks of sales concentration

The company's business is mainly operated through the chain management system that offers professional beauty care services and product sales. As a result, most of the top ten customers in sales of 2019 and 2020 are the company's franchise stores. In recent years, the expansion of the company's franchise stores has been growing steadily. And, this successful performance has contributed to an increased number of sales consumers but disperses the consumers. That is the cause for the company's ratio of net sales to single consumers in 2020 being below 5%. Therefore, the company does not have the risks of sales concentration.

12. Effect, risk, and response action associated with large transfers or changes in shareholdings by directors, supervisors or major shareholders holding over 10% during the most recent year and up to the date of publication of this annual report

The company is an investment holding company established on July 3, 2012 in the Cayman Islands. Ever since its establishment, there has been no substantial transfer or replacement of shares by directors, supervisors, or major shareholders holding over 10%.

13. Effect, risk, and response action caused by the changes of the right to manage the Company during the most recent year and up to the date of publication of this annual report.

The Company has no changes of the right to manage during the most recent year and up to the date of publication of this annual report. The company has strengthened the governance measures and introduced independent directors in order to enhance the overall protection of shareholder's rights. The day-to-day operation of the company mostly relies on professional managers. At present, our strong professional managers team has had a considerable degree of contribution to the company's operating performance. In the future, the support from the shareholders can be continued. Therefore, if there are any changes in the rights of business operation, there is no significant negative impact to company's management and operating advantages.

14. Litigation and non-litigation matters

(1) Regarding the company's cases of litigation, non-litigation or administrative disputes which have been determined: Any of the facts which may have a significant impact on the shareholder's equity or the price of the securities that should be disclosed, including the amount of the subject matter, the date of commencement, the main lawsuits parties and the present ongoing situation during the most recent year and up to the date of publication of this annual report: None.

(2) Company's directors, supervisors, presidents, substantive principals, major shareholders with a shareholding ratio of over 10% and subordinate companies regarding the company's cases of litigation, non-litigation or administrative disputes which have been determined, or any of the facts which may have a significant impact on the shareholder's equity or the price of the securities that should be disclosed, including the amount of the subject matter,

the date of commencement, the main lawsuits parties and the present ongoing situation during the most recent two year and up to the date of publication of this annual report: None.

15. Other important risk(s) and response action(s) during the most recent year and up to the date of publication of this annual report.

(1) Risks of damage to the brand image:

As a cosmetic skin care chain brand that directly faces a vast group of consumers, the company's brand image is crucial. However, with the company's continuous business operation and expansion, there are risks to the company's product, such as counterfeit or malicious attacks. There must be a certain degree of negative effect to company's image and interest. If the company's brand image and other rights are violated or the company's reputation suffers malicious slander, the company will adopt the legal method, which might consume a certain amount of the company's capacity of finance, material and manpower and cause a negative effect on the company's standard operation. The company's Clio Brand obtained the affirmation by China Well-Known Trademarks. Whoever counterfeits it will have an aggravated criminal responsibility in order to highlight the government's protection for Clio brand, and thus help with the reduction of counterfeited products and the risks of damage to brand image.

(2) Risks caused by the turnover of professional beauticians

Professional beauticians are the mainstay of beauty salons, it takes two years to complete the educational training. However, due to the high turnover rate in the overall environment, the skills of beauticians vary from one another. In addition, due to fierce market competition, it's easy to cause the high turnover rate of professional beauticians.

(3) Risks of franchise store management

The advantage of the franchise is speed of brand penetration, as well as the relatively low threshold. However, the disadvantage lies in a strong sense of dependence on the company's headquarters and the concerns of the slack occurrence in operation and sales. The level of difficulty in management is slightly increased. For the effective management of the vast number of chain stores extensively distributed in Chinese cities at all levels, in addition to the management of the various branches in each province, we will include a supervision audition, on-site training, promotion and counseling, and more intensified control of many franchise stores by establishing a perfect and sound system and norms. Upon joining, they are required to sign contracts with the company including non-compete clauses. Also, the company will assess the performance of each store by visiting from time to time in order to progressively control the franchise stores and prevent vicious competition and other irregularities, so as to maintain the company's goodwill and competitiveness. Although the company has established a perfect management system and is committed to the control of franchise stores, without timely discipline and improvement, there might be an adverse impact to the company's goodwill and reputation.

(4) Risks of price fluctuation and operating costs

As a result of the company's products advertising natural plant extracts, the main raw materials including rose vanilla pollen, seabed algae, vitamins, amino acids and all kinds of extract from precious plants, the origin of multiple characteristic raw materials is vulnerable to climate impact which may lead to an increase of production costs. Besides this, the cost of product packaging materials, which include paper packaging, plastic packaging, and glass packaging, is also affected by the fluctuation of crude oil prices.

(5) Risks of leakage of raw materials formula

The main products of our company use a unique raw material formula for production. the core technology is achieved through repeated scientific experiments and research and long-term production practice. Due to the company's core technical personnel mastering some of the

confidential formulas, although the company's which produce the raw material formulas have been very strict with protection; however, if a competitor or other third party obtains the exclusive formula of the company and develops or produces a product with similar formulation, it may affect the financial status and the operating condition of the company to a certain degree. Nevertheless, for consumers' choice of beauty products, brand trust is considerably related to the reliability. Even if the function and raw materials are almost identical, due to the trust of different brands, consumers will still choose the reliable brand products, which relatively reduces the unilateral risk regarding the leakage of raw material formulas.

(6) Risks of shareholder's rights and interest protection

There are many differences between the Cayman Islands Companies Act and the Republic of China Company Act. Although the company has amended the Articles of Incorporation in compliance with the "reference paradigm in shareholder protection" made by the Taiwan Stock Exchange Corporation (TWSE), there are still many legal differences between the two countries regarding ordinances of company operation. As a result, investors cannot secure their application of legal rights to invest in a Cayman company the same as a Taiwanese company. Investors should fully understand and consult with experts about whether they are able to acquire shareholder protection when investing in a Cayman company.

(7) Risk of information security

To secure the Company's information security and high system availability, the Company continues the development related to information security by establishing the internal information security group and gradually establishing an information security system in accordance with the requirements of ISO/IEC 27001:2005 "Information Security Management System Requirements" and ISO/IEC 17799:2005 "Code of Practice for Information Security Management." In addition to the established internal control system of the information management cycle, the Company continues to issue documents of the software and hardware management method related to information security to meet the varied business types and diversified transaction mode based on the consideration of information security risks and management needs. The IT Department and Audit Department of the Company also conduct regular audits and spot checks for the relevant implementation of the information security systems to minimize the potentiality of information security risks.

The 2.0 compliance standard was brought into force at the end of 2019. It requires companies to perform more for information security. The new standard emphasizes the requirements for access control at the network boundary, audit of client's behavior, "known" and "unknown" attack detection capability, and availability of key network equipment and system. The information security must be enhanced especially for our "Chlitina Mall" and "New Beauty Mall" under the new compliance standard to reduce the disclosure and transaction risk of customer information. By combining the review and improvement with respect to the classified protection over the past years, we will strive for the IT security evaluation certification in 2021.

To protect the safety of the Company's information and assets and ensure the continuity of the business, The Company started the following three projects in 2020 to upgrade software and systems regarding the network security prevention, data backup and recovery and network access. The first and second projects were completed in 2020 and the third project will be implemented in 2021.

1. Network security prevention: Precisely control the network access and data permission from the network access, border to terminal application system, use the network monitor with comprehensive alert for the information security risks and improve the comprehensive protection ability for network utilization. Deploy anti-virus software and network border security protection equipment, launch the network behavior management strategies, and block unusual applications to reduce IT security risk.

2. Data backup and recovery: Creation of unified data backup, disaster recovery and platform recovery: For possible risks of hardware damage, software data loss or damage caused by artificial/non-artificial or controllable/uncontrollable factors, the Company provides reliable data backup and ensures the business continuity as much as possible.

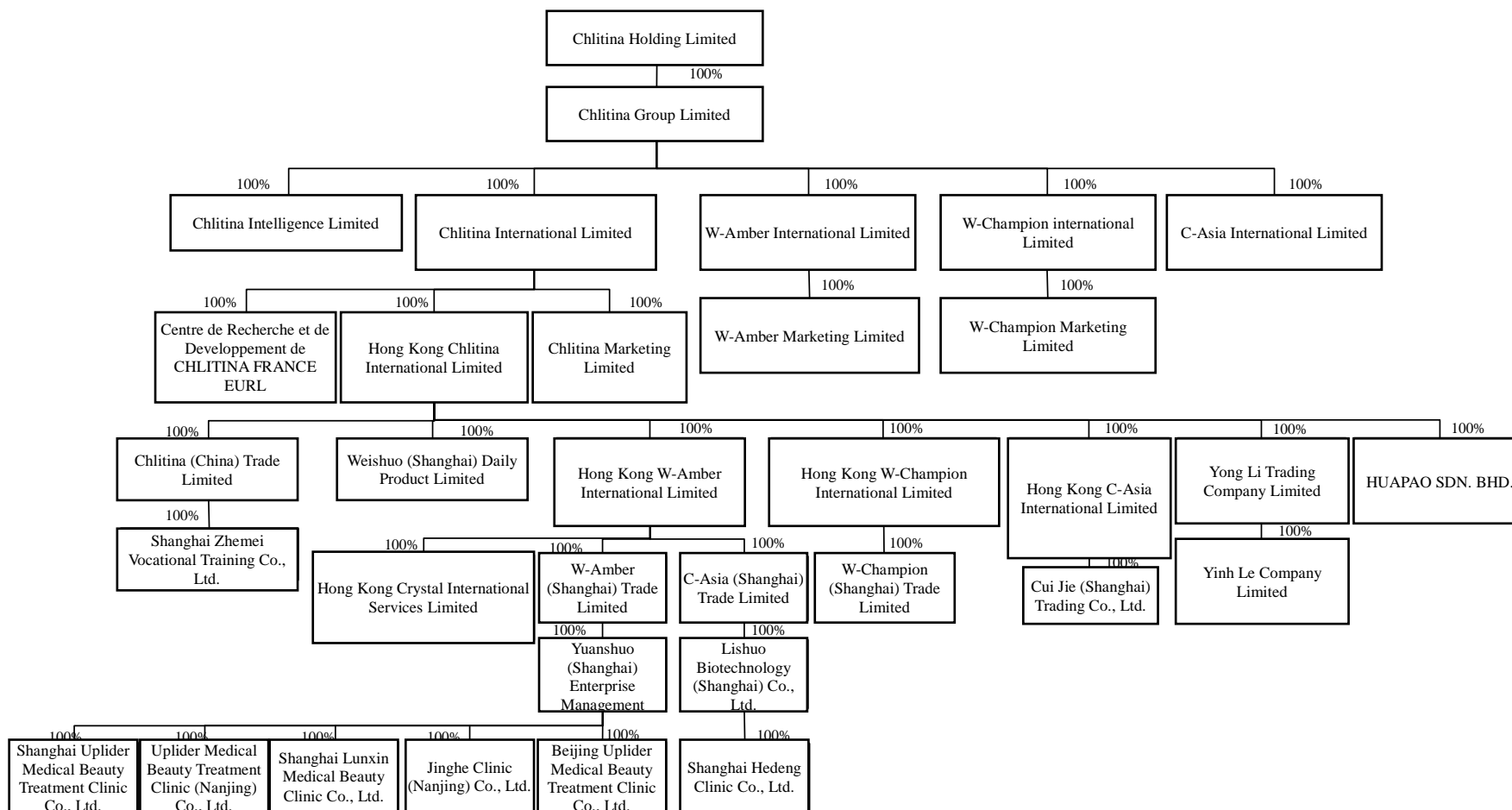
3. Network access protection: Specify and control the access permission of the terminal equipment, personnel and removable media and conduct monitoring detection. Perform preliminary checking and isolation of risks, implement visualized network access, and specify security bottom line to reduce security concerns.

VII. Other Significant Events: None.

Chapter 8 Special items
I. Information on Affiliates:

1. Organizational chart of affiliates:

December 31, 2020



Note: Chlitina Intelligence Limited, Chlitina Marketing Limited and Chlitina (China) Trade Limited all have branches. Given the considerable number of branches, they have not been showed in the above chart. See the beginning of the document for the branch information.

2. Basic information on affiliates

December 31, 2020

Company name	Date of establishment	Address	Paid-in capital	Principal business or production lines
Chlitina Group Limited	Tuesday, November 08, 2011	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 20,067,000	Investment holdings.
Chlitina Intelligence Limited	Tuesday, April 03, 2012	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	0	Investment holdings and R&D
Chlitina International Limited	Monday, June 25, 2007	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 18,250,000	Investment holdings.
W-Amber International Limited	Wednesday, May 07, 2014	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 1,150,000	Investment holdings.
W-Champion International Limited	Friday, March 11, 2016	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 930,000	Investment holdings.
C-Asia International Limited	Wednesday, December 07, 2016	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 20,000	Investment holdings.
Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	Monday, June 09, 2008	102, avenue des Champs Elysées, 75008 Paris	EUR 5,000	R&D Center
Hong Kong Chlitina International Limited	Tuesday, December 15, 2009	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	HKD 69,850,000	Investment holding and marketing of skincare products
Chlitina Marketing Limited	Thursday, November 08, 2012	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 12,523	Investment holding and marketing of skincare products
W-Amber Marketing Limited	Wednesday, May 07, 2014	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 1,150,000	Investment holdings.
Hong Kong C-Asia International Limited	Thursday, December 29, 2016	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	USD 2,300,000	Investment holdings.
Hong Kong W-Champion International Limited	Friday, April 08, 2016	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	USD 2,950,000	Investment holdings.
Hong Kong W-Amber International Limited	Friday, July 11, 2014	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	HKD 92,800,000 + USD 8,600,000	Investment holdings.
W-Champion Marketing Limited	Friday, March 11, 2016	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 930,000	Investment holdings.
Yong Li Trading Company Limited	Friday, July 14, 2017	129F / 95L Ben Van Don, Ward 8, District 4, Ho Chi Minh City, Vietnam	VND 226,000,000 + USD 620,000	Marketing of skin-care products

Yong Li Company Limited	Thursday, August 20, 2020	越南胡志明市第7郡新風坊, 南天1區, 荷徽習路102號	0	Marketing of skin-care products
HUAPAO SDN. BHD.	Tuesday, April 23, 2019	Level 02.02A(I), Menara KeckSeng 203 Jalan BukitBintang55100 Kuala Lumpur W.P. Kuala Lumpur Malaysia	MYR 500,000	Marketing of skin-care products
Hong Kong C-Asia International Limited	Monday, September 16, 2019	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	USD 100,000	Investment holding, marketing of skincare products and health food products
Chlitina (China) Trade Limited	Tuesday, November 14, 2006	Building F, Room 1201, 1033 Zhaojiabang Road, Xuhui District, Shanghai City, China	USD 8,570,000	Marketing of skincare products and health food products
Shanghai Zhemei Vocational Training Co., Ltd.	Wednesday, August 22, 2012	No.2, Alley 100, Jingxi Rd., Songjiang Industrial Park, Shanghai City, China	RMB 16,000,000	Beauty practitioners training service
Weishuo (Shanghai) Daily Product Limited	Wednesday, February 28, 2007	1F and 3F of Building 2, No.58, Jingxi Rd., Songjiang Industrial Park, Shanghai City, China	USD 2,150,000	Production and marketing of skincare products
W-Champion (Shanghai) Trade Limited	Friday, November 14, 2014	Site B81, 2F., Building 2, No.251, Jihying S. Rd., Pilot Free Trade Zone, Shanghai City, China	USD 2,000,000	Marketing of skincare products and health food products
W-Amber (Shanghai) Trade Limited	Thursday, November 06, 2014	Room 213, No.1, Alley 180, Shaanxi S. Rd., Xuhui District, Shanghai City, China	USD 19,400,000	Investment holding, marketing of skincare products and health food products
C-Asia (Shanghai) Trade Limited	Friday, August 14, 2015	Room 315, 3F., No.238 Shaanxi S. Road, Xuhui District, Shanghai City, China	USD 1,000,000	Marketing of skincare products and health food products
Lishuo Biotechnology (Shanghai) Co., Ltd.	Friday, April 27, 2018	Room 366 of Building 2, No.692, Yongjia Rd., Xuhui District, Shanghai City, China	RMB 1,850,000	Enterprise management consulting and investment holdings
Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd.	Wednesday, May 17, 2017	Room 320, 9F., No.583 Lingling Rd., Xuhui District, Shanghai City, China	RMB 90,000,000	Enterprise management consulting and investment holdings
Beijing Uplider Medical Beauty Treatment Clinic Co., Ltd.	Friday, November 04, 2005	Room 107, Building No.23, Tianshuiyuan, Chaoyang District, Beijing City, China	RMB 23,000,000	Medical cosmetology service
Shanghai Uplider Medical Beauty Treatment Clinic Co., Ltd.	Friday, August 30, 2019	Room 1404-1406, No.666, Huaihai W. Rd., Changning Dist., Shanghai City, China	RMB 7,000,000	Medical cosmetology service
Uplider Medical Beauty Treatment Clinic (Nanjing) Co., Ltd.	Monday, May 20, 2019	Shop No. 1F-16 and 2F-01, No.2-12, Shuiximen St., Qinhuai District, Nanjing City, Jiangsu Province, China	RMB 10,000,000	Medical cosmetology service

Shanghai Lunxin Medical Beauty Treatment Clinic Co., Ltd.	Wednesday, September 25, 2019	1-2F., No.518 (Temp.), Hongqiao Rd., Xuhui District, Shanghai City, China	RMB 4,000,000	Medical cosmetology service
Jinghe Clinic (Nanjing) Co., Ltd.	Monday, August 19, 2019	Shop No. 2F-03, No.2, Shuiximen St., Qinhuai District, Nanjing City, Jiangsu Province, China	RMB 20,000	General clinic and food
Hedeng Clinic (Shanghai) Co., Ltd.	Friday, June 14, 2019	Room 1403, No.666, Huaihai W. Rd., Changning Dist., Shanghai City, China	RMB 170,000	General clinic
Cui Jie (Shanghai) Trading Co., Ltd.	Thursday, June 22, 2017	Site 332, 3F., Building 1, No.310, Fassai Rd., Pilot Free Trade Zone, Shanghai City, China	USD 200,000	Health products and daily necessities distribution

3. Information of the directors, supervisors and presidents of affiliated enterprises

Thursday, December 31, 2020

Company name	Title	Name of individual or representative(s)	Shares held	
			Number of Shares (share)	Holding ratio %
Chlitina Group Limited	Director	Pi-Hua Chen	2,006,707,348	100.00
Chlitina International Limited	Director	Pi-Hua Chen	18,250,001	100.00
Chlitina Intelligence Limited	Director	Pi-Hua Chen	1	100.00
W-Amber International Limited	Director	Pi-Hua Chen	1,150,000	100.00
W-Champion International Limited	Director	Pi-Hua Chen	930,000	100.00
C-Asia International Limited	Director	Pi-Hua Chen	20,000	100.00
Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	Director	Pi-Hua Chen	500	100.00
Hong Kong Chlitina International Limited	Director	Pi-Hua Chen	69,850,001	100.00
Chlitina Marketing Limited	Director	Pi-Hua Chen	12,522,882	100.00
Hong Kong C-Asia International Limited	Director	Pi-Hua Chen	2,300,000	100.00
Hong Kong W-Champion International Limited	Director	Pi-Hua Chen	2,950,000	100.00
Hong Kong W-Amber International Limited	Director	Pi-Hua Chen	128,603,060	100.00
W-Amber Marketing Limited	Director	Pi-Hua Chen	1,150,000	100.00
W-Champion Marketing Limited	Director	Pi-Hua Chen	930,000	100.00
Yong Li Trading Company Limited	Director	Pi-Hua Chen	Note	100.00
Yong Li Company Limited	Director	Pi-Hua Chen	Note	100.00
HUAPAO SDN. BHD.	Director	Pi-Hua Chen	500,000	100.00

Hong Kong C-Asia International Limited	Director	Pi-Hua Chen	100,000	100.00
Chlitina (China) Trade Limited	Executive director/General manager Supervisor	Pi-Hua Chen Chen, Le-Wei	Note	100.00
Shanghai Zhemei Vocational Training Co., Ltd.	Executive director/General manager Supervisor	Chao, Cheng-You Chen, Chao-Ching	Note	100.00
Weishuo (Shanghai) Daily Product Limited	Executive Director Supervisor	Pi-Hua Chen Chen, Le-Wei	Note	100.00
W-Amber (Shanghai) Trade Limited	Executive Director Supervisor	Pi-Hua Chen Chen, Le-Wei	Note	100.00
C-Asia (Shanghai) Trade Limited	Executive Director Supervisor	Pi-Hua Chen Chen, Pei-Wen	Note	100.00
W-Champion (Shanghai) Trade Limited	Executive Director Supervisor	Pi-Hua Chen Chen, Le-Wei	Note	100.00
Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd.	Executive Director Supervisor	Pi-Hua Chen Chao, Cheng-You	Note	100.00
Beijing Uplider Medical Beauty Treatment Clinic Co., Ltd.	Executive director/General manager Supervisor	Li Liang Chen, Ming-Chieh	Note	100.00
Cui Jie (Shanghai) Trading Co., Ltd.	Executive director/General manager Supervisor	Pi-Hua Chen Chao, Cheng-You	Note	100.00
Lishuo Biotechnology (Shanghai) Co., Ltd.	Executive Director Supervisor	Pi-Hua Chen Chen, Chao-Ching	Note	100.00
Shanghai Hedeng Clinic Co., Ltd.	Executive director/General manager Supervisor	Li Liang Chao, Cheng-You	Note	100.00
Shanghai Uplider Medical Beauty Treatment Clinic Co., Ltd.	Executive Director Supervisor	Pi-Hua Chen Chao, Cheng-You	Note	100.00
Shanghai Lunxin Medical Beauty Treatment Clinic Co., Ltd.	Executive Director Supervisor	Ding Yi Chao, Cheng-You	Note	100.00
Jinghe Clinic (Nanjing) Co., Ltd.	Executive Director Supervisor	Qiu Yan Xu, Zhenqiong	Note	100.00
Uplider Medical Beauty Treatment Clinic (Nanjing) Co., Ltd.	Executive Director Supervisor	Qiu Yan Xu, Zhenqiong	Note	100.00

Note: Limited company, no shares issuance.

4. Operating profile of affiliated companies

December 31, 2020; Unit: NTD 1,000

Company name	Capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	Profit or loss in current period (after tax)	Earnings per share (NTD) (after tax)
Chlitina Group Limited	631,539	6,431,367	35	6,431,332	0	(99)	943,912	Note 1
Chlitina Intelligence Limited	0	161,744	14,316	147,428	206,838	115,824	87,120	Note 1
Chlitina International Limited	549,053	6,282,952	35	6,282,916	0	(177)	857,047	Note 1
W-Amber International Limited	50,880	76	0	76	0	(5)	(115)	Note 1
W-Champion International Limited	34,518	90	0	90	0	0	22	Note 1
C-Asia International Limited	920	146	0	146	0	(54)	(65)	Note 1
Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	188	0	0	0	0	0	0	Note 1
Hong Kong Chlitina International Limited	276,221	8,080,414	1,971,796	6,108,617	37,609	(41,112)	877,874	Note 1
Chlitina Marketing Limited	376,649	212,481	47,515	164,966	171,888	(21,867)	(20,652)	Note 1
W-Amber Marketing Limited	56,280	44	0	44	0	(106)	(108)	Note 1
Hong Kong C-Asia International Limited	69,642	51,688	51	51,637	0	(254)	(7,514)	Note 1
Hong Kong W-Champion International Limited	61,865	66,812	0	66,812	0	(535)	8,784	Note 1
Hong Kong W-Amber International Limited	587,086	347,147	51	347,095	0	822	(90,450)	Note 1
W-Champion Marketing Limited	31,783	90	0	90	0	(110)	22	Note 1
Yong Li Trading Company Limited	17,373	29,872	19,520	10,352	1,982	(4,008)	(2,990)	Note 1
Yong Li Company Limited	0	0	0	0	0	(531)	0	Note 1 Note 2
HUAPAO SDN. BHD.	3,502	3,052	147	2,905	0	(372)	(372)	Note 1
Hong Kong C-Asia International Limited	3,050	2,774	0	2,774	0	(14)	(11)	Note 1
Chlitina (China) Trade Limited	255,923	5,621,098	1,723,745	3,897,353	3,678,385	1,202,646	949,870	Note 1
Shanghai Zhemei Vocational Training Co., Ltd.	78,302	54,694	16,525	38,169	39,342	(18,946)	(18,205)	Note 1
Weishuo (Shanghai) Daily Product Limited	64,207	1,454,134	91,532	1,362,601	584,343	87,616	71,827	Note 1
W-Champion (Shanghai) Trade Limited	64,193	77,949	38,888	39,061	152,058	11,817	9,235	Note 1
W-Amber (Shanghai) Trade Limited	605,565	316,250	861	315,389	11,276	(25,509)	(89,561)	Note 1
C-Asia (Shanghai) Trade Limited	31,262	33,118	4,904	28,213	40,952	(1,464)	(1,591)	Note 1
Lishuo Biotechnology (Shanghai) Co., Ltd.	8,148	6,850	0	6,850	0	(1,153)	(1,218)	Note 1
Yuanshuo (Shanghai) Enterprise Management Consulting Co., Ltd.	396,516	246,473	(1,181)	247,654	0	(32,387)	(64,099)	Note 1
Beijing Uplider Medical Beauty Treatment Clinic Co., Ltd.	103,346	52,704	9,967	42,737	15,095	(17,757)	(17,731)	Note 1
Shanghai Uplider Medical Beauty Treatment Clinic Co., Ltd.	29,810	47,702	19,653	28,049	31,370	(2,490)	(2,522)	Note 1
Uplider Medical Beauty Treatment Clinic (Nanjing) Co., Ltd.	43,374	48,703	13,440	35,263	30,759	(7,561)	(7,560)	Note 1
Shanghai Lunxin Medical Beauty Treatment Clinic Co., Ltd.	17,219	18,114	4,590	13,524	5,872	(3,897)	(3,896)	Note 1
Jinghe Clinic (Nanjing) Co., Ltd.	87	5,835	5,752	83	7,361	(3)	(3)	Note 1
Hedeng Clinic (Shanghai) Co., Ltd.	738	677	0	677	0	(65)	(65)	Note 1
Cui Jie (Shanghai) Trading Co., Ltd.	6,055	5,386	0	5,386	0	(436)	(436)	Note 1

Note 1: It is a company of limited liability and this volume is not applicable.

Note: Since 100% shares of the investee shall be held in the name of another person pursuant to local laws, 100% substantial control over the investee is imposed.

- II. Handling of private securities in the most recent year (2020) and as of the issue date of the annual reports: None.**
- III. Subsidiaries' holding or disposal of the Company's equities in the most recent year (2020) and as of the issue date of the annual reports: None.**

IV. Other necessary supplementary notes: note to the significant difference with provisions of the Republic of China on the protection of shareholders' equity.

Given the inconsistency between the laws of the Cayman Islands and the laws of the Republic of China, the “Checklist of Protecting Rights of Foreign Issuer’s Shareholders in the Place of Registration” (hereinafter referred to as “Protections to shareholders’ equity”) issued on December 25, 2019 by the Taiwan Stock Exchange Corporation may not apply to the Company. The table below shows the difference between the provisions of the Company’s Articles of Incorporation and the protections to shareholders’ equity due to the Cayman laws, and the provisions of the Company’s Articles of Incorporation.

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
<p>The term “special resolution” means the resolution adopted by a majority of present shareholders that represent two-thirds or more of the total shares issued by the company. As for a company issuing shares to the public, if the total shares represented by the shareholders present at the shareholders’ meeting are less than the said amount, a special resolution shall be adopted by a majority vote of the shareholders present at the meeting and representing more than two-thirds of the total number of voting shares.</p>	<p>According to the Company Act of Cayman Islands, the term “special resolution” means the resolution adopted, which is voted for by “over two-thirds” of the votes held by the shareholders present. The legal quorum of a shareholders’ meeting shall be the number of shareholders present which represent over half of the total shares issued by the company.</p>	<ol style="list-style-type: none"> 1. According to the notes stated in the Letter Tai-Zheng-Shang-Zi No. 0991701319 issued by Taiwan Stock Exchange Corporation on April 13, 2010, attendance and the number of votes involving significant proposals for equities of shareholders shall be “subject to the presence of shareholders representing over half of the total shares issued and consent of shareholders representing over two-thirds of the votes held by the shareholders present.” In the meantime, it shall also comply with the requirements of the Cayman laws and domestic Company Act on votes to special resolutions of public companies. 2. Article 31 and 2 (1) of the Company’s Articles of Incorporation stipulate that the term “special resolution” means the resolution adopted at the shareholders’ meeting attended by shareholders representing over half of the voting

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
		<p>shares issued by the Company and voted for by the shareholders representing more than two-thirds of the votes held by the shareholders present, as well as complying with the provisions of the Cayman laws and the Company Act of our country on votes to special resolutions of public companies.</p>
<ol style="list-style-type: none"> 1. A company shall not cancel its shares, unless a resolution on capital reduction has been adopted by its shareholders' meeting; the capital reduction shall be done in proportion to the shares held by shareholders. 2. Any company reducing its capital shall return the stock capital by properties other than cash; the property returned and the amount offset shall be subject to the resolution of the shareholders' meeting, and consent from the shareholder receiving such property. 3. The board of directors shall submit the value of the said property and the amount offset to a certified public accountant of the Republic of China for audit and verification prior to the shareholders' meeting. 	<p>According to the compulsory provisions on capital reduction in Articles 14 to Article 18 of the Company Act of the Cayman Islands, a company may not reduce its capital unless agreed by the shareholders' meeting through special resolutions or permitted by a court of the Cayman Islands through orders.</p>	<p>Since the Company Act of the Cayman Islands has strict requirements on the capital reduction of companies, and relevant provisions belong to the compulsory ones, the capital reduction cannot be done unless the company modifies the Articles of Incorporation. After confirming with lawyers in the Cayman Islands, Article 18-1 of the Articles of Incorporation of the Company is modified to repurchase shares based on the shareholding proportion of the shareholders and canceling such share repurchase to meet the requirements stated in the left-most column, which has no material difference with the content of the provision.</p>
<p>Any shareholder holding more than 3% of the total issued shares for more than one year shall state the proposal and reasons in writing</p>	<p>There is no such competent authority for approving the convention of shareholders' meetings in the Cayman Islands.</p>	<p>According to the Letter (Tai-Zheng-Shang-Zi No. 0991701319) issued by Taiwan Stock Exchange Corporation on April 13, 2010, a</p>

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
<p>and require the board of directors to hold the special shareholders' meeting. Where the board of directors fails to issue a notice on the convention of a special shareholders' meeting within 15 days as of the date when such request is filed, the shareholder may hold it independently after obtaining an approval from the competent authority.</p>		<p>foreign issuer, under the premise of no violation of the laws of the place of registration, may delete the part "competent authority for approving the convention of shareholders' meeting" and specify the right of minority shareholders to request for the convention of special a shareholders' meeting in the Articles of Incorporation. According to Article 26(1) of the Company's Articles of Incorporation, any shareholder holding more than 3% of the total issued shares for more than one year shall state the proposal and reasons in writing and require the board of directors to hold the special shareholders' meeting. Where the board of directors fails to issue a notice on the meeting convention within 15 days upon receipt of such request, the shareholder filing such request may hold the shareholders' meetings independently. The aforesaid Article 26(1) of the Articles of Incorporation complies with the provision on the left-most column, that is, when the board of directors fails to issue the notice for convention of a shareholders' meeting according to the written request, the shareholder filing such request may hold the shareholders' meeting without consent of the competent authority.</p>
<p>When the voting rights of the Company are to be exercised in writing or electronic means,</p>	<p>The Company Act of the Cayman Islands stipulates that the voting right may be</p>	<p>Article 46 of the Articles of Incorporation stipulates that shareholders exercising the</p>

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
<p>such means of exercise shall be expressly provided in the notice to the shareholders' meeting. A shareholder exercising voting rights in writing or electronic means will be deemed as having participated in the shareholders' meeting in person but shall be deemed as having waived the right with respect to the extempore motions and amendments to original proposals at that meeting.</p>	<p>exercised personally or by entrusting a proxy. Cayman lawyers are of the opinion that exercise of the voting right in writing or electronically is different from the presence in person defined in the Company Act of the Cayman Islands, and shall not be deemed as "having attended the shareholders meeting personally," and shall be deemed as having appointed the Chairperson of the shareholders' meeting as the proxy.</p>	<p>voting right in writing or electronically shall be deemed as having appointed the Chairperson of the shareholders' meeting to serve as their proxy; such appointment shall not be deemed as proxies defined in the provisions on listing (OTC). There is no material difference in effect of the two.</p>
<p>After a shareholder exercises the voting right in writing or electronic means, if he or she intends to participate in the shareholders' meeting in person, he or she shall withdraw their votes using the same method by which the vote was cast in the first place two days prior to the date scheduled for the shareholders' meeting. In the event that he or she fails to withdraw within the specified time limit, he or she shall still exercise the voting right in writing or electronic means.</p>	<p>The Company Act of the Cayman Islands stipulates that the voting right may be exercised personally or by entrusting a proxy.</p>	<p>As stipulated in the later paragraph of Article 47(2) of the Company's Articles of Incorporation, any shareholder failing to withdraw and attending the shareholders' meetings personally, in principle, shall still have the right to attend the shareholders' meeting personally and exercise the voting right, which shall be deemed as the cancellation of the appointment which appoints the Chairperson as the proxy, unless such prior cancellation of notice is irrevocable due to the accompanying interests or other reasons stipulated in the Cayman laws. The two vary from each other in the effect of overdue cancellation, but have no material difference in the protection of shareholders' interests.</p>
<p>Relevant provisions of the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public</p>	<p>Cayman lawyers specified that the laws of the Cayman Islands do not have any equivalent concept to the solicitation of the proxy.</p>	<p>According to the notes stated in the Letter Tai-Zheng-Shang-Zi No. 0991701319 issued by Taiwan Stock Exchange Corporation on</p>

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
<p>Companies,” such as the entrusted solicitor, manner of solicitation, solicitation announcement and restrictions, etc.</p>		<p>April 13, 2010, foreign issuers may be allowed to incorporate the general clause in the Articles of Incorporation, which is applicable to the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.” Therefore, according to Article 57 of the Company’s Articles of Incorporation, the use and solicitation of proxies shall be handled according to the Cayman laws and the listing (OTC) provisions, especially the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies,” which has already complied with the contents stipulated in the left-most column.</p>
<p>After a proxy is served to the Company, if a shareholder decides to participate in the shareholders’ meeting in person or to exercise voting rights in writing or electronic means, he or she shall inform the Company in writing to withdraw the proxy two days prior to the date scheduled for the shareholders’ meeting. In the event that such shareholder is overdue in withdrawing the notice, the voting rights exercised by the delegated proxy shall prevail.</p>	<p>The Company Act of the Cayman Islands stipulates that the voting right may be exercised personally or by entrusting a proxy.</p>	<p>As stipulated in the later paragraph of Article 53 in the Company’s Articles of Incorporation, any shareholder failing to withdraw the proxy and attend the shareholders’ meeting personally, in principle, shall still have the right to attend the shareholders’ meeting personally and exercise the voting right, which shall be deemed as its cancellation of the appointment which appoints the Chairperson as the proxy unless such prior cancellation notice is irrevocable due to the accompanying interests or other reasons stipulated in the Cayman laws. The two vary from each other in the effect of overdue</p>

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
		cancellation, but have no material difference in the protection of shareholders' interests.
Regulations related to the supervisor.	The Company Act of the Cayman Islands does not have such provisions.	The Company has not set a supervisor, therefore there is no specific regulations regarding the supervisor. According to Article 85(1) and (2) of the Company's Articles of Incorporation, the Company shall set the audit committee during the listing period. Thus, the Company has set the audit committee as stipulated previously, which complies with the provisions in the left-most column.
In case of listing termination of the first listed company due to elimination after merger, categorical assignment, equity transfer or split, and the surviving company, assignee company or existing or newly established company is not a listed (OTC) company, it shall be subject to consent of shareholders representing more than two-thirds of the total shares issued by the first listed company.	The Company Act of the Cayman Islands does not have such provisions.	In 2021, the Company proposed to add Article 38-1 in the Articles of Incorporation that "Regardless of regulations specified in the Articles of Incorporation, unless otherwise specified in Cayman laws or the regulations of TWSE/GTSM listed companies, in case of listing termination of the first listed company due to elimination after merger, categorical assignment, equity transfer or split, and the surviving company, assignee company or existing or newly established company is not a listed (OTC) company, it shall be subject to consent of shareholders representing more than two-thirds of the total shares issued by the first listed company." The article is added according to relevant regulation of the Business Mergers and Acquisitions Act. The regulation after addition has the same contents as required in the checklist of protections to

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
<p>1. When resolving one of the following items at the shareholders' meeting, the dissenting shareholder of the Company shall have the appraisal right:</p> <ol style="list-style-type: none"> (1) Split, merger, acquisition, or equity transfer of the Company; (2) The Company signs, changes or terminates the contract related to the leasing of all business, entrusted operations or joint operations with others, assigns all or the main part of the business or property or acquires all business or property of others which has significant impact on the operation of the Company. <p>2. The shareholder filing a request under the preceding paragraph shall make it in writing and specify the price for buying back within 20 days from the resolution date of the shareholders' meeting. If the Company and shareholder reach an agreement about the price of buying back, the Company shall pay for the shares within 90 days from the resolution date of the shareholders' meeting. In case no agreement is reached, the Company shall pay the fair price it has recognized to the dissenting shareholder who asks for a higher price within 90 days from the</p>	<p>The Cayman lawyer specified that when merger is made according to the Company Act of the Cayman Islands, the shares of the dissenting shareholders will be canceled after the completion of merger. The dissenting shareholder only has the right to apply to the Cayman Islands court for a ruling on the buying back price. The merger process may proceed and be completed without the completion of the buying back process. The Cayman lawyer considered that there may be a dispute since it is uncertain whether the Company may complete the merger procedure based on the Company Act of the Cayman Islands when the merger of the Company is executed on the Cayman Islands while the dissenting shareholder requests to buy the Company's shares by referring to the requirements stated in the left-most column. To avoid doubts, the Cayman lawyer suggested the Company to specify that the requirements stated in the left-most column shall apply without any violation against the Cayman laws and comply with the rights of the dissenting shareholders stipulated in the Cayman laws.</p>	<p>shareholders' interests.</p> <p>In 2020, the Company amended Article 39(3) of the Articles of Incorporation regarding the execution procedure of the appraisal right for the dissenting shareholders based on the rights of the dissenting shareholders stipulated in the Cayman laws without any violation. In 2020, the Company amended Article 39(4) of the Articles of Incorporation to specify that if the Company and dissenting shareholder do not reach an agreement within a certain period, the Company shall apply to the court for a ruling on the price to ensure the execution of the dissenting shareholder's appraisal right. The laws of the Cayman Islands and the Articles of Incorporation vary from each other in the handling of the shares held by the dissenting shareholders, but have no material difference in the protection of shareholders' interests.</p>

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
<p>resolution date of the shareholders' meeting. If the Company does not pay, the Company shall be considered to be agreeable to the price requested by the shareholder.</p> <p>3. For the shareholder who files a request for share purchasing to the Company according to Sub-paragraph 1 of Paragraph 1, in case no agreement is reached within 60 days from the resolution date of the shareholders' meeting, the Company shall apply to the court for a ruling on the fair price against all dissenting shareholders as the opposing party within 30 days after that duration. Taiwan Taipei District Court shall be the court of first instance.</p>		

Chapter 9 In the most recent year and as of the issue date of the annual reports, where any event having significant impact on the shareholders' interests or the securities price as stipulated in Article 36.2.2 of the law, note it one by one: None

Chlitina Holding Limited

Chairman: Chen, Pi-Hua