

Stock Code: 4137

# Chlitina Holding Limited

## 2022 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 April 8, 2023

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, Chairperson 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 TEL: (886)2-27238666  
2681, Grand Cayman, KY1-1111,  
Cayman Islands

(II) Subsidiaries and Branches:

1. Subsidiary:

Name: Chlitina Group Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: Chlitina International Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: Chlitina Intelligence Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: W-Amber International Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: W-ChampionInternational Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: C-AsiaInternational Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: Centre de Recherche et de Website: <http://www.chlitina.com>  
Developpement de CHLITINA FRANCE  
EURL  
Address: 102, avenue des Champs Elysées, 75008 TEL: (886)2-27238666  
Paris

Name: Hong Kong Chlitina International Website: <http://www.chlitina.com>  
Limited  
Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28 TEL: (852)-23763068  
Canton Road, Tsimshatsui, Kowloon,  
Hong Kong

Name: Chlitina Marketing Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: W-Amber Marketing Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: W-ChampionMarketing Limited Website: <http://www.chlitina.com>  
Address: OMC Chambers, Wickhams Cay 1, Road TEL: (886)2-27238666  
Town, Tortola, British Virgin Islands

Name: Yong Li Trading Company Limited Website: <http://www.chlitina.com>  
Address: 129F/95L Ben Van Don, Ward 8, District TEL: (84)028-54130700  
4, Ho Chi Minh City, Vietnam

Name: Vinh Le Company Limited Website: <http://www.chlitina.com>  
Address: 102 Ha huy Tap, Khu Pho Nam TEL: (84)028-54130709  
Thien1, Phuong Tan Phong, Quan 7, Ho  
Chi Minh City, Vietnam

Name: HuaPao Sdn. Bhd. Website: <http://www.chlitina.com>  
Address: Level 02.02A(I), Menara KeckSeng 203 TEL: (886)2-27238666  
Jalan BukitBintang55100 Kuala Lumpur  
W.P. Kuala Lumpur ,Malaysia

Name: PT PINING BEAUTY INDONESIA. Website: <http://www.chlitina.com>  
Address: CEO SUITE, INDONESIA STOCK EXCHANGE TEL: (886)2-27238666  
TOWER 2 LANTAI 17, JALAN JENDERAL  
SUDIRMAN KAV 52-53, Kel.Senayan, Kec.  
Kebayoran Baru, Kota Adm. Jakarta Selatan, Prop.  
DKI Jakarta

Name: Hong Kong W-Amber International Website: <http://www.chlitina.com>  
Limited  
Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28 TEL: (852)-23763068  
Canton Road, Tsimshatsui, Kowloon,  
Hong Kong

Name: Hong Kong W-Champion International Website: <http://www.chlitina.com>  
Limited  
Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28 TEL: (852)-23763068  
Canton Road, Tsimshatsui, Kowloon,  
Hong Kong

Name: Hong Kong C-Asia International Limited Website: <http://www.chlitina.com>  
Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28 TEL: (852)-23763068  
Canton Road, Tsimshatsui, Kowloon,  
Hong Kong

Name: Hong Kong Crystal International Services Website: <http://www.chlitina.com>  
Limited  
Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28 TEL: (852)-23763068  
Canton Road, Tsimshatsui, Kowloon,  
Hong Kong

Name: Hong Kong Jing Tai International Website: <http://www.chlitina.com>  
Investment Limited

Address: Room 308, 3rd Floor, Lippo Sun Plaza, 28 TEL: (852)-23763068  
Canton Road, Tsimshatsui, Kowloon,  
Hong Kong

Name: WAN JU International Investment Website: <http://www.chlitina.com>  
Limited

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

Name: Chlitina (China) Trade Limited Website: <http://www.chlitina.com.cn>  
Address: Building F, Room 1201, 1033 TEL: (86)21-22201388  
Zhaojiabang Road, Xuhui District,  
Shanghai City, China

Name: Weishuo (Shanghai) Daily Product Website: <http://www.chlitina.com.cn>  
Limited

Address: 1F and 3F of Building 2, No.58, Jingxi TEL: (86)21-57075707  
Rd., Songjiang Industrial Park, Shanghai  
City, China

Name: W-Champion (Shanghai) Trade Limited Website: <http://www.chlitina.com.cn>  
Address: Site B81, 2F., Building 2, No.251, Jihying S. Rd., TEL: (86)21-22201388  
Pilot Free Trade Zone, Shanghai City, China

Name: Shanghai Zhe Mei Technology Training Website: <http://www.chlitina.com.cn>  
Co., Ltd.

Address: No.2, Alley 100, Jingxi Rd., Songjiang TEL: (86)21-33528811  
Industrial Park, Shanghai City, China

Name: Weihu (Shanghai) Trade Limited Website: <http://www.chlitina.com>  
Address: Room 213, No.1, Alley 180, Shaanxi S. TEL: (86)21-22201388  
Rd., Xuhui District, Shanghai City, China

Name: Crystal Asia Shanghai Limited Website: <http://www.chlitina.com>  
Address: Room 402, No. 479, Shangzhong Road, TEL: (86)21-22201388  
Xuhui District, Shanghai City, China

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

Name: Li Shuo Biotechnology (Shanghai) Co., Website: <http://www.chlitina.com>  
Ltd.

Address: Room 366 of Building 2, No.692, Yongjia TEL: (86)21-22201388  
Rd., Xuhui District, Shanghai City, China

Name: Shanghai Yuanshuo Management Website: <http://www.chlitina.com>  
Consulting Limited

Address: Room 320, 9F., No.583 Lingling Rd., TEL: (86)21-22201388  
Xuhui District, Shanghai City, China

Name: Shanghai Lunxin Medical Beauty Clinic Website: <http://www.chlitina.com>  
Co., Ltd.

Address: 1-2F., No.518 (Temp.), Hongqiao Rd., TEL: (86)21-22201388  
Xuhui District, Shanghai City, China

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

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

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

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

Name: Hainan Shoumao Investment Limited Website: <http://www.chlitina.com>  
Address: Room 201, No. 32, Kangxiang Rd., Dongcheng TEL: (86)21-22201388  
International Medical Tourism Pilot Zone,  
Qionghai City, Hainan Province, China

Name: Shanghai Jiekan Trading Co., Ltd. Website: <http://www.chlitina.com>  
Address: Room 1701, No.666, Huaihai W. Rd., TEL: (86)21-22201388  
Changning Dist., Shanghai City, China

## 2. Branch:

Name: British Virgin IS. Chlitina Marketing Website: <http://www.chlitina.com>  
Limited, Taiwan Branch  
Address: 2F., No. 68, Zhulin Rd., Yonghe Dist., TEL: (886)2-27238666  
New Taipei City

Name: British Virgin IS., Chlitina Intelligence Website: <http://www.chlitina.com>  
Limited, Taiwan Branch  
Address: 10F., No.107, Songren Rd., Xinyi TEL: (886)2-27238666  
District, Taipei City

Name: Chlitina (China) Trade Limited, Ningbo Website: <http://www.chlitina.com.cn>  
Haishu Branch  
Address: Room 9-7, No. 8, Lengjing Street, Haishu TEL: (86)574-87354885  
District, Ningbo City, Zhejiang, China

Name: Chlitina (China) Trade Limited, Dalian Website: <http://www.chlitina.com.cn>  
Branch  
Address: Room 2209, Hongyuan Building, No. 23, TEL: (86)411-82563000  
Renmin Rd., Zhongshan District, Dalian City,  
Liaoning, China

Name: Chlitina (China) Trade Limited, Jiangxi Website: <http://www.chlitina.com.cn>  
Branch  
Address: Room 2011, Site A, Building 16, Hengmao TEL: (86)791-86100920  
Guoji Huacheng, No. 205, Guangchang South  
Rd., Xihu District, Nanchang City, Jiangxi  
Province, China

Name: Chlitina (China) Trade Limited, Beijing Website: <http://www.chlitina.com.cn>  
Branch  
Address: 201, 2F., No. 11, Dongda Rd., Zhushikou, TEL: (86)10-87923880  
Dongcheng District, Beijing City, China

Name: Chlitina (China) Trade Limited, Tianjin Website: <http://www.chlitina.com.cn>  
Branch  
Address: No. 20-1, Pingan St., Hebei District, TEL: (86)22-27552680  
Tianjin City, China

Name: Chlitina (China) Trade Limited, Chengdu Website: <http://www.chlitina.com.cn>  
Branch  
Address: No. 228, Zhiquan Section, Dongda St., TEL: (86)28-86139017  
Jinjiang District, Chengdu City, China

Name: Chlitina (China) Trade Limited, Chengdu Website: <http://www.chlitina.com.cn>  
Second Branch  
Address: No. 3904, 3905, 39F, Building 2, No. 530, TEL: (86)28-86132535  
Tianfu Avenue Middle Section, Gaoxin  
District, Chengdu City, China

Name: Chlitina (China) Trade Limited, Website: <http://www.chlitina.com.cn>  
Changning Branch  
Address: Room 1402, No. 666, Huaihai W. Rd., TEL: (86)21-22201388  
Shanghai City, China

Name: Chlitina (China) Trade Limited, Hebei Website: <http://www.chlitina.com.cn>  
Branch  
Address: Room 1632, Ximei Building, No. 6, TEL: (86)311-66611366  
Jianshe S. Main St., Shijiazhuang City,  
Hebei Province, China

Name: Chlitina (China) Trade Limited, Fujian Website: <http://www.chlitina.com.cn>  
Branch  
Address: 01-03, 05-06, 55F., Building TEL: (86)591-87388010  
Shiowangzhuangcheng 2#F., No. 19,  
Jinlian Rd., Jinan District, Fuzhou City,  
Fujian Province, China

Name: Chlitina (China) Trade Limited, Shaanxi Website: <http://www.chlitina.com.cn>  
Branch  
Address: Room 301, 3F., Jinding Building, No. TEL: (86)29-87206345  
116, Heping Rd., Xian City, Shanxi  
Province, China

Name: Chlitina (China) Trade Limited, Wenzhou Website: <http://www.chlitina.com.cn>  
Branch  
Address: Room 1904, Wenzhou Fortune Center, TEL: (86)577-88309620  
No. 577, Station Avenue, Lucheng  
District, Wenzhou City, Zhejiang  
Province, China

Name: Chlitina (China) Trade Limited, Xuhui Website: <http://www.chlitina.com.cn>  
Branch  
Address: No. 2, Alley 1390, Huaihai W. Rd., Xuhui TEL: (86)21-64077905  
District, Shanghai City, China

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

Address: 401-403, 405-411, No. 80, Jiqing Rd., TEL: (86)25-52601169  
Qinhuai District, Nanjing City, Jiangsu Province, China

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

Address: Room 1504, Shandong Chamber of TEL: (86)531-86905166  
Commerce Building, No. 51, Weier Road, Shizhong District, Jinan City, Shandong Province, China

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

Address: Room 1514, 15F., Building 2, Hengxing TEL: (86)431-89695919  
International Building, Jiefangda Road and Dajing Road Intersection, Nanguan District, Changchun City, Jilin Province, China.

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

Address: Room 908, Zhongtianheng Building, No. TEL: (86)532-66886796  
8, Fuzhou S. Rd., Shinan Dist., Qingdao City, Shandong Province, China

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

Address: Room 908, 906, 904, Jinding Business TEL: (86)472-5125628  
Building, No. 46, Gangtie St., Qingshan Dist., Baotou City, Inner Mongolia Autonomous Region, China

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

Address: Room 6-1109, Zone C, Wanda Plaza, No. TEL: (86)551-62628988  
130, Ma'anshan Rd., Baohe Dist., Hefei City, Anhui Province, China

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

Address: Room 2008-2010, Yian Plaza, No. 33, TEL: (86)20-83278819  
Jiansheliuma Rd., Yuexiu Dist., Guangzhou City, Guangdong Province, China

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

Address: 7F., Site B, Sunshine International TEL: (86)351-7883498  
Business Center, No. 103, Changzhi Rd., Xiaodian Dist., Taiyuan City, Shanxi Province, China

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

Address: No. 1661, 1660, 1659, 13-1658-3, 11, TEL: (86)22-27552680  
Nanma Rd., Nanshi St., Heping Dist.,  
Tianjin City, China

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

Address: Room 907, No. 203, Zhaohui Rd., TEL: (86)13616542676  
Xiacheng District, Hangzhou City,  
Zhejiang Province, China

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

Address: 15F., No. 3 and 4, Zheshang International TEL: (86)27-85515152  
Building, No. 718, Jianshe Avenue,  
Jiangan District, Wuhan City, Hubei  
Province, China

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

Address: 41F., 01, 02 & 03, Shimao World TEL: (86)731-88318299  
Financial Center, No. 393, Jianxiang  
Road, Furong District, Changsha City,  
Hunan Province, China

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

Address: No. 229, Jinshui Road, Weilailu TEL: (86)0371-65896272  
Subdistrict, Jinshui District, Zhengzhou  
City

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 Telephone of the CPA for the most recent financial reports

Name: CPAs Lin, Chun-Yao and Chang, Shu-Chiung  
CPA firm PricewaterhouseCoopers Certified Public Accountants  
Address: 27F., No. 333, Sec. 1, Keelung 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: Chen, Pi-Hua Title: Chairman  
TEL: (886)2-2723-8666 Email: [investor@chlitina.com](mailto:investor@chlitina.com)

VI. Name of the Overseas Securities Exchange Office and the method for inquiring into information regarding 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	Chen, Pi-Hua	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	Mainland China	Wu, Ssu-Tsung	M	Master of Economics, Shanghai University of Finance and Economics Bachelor of Economics, Jiangxi University of Finance and Economics Bachelor's, Jiangxi University of Finance and Economics	Professor of Tongji University Independent Director of Top Spring International Holdings Limited Independent Director of Shanghai Shimao Group
Director	Republic of China	Chao, Cheng-You	M	Bachelor of Communication, Fudan University Master's, School of Economy and Management, Tongji University	CEO of Chlitina Holding Limited Note 3
Independent Director	Republic of China	Tsai, Yu-Chin	F	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	Representative of Juristic Person of Nichidenbo Corporation Assistant Professor, Dept. of Finance, China University of Technology Independent director/Remuneration Committee member/Audit Committee chair of Jiu Han System Technology, Co., Ltd.
Independent Director	Republic of China	Kao, Peng-Wen	F	MBA, Duke University, USA – graduation President and COO of Walsin Lihwa Corp.	—
Independent Director	Republic of China	Yu, Hung-Ding	M	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	
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Note 1: Representative of the Juristic Person of General Biologicals Corp., Director of Ace Medical Technology Co., Ltd., Director of (BVI) Chlitina Group Limited, Director of (BVI) Chlitina Holding Limited, Director of (BVI) Chlitina Intelligence Limited, Director of the 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 Limited, Director of Hong Kong Crystal-Asia International Limited, Director of Hong Kong Crystal International Services Limited, Director of Hong Kong Jing Tai International Investment Limited, Director of Huapao Sdn. Bhd., Director of Bi Ning Limited Liability Co., Director of Yong Li Trading Company Limited, Director of Vinh Le Company Limited, Executive Director of Chlitina (China) Trade Limited, Executive Director of Weishuo (Shanghai) Daily Product Limited, Executive Director of Weihu (Shanghai) Trade Limited, Executive Director of Wuguan (Shanghai) Trade Limited, Executive Director of Crystal Asia Shanghai Limited, Executive Director of Shanghai Yuanshuo Management Consulting Limited, Executive Director and President of Cui Jei (Shanghai) Trading Co. Ltd., Executive Director of Li Shuo Biotechnology (Shanghai) Co., Ltd., Executive Director of Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd., Executive Director of Shanghai Jiekan Trading Co., Ltd., Executive Director of Hainan Shoumao Investment Limited, Manager of Branch of British Virgin IS., Chlitina Marketing Limited Taiwan Branch, Manager of the Branch of the 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., Representative of Juristic Person of WAN JU International Investment Limited.

Note 2: Supervisor of Crystal Asia Shanghai Limited, 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 Holding Limited, Director of Chlitina International Trade Co., Ltd., Director of Charming Biotech Corporation, Director of Dida Biomedical Limited, Supervisor of Chaoneng Biochemical Technology, Supervisor of HUNZAS CO., LTD., Supervisor of Jin Yongji Co., Ltd., Supervisor of Quan Feng Sheng Investment Co., Ltd.

Note 3: Supervisor of Shanghai Yuanshuo Management Consulting Limited, Executive Director and President of Shanghai Zhe Mei Technology Training Co., Ltd., Supervisor of Cui Jie (Shanghai) Trading Co., Ltd., Supervisor of Shanghai Hedeng Clinic Co., Ltd., Supervisor of Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd., Supervisor of

Shanghai Lunxin Medical Beauty Clinic Co., Ltd., Supervisor of Hainan Shoumao Investment Limited, Executive Director of Shanghai Yongxiang Trading Co., Ltd., Executive Director of Shanghai Zhongye Trade Co., Ltd., Executive Director of Shanghai Cheng Yang Trading Co., Ltd., Chairperson of Cheng Yang Trading Co., Ltd., Director of Yahe Consulting Co., Ltd., Director of (BVI) CAPITAL FAITH DEVELOPMENT LIMITED.

Note 4: Director's domestic representative: mutually appointed between general directors and mutually appointed between independent directors. Contact details for domestic agent: TEL: (886)2-27238666 E-mail: investor@chlitina.com

# Chlitina Holding Limited

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**Chapter 7. Review and Analysis of the Financial Report Status and Financial Performance and Risks**

I. Financial status

II. Financial performance

III. Cash flow

IV. Major capital expenditures for the most recent year

V. Investment strategies, causes for investment gains and losses, planned improvements for the most recent year, and investment plan for the coming year

VI. Analysis and assessment of the risks for the most recent year and up to the publication date of this annual report

VII. Other significant events

**Chapter 8. Special items**

I. Information on Affiliates

II. Handling of private securities in the most recent year (2022) and up to the publication date of the annual reports

III. Subsidiaries' holding or disposal of the Company's equities in the most recent year (2022) and up to the publication date of the annual reports

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 in the most recent year and up to the publication date of the annual report, such situations shall be listed one by one.**

## **Chapter 1. Letter to Shareholders**

### **Chlitina Holding Limited 2022 Business Report**

Chlitina Holding Limited (hereinafter referred to as “the Company”) hereby reports its 2022 operating results and the summary of its business plan for 2023:

#### **I. 2022 operating results:**

##### **1. Business plan and implementation:**

Consolidated revenue of the Company in 2022 was NT\$4,069,210 thousand, down 22.80% as compared to NT\$ 5,271,313 thousand in 2021. Net income after taxes was NT\$689,752 thousand in 2022, as compared to NT\$1,355,257 thousand in 2021, or a 49.11% decrease.

In terms of geographical breakdown, 95.52% of sales, or NT\$3,886,757 thousand, were made in Mainland China, as the region remained the largest market for the Company and focus for business expansion.

##### **2. Analysis of financial revenues and expenditures and profitability:**

For the financial balance and structure, the assets to liabilities ratio in 2022 was 46%, the current ratio was 328%, and the net profit margin was 18%, with a net cash inflow of NT\$277,546 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.

##### **3. Performance in research and development**

The Company endeavors 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 2022, the Company concentrated on upgrading ingredients and efficacy of its classic products sold to and by the franchise channel. Meanwhile, working as an extension of our franchise channel, our e-commerce channel launched the Le spa Jolie Rose product line under the brand name Trotula by CHLITINA. This line combines the concept of western aromatherapy with the latest skincare technology, and uses the most natural and pure plant-based ingredients to achieve a 3-dimensional healing of body, mind and spirit. Different products are launched through different channels in order to satisfy to the greatest extent possible the needs of each individual consumer in terms of personalized skincare and healthy lifestyles.

##### **4. Status of budget implementation**

As there was no disclosure of any financial forecast in 2022, there is no information on budget achievement.

#### **II. Summary of the business plan for 2023:**

##### **1. Operating guidelines:**

##### **1.1. We will upgrade our overall business strategy, focusing on the beauty + new consumption strategy, branching out from the beauty industry into the health industry, and striving to expand consumers’ quality of life.**

The Company also intends to concentrate on the beauty and health industry, enriching its product portfolio around the concepts of “water, microbiome, and regenerative medicine.”

In terms of business model, the Company is evolving from a product-centered business model to one of intensive cultivation of customer value, providing high-quality services and products that meet the full cycle of customers’ needs.

- 1.2. 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, and 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.

- 1.3. As far as e-commerce is concerned, the focus will continue to be on optimizing product range structure, and promoting “micro-ecology” products. We will use 24/7 marketing approaches with no geographical limit in order to improve the network deployment and product coverage.
- 1.4. In the field of aesthetic medicine, we are promoting the development of self-owned 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 artificial intelligence and regenerative medicine to bring additional momentum to the Company’s revenue.

2. Future development strategy:

In order to expand the Group’s operational map, the Company will continue to implement the strategies of “product diversification,” “multi-channel selling,” and “diversified marketing” in accordance with the macro environment, industry characteristics, and market preferences.

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

1. The impact of external competition and overall business operation environment:

In 2022, in the face of a turbulent international environment and of the arduous task of reforming the economy while preserving stability, China’s economy has continued to grow, the GDP has reached new heights and high-quality development has been going forward steadily. According to the “2022 National Economic and Social Development Statistics Bulletin” published by the National Bureau of Statistics of China, in 2022, China’s total economic output amounted to RMB121.02 trillion, or a year-on-year increase of 3.0%. Tertiary industries accounted for 52.8% 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. The role of consumption is still relatively significant in driving growth, contributing by 1.0 percentage points. 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 was 36,883 Chinese yuan, an increase of 5.0% over the previous year. Excluding price factors, the real growth rate was 2.9%. 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 RMB43.97 trillion, a decrease of 0.2% from the

previous year. Among the retail sales of goods above the designated size limit, cosmetics fell by 4.5%, namely due to the negative impact of the epidemic. Although facing a slight decline, this category still has strong market support and a huge potential for growth.

In 2022, China has adhered to the general principle of seeking progress while maintaining stability, fully implementing new development concepts, accelerating the expansion of national strategic scientific and technological strengths, improving the resilience of the industrial chain, comprehensively deepening reform and opening up, adhering to innovation-driven development, and promoting high-quality development. Supported by a series of innovation and entrepreneurship activities and achievements, new industries, new formats and new models have developed faster, becoming a new driving force for economic growth and structural adjustment. In 2022, annual online transaction volume increased 3.5% year on year to a total of 43.83 trillion Chinese yuan, and online retail sales of physical goods accounted for 13.79 trillion Chinese yuan, a 4.0% increase year on 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.

## 2. 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 does not need to renew any of the licenses or permits required for business operations.

Chairperson: Chen, Pi-Hua  
Yeh,Chien-Chih

Manager: Chao, Chen-Yu

Accounting Supervisor:





## 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 its quality control systems. Its supreme quality control successfully passed the “Certification Rules for Cosmetics Good Manufacturing Practice (GMP)” published by the UK’s Intertek Testing Services Ltd., Shanghai, and was awarded the ISO9001 international “URS certification” and the ISO9001 international quality certification of the “Shanghai Audit Center of Quality System” successively. It became an enterprise obtaining the above two certifications simultaneously, which is 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 &amp; Franchise Association. 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 Businesses in China – Forum and Award Ceremony” held by CYZONE in 2012, CHLITINA won the award of “Top 50 Growth (Franchise 50) Chain-Style Businesses 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 “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 &amp; 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 Potential Venture Project Award” and “The 2014 Gold Award of</p>

Year	Significant events of the Company and group history
	<p>Entrepreneurship Exposition” at the 20th Joining China Franchise &amp; 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 &amp; 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. Chen, Pi-Hua, 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. Chen, Pi-Hua, 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 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</p>

Year	Significant events of the Company and group history
	<p>by Shanghai International Film Festival.</p> <p>In June 2016, CHLITINA's Chairman, Ms. Chen, Pi-Hua, 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. Chen, Pi-Hua, 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. Chen, Pi-Hua, 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. Chen, Pi-Hua, 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 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</p>

Year	Significant events of the Company and group history
	<p>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 Chairperson, Ms. Chen, Pi-Hua, 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 Chairperson, Ms. Chen, Pi-Hua, 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 “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, CHLITIN’s COO Mr. Chao, Cheng-You represented the domestic beauty industry and attended the 18th Forbes Global CEO in 2018.</p>

Year	Significant events of the Company and group history
	<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 Chairperson 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 Regenerative Medicine of Tongji University was jointly established by CHLITINA, in the name of the parent company Chlitina Holding Limited, and Tongji University.</p>
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</p>

Year	Significant events of the Company and group history
	<p>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 legal 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, CHLITINA won the honor of “Top 25 International Brands in Taiwan” the fifth time.</p> <p>In November 2020, Chlritina (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	<p>In January 2021, CHLITINA was honored with the “2020 Enterprise with Outstanding Anti-epidemic Contribution” of the 10th China Charity Festival while the founder of the Lighting Charity Fund, Ms. Yu-Shan Su, received the “2020 Charity Character Award”.</p> <p>In February 2021, CHLITINA Youthkeeper Serum won the Top Innovation Award of les Victoires de la Beauté for SPA products again.</p> <p>In March 2021, CHLITINA received two honors: “2021 Consumer Rights Advanced Unit” and “2021 National 3.15 Brand (Product) of Ingenuity” .</p> <p>In March, the popular science entertainment channel “Doctors’ Tips” with CHLITINA’s exclusive naming sponsorship was released online.</p>

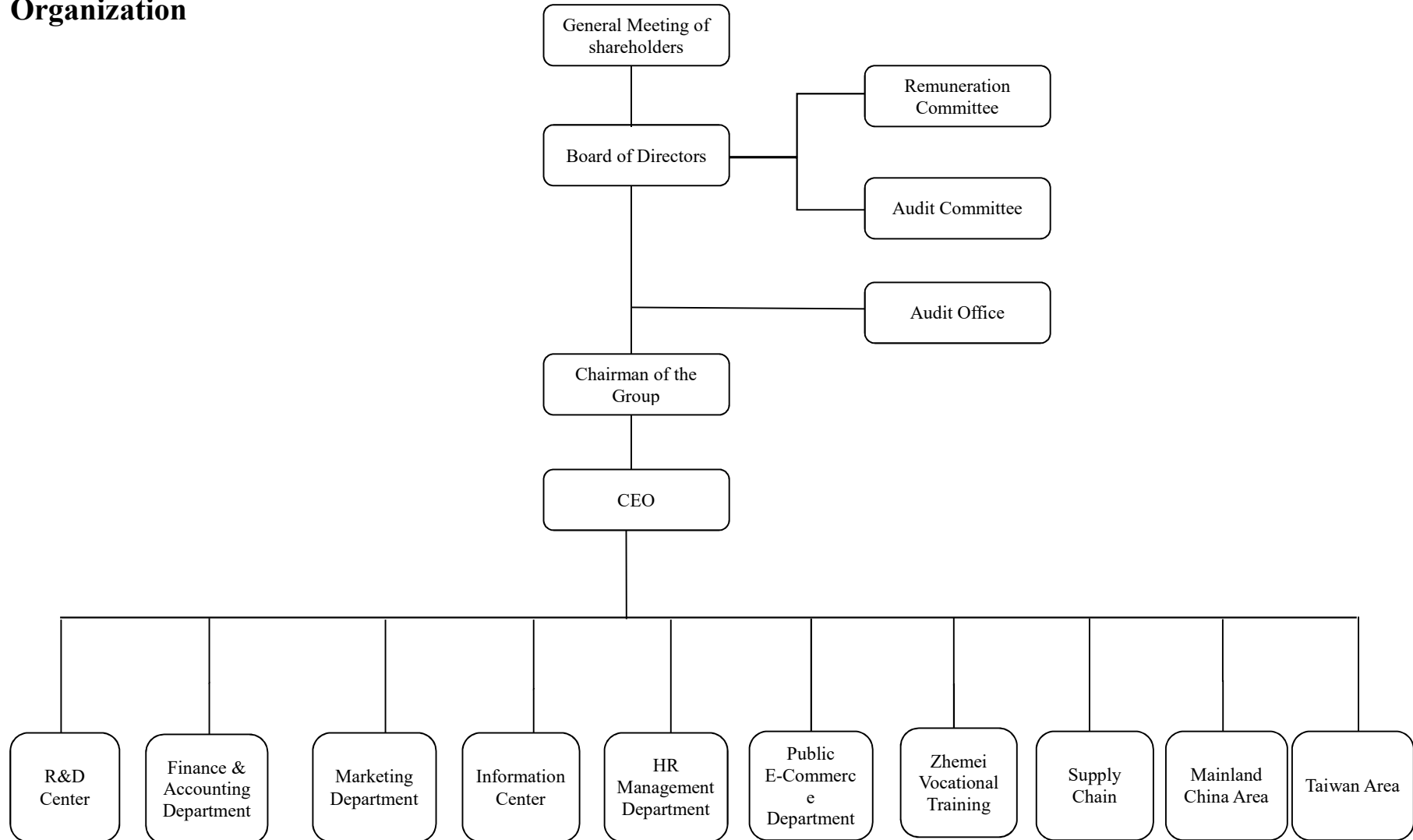
Year	Significant events of the Company and group history
	<p>In May, CHLITINA's Lighting Charity Fund worked with the Jackie Chan Charitable Foundation Beijing to make an earthquake donation to Madoi County, Qinghai.</p> <p>In May, the Phase-II charity project of the "Lighting Charity Fund: The Power of Reading" in Huyi District, Shaanxi was launched.</p> <p>In June, CHLITINA held a press conference for the Leading Beauty + Consumption strategy, introducing a brand-new concept of "water, micro-ecology, regenerative medicine" and emphasizing that the healthy beauty of human body is an overall cycle from the inside to the outside—"From Beauty to Health: Enhancing the Quality of Life."</p> <p>In June, CHLITINA was awarded the "CCFA Top 100 Chain-Style Business of China" for the fourth consecutive year.</p> <p>In June, CHLITINA was the only skin care brand designated by Shanghai International Film Festival and Shanghai Television Festival for the sixth consecutive year.</p> <p>In July, CHLITINA's Lighting Charity Fund worked with the China Youth Development Foundation to donate RMB 500,000 and 1,000 boxes of BabuLong drinking water for the flood disaster relief in Henan.</p> <p>In July, CHLITINA won the "2021 Most Investment Value Award" and "2021 Most Growth Value Award" at the 10th Finance Summit. The CEO, Mr. Chao, Cheng-You, received the award of "2021 Pioneer with Outstanding Digital Performance."</p> <p>In July, the new product Skinicer P113 + oral care series was placed on the market.</p> <p>In August, CHLITINA was recognized as a "2021 Model Enterprise for Social Responsibility and Charity Implementation" by Consumption Daily.</p> <p>In October, CHLITINA's Lighting Charity Fund worked with Jackie Chan Charitable Foundation Beijing to make a donation for the flood disaster relief in Shanxi;</p> <p>In November, CHLITINA made an impressive debut at the 2021 China International Import Expo.</p> <p>In November, CHLITINA's Chairman was recognized as one of the Top 20 Chairwomen of Listed Companies in Taiwan.</p> <p>In December, CHLITINA won the honor of "Top 25 International Brands in Taiwan" for the sixth consecutive year.</p>
2022	<p>In January, CHLITINA was honored with the "Corporate Social Responsibility Model Award" and the founder of the Lighting Charity Fund, Ms. Yu-Shan Su, received the "Charity Character Award" granted at the 11th China Charity Festival.</p> <p>In January, BabuLong won the ITI 2022 Superior Taste Award in Belgium.</p> <p>In March, CHLITINA received three honors during the "China Association for Quality Inspection 315 Event" for our leading brand role in the national product and service quality integrity as well as the premium quality and brand in the beauty industry.</p> <p>In May, the 3,676 franchise stores of the CHLITINA Group Alliance initiated the "Home Protection and Care Program" by providing healthcare personnel, community personnel, and community volunteers with free beauty and care services to show our appreciation for their contributions during the pandemic.</p>



Year	Significant events of the Company and group history
	<p>In June, CHLITINA was awarded the “CCFA Top 100 Chain-Style Business of China” for the fourth consecutive year. Three CHLITINA store managers received the honor of “CCFA Gold Store Manager”.</p> <p>In June, CHLITINA won the Hainuo Award – 2022 (Industry) Leading Brand Award, CHLITINA Youthkeeper Serum was selected as the 2022 Excellent Popular Product, and the CEO of the Group, Mr. Chao, Cheng-You, won the 2022 (Industry) Leading Players Award with his innovative Leading Beauty + Consumption lines at the 2022 Brand Innovation Development Conference (BIDC).</p> <p>In June, BabuLong won the Monde Selection 2022 Grand Gold Award.</p> <p>In July, CHLITINA won the “2022 Sustainability Model Award” and the CEO of the Group, Mr. Chao, Cheng-You, won the “Outstanding Influential Entrepreneur Award 2022” at the 11th China Finance Summit.</p> <p>In September, CHLITINA won the “Quality Integrity Benchmark Enterprise” in the 2022 Quality Month organized by China Association for Quality Inspection.</p> <p>In November, CHLITINA won the honor of “Top 25 International Brands in Taiwan” for the seventh consecutive year.</p> <p>In November, CHLITINA Youthkeeper Serum 50ML was introduced to the market and promotion events were organized together with Fei, Chi-Ming, the Ambassador of CHLITINA Youthkeeper Serum.</p> <p>In December, CHLITINA was honored with the “Corporate Social Responsibility Model Award” and the founder of the Lighting Charity Fund, Ms. Yu-Shan Su, received the “Charity Character Award” granted at the 12th China Charity Festival.</p>

## Chapter 3. Corporate Governance Report

### I. Organization



Department Name	Responsible of Department
R&D Center	<ol style="list-style-type: none"> <li>1. Increase the Company's self-development ability and support the market's early period developing work of new product marketing.</li> <li>2. Formulate the standardized costs and realize effective cost control. Manage and maintain periodical regulatory business of previously launched products. Complete the mission of communication and negotiation between the management and the employees.</li> </ol>
Finance & Accounting Department	<ol style="list-style-type: none"> <li>1. Made the Group's annual budget and final report.</li> <li>2. Formulate the Group's tax policy and relevant planning.</li> <li>3. Deal with the Group's accounting process, financial and capital planning.</li> <li>4. Investor relationships</li> </ol>
Marketing Department	<ol style="list-style-type: none"> <li>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;</li> <li>2. Develop new products, optimize product lines, plan product promotion programs, and proceed with implementation;</li> <li>3. Draw up brand promotion programs, advertisement promotions and ultimate promotional programs, execute brand broadcasting strategies and budget the expenses;</li> <li>4. Collect the market information, analyze the market trend, consumer demands, and the industry development trend and complete the market research, and sales forecasting;</li> <li>5. Responsible for the planning and operation of the new media platforms (Shuangwei, TikTok and Xiaohongshu);</li> <li>6. Responsible for the building and maintenance of the media and public relations;</li> <li>7. Responsible for the organization, planning, creative output, and copywriting of the marketing activities;</li> </ol>
Information Center	<ol style="list-style-type: none"> <li>1. Make reasonable budget for the IT Dept.; arrange the Group's software and hardware resources appropriately.</li> <li>2. Establish the Internet system, apps, operation system needed by each of the departments.</li> <li>3. Establish, manage and execute the SAP System; integrate the Company's ERP management operation.</li> <li>4. Established and executed the Management Information System (MIS) and integrated the computerized management operation of the Company.</li> </ol>
HR Management Department	Arrange human resources; establish and execute the employee management system.
Public E-Commerce Department	Take charge of the business in Tmall.
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 8, 2023 Unit: thousand shares, %

Title (Note 1)	Nationality or Place of Registration	Name	Gender Age (Female /Male)	Date of Election (Appointment) (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	Sharehol ding ratio (%)	Number of Shares	Sharehol ding ratio (%)	Number of Shares	Sharehol ding ratio (%)	Number of Shares	Sharehol ding ratio (%)			Title	Name	Relationship	
Chairman	Republic of China	Chen, Pi-Hua	F 61~70	2021/07/06	3 years	2012/07/03	-	-	-	-	-	-	-	-	EMBA, Tongji University PhD of Keuka College, USA	Note 2	Director	Chen, Pei-Wen Chao, Cheng-Y ou	Sister  Parent-child	Note 5
Director	British Virgin IS.	Wealthy Garden Investmen t Limited	-	2021/07/06	3 years	2012/08/23	28,056 (Note 2)	35.29	28,056	35.29	-	-	-	-	-	-	-	-	-	-
	Republic of China	Chen, Pei-Wen	F 50~60	2021/07/06	3 years	2015/06/17	-	-	-	-	-	-	-	-	MBA, US Seton Hall University – MBA, Stillman School of Business Graduated from Daren Girls' High School	Note 3	Director	Chen, Pi-Hua	Sister	-
Director	Mainland China	Wu, Ssu-Tsung	M 61~70	2021/07/06	3 years	2012/08/23	-	-	-	-	-	-	-	-	Master of Economics, Shanghai University of Finance and Economics Bachelor of Economics, Jiangxi University of Finance and Economics Bachelor's, 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	Chao, Cheng-Yo u	M 31~40	2021/07/06	3 years	2021/07/06	-	-	-	-	-	-	-	-	Bachelor of Communication, Fudan University Master's, School of Economy and Management, Tongji University	CEO of Chlitina Holding Limited (Note 4)	Director	Chen, Pi-Hua	Parent-child	Note 5

Independent Director	Republic of China	Tsai, Yu-Chin	F 51~60	2021/07/06	3 years	2012/08/23	-	-	-	-	-	-	-	-	-	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	Representative of Juristic Person of Nichidenbo Corporation, Assistant Professor, Dept. of Finance, China University of Technology Independent director/Remuneration Committee member/Audit Committee chairman of Jiu Han System Technology, Co. Ltd.	-	-	-	-
Independent Director	Republic of China	Kao, Peng-Wen	F 61~70	2021/07/06	3 years	2012/11/12	-	-	-	-	-	-	-	-	-	MBA, Duke University, USA – graduation President and COO of Walsin Lihwa Corp.	-	-	-	-	
Independent Director	Republic of China	Yu, Hung-Ding	M 61~70	2021/07/06	3 years	2012/11/12	-	-	-	-	-	-	-	-	-	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	-	-	-	-	

Note 1: The Company was established in the Cayman Islands on July 3, 2012. The four directors of the Company were elected by an ad hoc Shareholders' Meeting in accordance with the Company Act of the Cayman Islands on August 23, 2012. After the Company discussed and resolved 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 was June 5, 2018 – June 4, 2021. The fourth term will be July 6, 2021 – July 5, 2024. The Company has seven directors in total, among which three are independent directors.

Note 2: Representative of Juristic Person of General Biologicals Corp., Director of Ace Medical Technology Co., Ltd., Director of (BVI) Chlitina Group Limited, Director of (BVI) Chlitina Holding 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 Limited, Director of Hong Kong C-Asia International Marketing Limited, Director of Hong Kong Crystal International Services Limited, Director of Hong Kong Jing Tai International Investment Limited, Director of Huapao Sdn. Bhd., Director of Bi Ning Limited Liability Co., Director of Yong Li Trading Company Limited, Director of Vinh Le Company Limited, Executive Director of Chlitina (China) Trade Limited, Executive Director of Weishuo (Shanghai) Daily Product Limited, Executive Director of Weihu (Shanghai) Trade Limited, Executive Director of Wuguan (Shanghai) Trade Limited, Executive Director of Crystal Asia Shanghai Limited, Executive Director of Shanghai Yuanshuo Management Consulting Limited, Executive Director and President of Cuijie (Shanghai) Trading Co., Ltd., Executive Director of Li Shuo (Shanghai) Biotechnology Co., Ltd., Executive Director of Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd., Executive Director of Shanghai Jiekan Trading Co., Ltd., Executive Director of Hainan Shoumao Investment Limited, 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., Representative of Juristic Person of WAN JU International Investment Limited.

Note 3: Supervisor of Crystal Asia Shanghai Limited, 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., Chairperson of San Yen So International Co., Ltd., Representative/Director of TuTu & Bow International Limited, Representative/Director of Chlitina Holding Limited, Director of Chlitina International Trade Co., Ltd., Director of Charming Biotech Corporation, Director of Dida Biomedical Limited, Supervisor of Chaoneng Biochemical Technology, Supervisor of HUNZAS CO., LTD., Supervisor of Jin Yongji Co., Ltd., Supervisor of Quan Feng Sheng Investment Co., Ltd.

Note 4: Supervisor of Shanghai Yuanshuo Management Consulting Limited, Executive Director and President of Shanghai Zhe Mei Technology Training Co., Ltd., Supervisor of Cui Jie (Shanghai) Trading Co., Ltd., Supervisor of Shanghai Hedeng Clinic Co., Ltd., Supervisor of Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd., Supervisor of Shanghai Lunxin Medical Beauty Clinic Co., Ltd., Supervisor of Hainan Shoumao Investment Limited, Executive Director of Shanghai Yongxiang Trading Co., Ltd., Executive Director of Shanghai Zhongye Trade Co., Ltd., Executive Director of Shanghai Cheng Yang Trading Co., Ltd., Chairperson of Cheng Yang Trading Co., Ltd., Director of Yahe Consulting Co., Ltd., Director of (BVI) CAPITAL FAITH DEVELOPMENT LIMITED.

Note 5: If the Chairperson, President, or person holding an equivalent position (top manager) of the Company are the same person, have a spousal 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 ensuring that the directors with concurrent positions as employees or managers shall not exceed half of the directors).

The Company's Chairman Chen, Pi-Hua and the director/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 to the Chairperson, 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 from 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

April 8, 2023

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

April 8, 2023

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%)	Chen, Pi-Hua (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)

### I. Disclosure of the professional qualifications of directors and supervisors and information on the independence of independent directors:

April 8, 2023

Name	Professional qualifications and experience	Status of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
Chairperson Chen, Pi-Hua	Honorary PhD degree in Humanities from Keuka College in New York, EMBA from Tongji University, current Chairperson and COO of Chlitina Holding Limited and a member of the Taiwan Women on Boards Association. She has more than five years of commercial and work experience required to perform the duties of the Company, being dedicated to the beauty industry, having extensive knowledge of the industry, and capable of professional leadership, marketing, and business management.	None of the circumstances under Article 30 of the Company Act apply to the person.	-
Director Chen, Pei-Wen	MBA from Seton Hall University in the US. Currently a director of Chlitina Holding Limited, the Presidential Office Executive Secretary of Gem Fortune Group, Chairperson of TuTu & Bow International Limited, and brand founder of TUTU&BOW. Has more than five years of commercial and work experience required to perform the duties of the Company with knowledge of the industry and business management capabilities.	None of the circumstances under Article 30 of the Company Act apply to the person.	-
Director Wu, Ssu-Tsung	Master's of Economics, Shanghai University of Finance and Economics. Currently a professor and doctoral advisor of Tongji University and the Associate Dean of its School of Economics & Management, giving economics and international trade courses with business administration, marketing, and international trade as the major subjects. Has more than five years of financial, accounting, and work experience required to perform the	None of the circumstances under Article 30 of the Company Act apply to the person.	2 (Note 3)



	duties of the Company with professional trading, marketing, finance, and accounting capabilities.		
Director Chao, Cheng-You	Bachelor's of Communication, Fudan University. Currently responsible for product development and media advertising for Chlitina Group. Master's, School of Economy and Management, Tongji University. Currently the CEO of Chlitina Holding Limited. Has more than five years of commercial, financial, and work experience required to perform the duties of the Company with market strategy and business management capabilities.	None of the circumstances under Article 30 of the Company Act apply to the person.	-
Independent Director Tsai, Yu-Chin	Former Director of the Audit Dept., KPMG. Has a Taiwan CPA license and doctoral degree from the School of Accounting, Shanghai University of Finance and Economics. Currently a full-time assistant professor in the Department of Accounting, China University of Technology. Has more than five years of commercial, financial, accounting, and work experience required to perform the duties of the Company with professional financial planning and accounting capabilities.	Compliance of independence: (1)-(12)	1
Independent Director Kao, Peng-Wen	Master's degree of Duke University, USA. Former President and COO of Walsin Lihwa. Has more than five years of commercial, financial, accounting, and work experience required to perform the duties of the Company with market strategy and business management capabilities.	Compliance of independence: (1)-(12)	-
Independent Director Yu, Hong-Ding	Graduated from the Department of Computer & Applied Sciences, Soochow University. Former System Engineer, Sales Representative, and then Products Manager and Business Manager of IBM Taiwan, President of UNIX Server Products Div., IBM China. President of East and Central China, IBM China. President of Production, Great China, IBM China. Served as CEO, IBM Taiwan, from 2009 to 2012 responsible for all of its marketing, R&D, and procurement	Compliance of independence: (1)-(12)	-

	<p>mattes. Has more than five years of commercial, marketing, and work experience required to perform the duties of the Company with information management, sales, and marketing management capabilities.</p>		
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Note 1: Professional qualifications and experience: The professional qualifications and experience of each director and supervisor shall be described. When the person is a member of the Audit Committee and has accounting or financial expertise, such accounting or financial background and related work experience shall be specified. Also, whether none of the circumstances under Article 30 of the Company Act applies to the person shall be specified as well.

Note 2: The status of independence of each independent director shall be specified, including but not limited to whether the person or the person's spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate; the number of company shares held by the person and the person's spouse and relatives within the second degree of kinship (or held in the name of others) and the percentage thereof; whether the person is a director, supervisor or employee of any of the Company's affiliates (in reference to Subparagraphs 5–8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration in the last two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services.

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, supervisor, or employee of another Company or institution in which the Chairperson, president, or personnel with equivalent positions are the same person or have a spousal 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 in remuneration obtained in the most recent two years to the company or its affiliates, nor is an owner, partner, director, supervisor, 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) None of the circumstances under Article 30 of the Company Act apply to the person.

(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, Ssu-Tsung serves as an independent director in a non-public company.

## II. Diversification and independence of the Board of Directors:

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 the Board of Directors” and the “Practice Principles for Corporate Governance”. It adopts 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.

### (I) Diversification of the Board of Directors:

1. Among the seven directors (including 3 independent directors) of the Company’s 4th Board of Directors, Chairperson Chen, Pi-Hua, Director Chen, Pei-Wen, and Director Chao, Cheng-You, are specialized in medical beauty and marketing, healthcare and biotechnology, and international trade. Director Wu, Ssu-Tsung is specialized in finance. 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. The seven directors are specialized in medical beauty and marketing, healthcare and biotechnology, finance and accounting, and IT, respectively, to ensure implementation of the director diversity policy and help the Company in the improvement of its corporate governance and business management performance. (Please refer to the “capabilities of individual Board members and the implementation of the diversity policy” on Page 76~77)

2. Among the seven directors of the Company’s 4th Board of Directors, six of them are nationals of the R.O.C., while one of them is a national of P.R. China. There are three independent directors and two directors who are also the employees, accounting for 43% and 29%, respectively, of the Board of Directors. In terms of the age distribution of the members, five of them are aged between 60–70 years old, one is aged between 51–60 years old, and one is aged between 30–40 years old.

Furthermore, the Company places importance on gender equality in the composition of the Board of Directors. The Board includes four female members (two of whom are independent directors), accounting for 57%.

(Since the Company focuses on the biotechnology, medical beauty and skin care business, the percentage of female directors is relatively high.)

3. According to Article 20 of the Company’s “Practice Principles for Corporate Governance,” gender equality shall be taken into account for the composition of the Board of Directors, and the members shall be equipped with the knowledge, skills, and competency required to perform their duties. The Company has complied with the requirement, and will make timely adjustments based on the Company’s operation and development to ensure that all the members of the Board of Directors possess the skills, knowledge and competency required to perform their duties. The specific management objectives of the diversity policy and their achievements are described below:

Management objectives	Achievement
At least one third of the directors are specialized in medical beauty and marketing, healthcare, and biotechnology.	Achieved
At least one third of the independent directors are specialized in law, finance, or accounting.	Achieved

(II) Independence of the Board of Directors:

Among the seven members of the Company’s 4th Board of Directors, three of them are independent directors (accounting for 43%), including Tsai, Yu-Chin, Kao, Peng-Wen and Yu, Hung-Ding. All the independent directors are compliant with the regulations of the Securities and Futures Bureau, FSC. Their independence status is described below:

Name	Whether the independent director or his/her spouse or relative within the second degree of kinship is a director, supervisor, or employee of the Company or an affiliate:	The number of company shares held by independent directors or his/her spouse or relative within the second degree of kinship (or held in the name of others) and the percentage thereof:	Whether the independent director is a director, supervisor, or employee of any companies in a special relationship with the Company:	The amount of compensation that the independent directors receive for providing the Company or affiliates with commercial, legal, financial, accounting, or related services in the most recent two years
Tsai, Yu-Chin	No	None.	No	None.
Kao, Peng-Wen	No	None.	No	None.
Yu, Hung-Ding	No	None.	No	None.

None of the circumstances under Article 30 of the Company Act apply to the seven members of the Company's 4th Board of Directors. Among them, three directors (Chairperson Chen, Pi-Hua, Director Chen, Pei-Wen, and Director Chao, Cheng-You) are relatives within the second degree of kinship, while not making up more than half of the directors. Thus, the circumstances described in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act do not apply. The description above demonstrates that the Company's Board of Directors has the independence to perform the duties.

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

April 8, 2023; Unit: thousand 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 ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)			Title	Name	Relationship	
CSO	Republic of China	Chen, Pi-Hua	Female	2020/8/11	-	-	-	-	-	-	EMBA, Tongji University PhD of Keuka College, USA	Note	-	-	Parent-child	Note 1
CEO	Republic of China	Chao, Cheng-You	Male	2019/11/12	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
Mainland China Area President	Mainland China	Yang, Chi-Chih	Male	2017/08/08	45	0.06	-	-	-	-	EMBA, Business Administration Section, National Sun Yat-sen University President, Mainland China and Asia Pacific, Tianlufen (Shanghai) Cosmetics Co., Ltd.	Note	-	-	-	-
Taiwan branch President	Republic of China	Chen, Pai-Ying	Female	2022/12/22	1	0.001	-	-	-	-	EMBA, Business Administration Section, National Taiwan University Vice President of Marketing Department, Peifang International Co., Ltd.	None	-	-	-	-
Supply Chain Vice President	Republic of China	Lin, Mei-Fang (Note 2)	Female	2018/12/20	-	-	-	-	-	-	Master of Communication, Fort Hays University President, Youyue (Beijing) Education Technology Co., Ltd.	Note	-	-	-	-
Senior CFO	Republic of China	Yeh, Chien-Chih	Male	2017/08/08	45	0.06	-	-	-	-	Bachelor of Accounting, Tunghai University Assistant Manager, Pricewaterhouse Coopers Certified Public Accountants Supervisor of Strategic Development Department and Finance Department, Cowealth Investment Co., Ltd.	Note	-	-	-	-

Note 1: If the Chairperson, President, or person holding an equivalent position (top manager) of the Company is the same person, has a spousal 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 ensuring that the directors with concurrent positions as employees or managers shall not exceed half of the directors).  
The Company's Chairman Chen, Pi-Hua 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 to the Chairperson, 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 from 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 2: Vice President of the Supply Chain, Lin, Mei-Fang, resigned on July 14, 2022.

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	Chen, Pi-Hua	Director of (BVI) Chlitina Group Limited Director of (BVI) Chlitina Holding Limited Director of (BVI) Chlitina Intelligence Limited Director of Centre de Recherche et de Developpement de 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 Limited Director of Hong Kong Crystal- Asia International Limited Director of Hong Kong Crystal International Services Limited Director of Hong Kong Jing Tai International Investment	Representative of Juristic Person of General Biologicals Corp. Director of Ace Medical Technology Co., Ltd. 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., Ltd. Director of Shanghai Cheng Yang Trading Co., Ltd. Supervisor of Chlitina International Trade Co., Ltd. Director of Full Blooming Investment Co., Ltd. Director of Jin Yongji Co., Ltd. Director of Chaoneng Biochemical Technology Co., Ltd.

		<p>Limited  Director of Yong Li Trading Company Limited  Director of Vinh Le 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 Weihsu (Shanghai) Trade Limited  Executive Director of W-Champion (Shanghai) Trade Limited  Executive Director of Crystal Asia Shanghai Limited  Executive Director of Shanghai Yuanshuo Management Consulting Limited  Executive Director and President of Cui Jie (Shanghai) Trading Co., Ltd.  Executive Director of Li Shuo Biotechnology (Shanghai) Co., Ltd.  Executive Director of Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd.  Executive Director of Shanghai Jiekan Trading Co., Ltd.  Executive Director of Hainan Shoumao Investment Limited  Manager of British Virgin IS., Chlitina Marketing Limited Taiwan Branch  Manager of British Virgin IS., Chlitina Intelligence Limited Taiwan Branch  Director Representative of WAN JU International Investment Limited</p>	
CEO	Chao, Cheng-You	<p>Supervisor of Shanghai Yuanshuo Management Consulting Limited  President and Executive Director of Shanghai Zhe Mei Technology Training Co., Ltd.</p>	<p>Executive Director of Shanghai Zhongye Trade Co., Ltd.  Executive Director of Shanghai Cheng Yang Trading Co., Ltd.</p>



		<p>Supervisor of Cui Jie (Shanghai) Trading Co., Ltd.</p> <p>Supervisor of Shanghai Hedeng Clinic Co., Ltd.</p> <p>Supervisor of Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd.</p> <p>Supervisor of Shanghai Lunxin Medical Beauty Clinic Co., Ltd.</p> <p>Supervisor of Hainan Shoumao Investment Limited</p> <p>Executive Director of Shanghai Yongxiang Trading Co., Ltd.</p>	<p>Chairperson of Cheng Yang Trading Co., Ltd.</p> <p>Director of Yahe Consulting Co., Ltd.</p> <p>Director of (BVI) CAPITAL FAITH DEVELOPMENT LIMITED</p>
President of Mainland China Area	Yang, Chi-Chih	President of Mainland China Area, Chlitina (China) Trade Limited	None
Senior CFO	Yeh, Chien-Chih	Senior CFO 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, 2022; Unit: NTD thousand

Title	Name	Remuneration to directors							Sum of A, B, C, and D, and the percentage in net income after tax (Note 10)		Remuneration from concurrently servings as employees						Sum of A, B, C, D, E, F, and G, and the percentage in net income after tax (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 (Note 7)	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)	
Chairman	Chen, Pi-Hua																				
Director	Wealthy Garden Investment Limited Representative: Chen, Pei-Wen	-	10,916	---	-	4,995	4,995	180	180	5,175 0.75%	16,091 2.33%	-	11,824	-	-	300	-	300	-	5,475 0.79%	28,215 4.09%
Director	Wu, Ssu-Tsung																				
Director	Chao, Cheng-You																				
Independent Director	Tsai, Yu-Chin																				
Independent Director	Kao, Peng-Wen	-	0	-	—	3,747	3,747	324	324	4,071 0.59	4,071 0.59	-	-	-	-	-	-	-	4,071 0.59	4,071 0.59	
Independent Director	Yu, Hung-Ding																				

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 63 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.

2. In addition to the disclosures in the above table, the remuneration of directors from providing services (e.g. serving as the non-employee consultant of the parent company/all companies in financial statements/investees) to all companies in financial statements in the most recent year: None.

## Range of remuneration

December 31, 2022

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)	Chen, Pi-Hua, Chao, Cheng-You, Chen, Pei-Wen, Wu, Ssu-Tsung, Tsai, Yu-Chin, Kao, Peng-Wen, Yu, Hung-Ding	Chao, Cheng-You, Chen, Pei-Wen, Wu, Ssu-Tsung, Tsai, Yu-Chin, Kao, Peng-Wen, Yu, Hung-Ding	Chen, Pi-Hua, Chao, Cheng-You, Chen, Pei-Wen, Wu, Ssu-Tsung, Tsai, Yu-Chin, Kao, Peng-Wen, Yu, Hung-Ding	Chen, Pei-Wen, Wu, Ssu-Tsung, 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)	-	-	-	-
5,000,000 (inclusive) – 10,000,000 (exclusive)	-	-	-	-
10,000,000 (inclusive) – 15,000,000 (exclusive)	-	Chen, Pi-Hua	-	Chao, Cheng-You
15,000,000 (inclusive) – 30,000,000 (exclusive)	-	-	-	Chen, Pi-Hua
30,000,000 (inclusive) – 50,000,000 (exclusive)	-	-	-	-
50,000,000 (inclusive) – 100,000,000 (exclusive)	-	-	-	-
Over 100,000,000	-	-	-	-
Total	7 persons	7 persons	7 persons	7 persons

## 2. Remuneration to supervisors: Not applicable

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 wages, position bonuses, severance pay, rewards and bonuses, traveling expenses, special disbursements, allowances, dormitories, 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 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, wages (including the wages of employees, directors, and supervisors), and business execution expenses that the Company's directors have obtained from their positions as directors, supervisors, or managers of any investee other than subsidiaries or the parent company.



## Range of remuneration

December 31, 2022 Unit: NTD thousand

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	-	Chen, Pai-Ying
1,000,000 (inclusive) – 2,000,000 (exclusive)	-	Lin, Mei-Fang
2,000,000 (inclusive) – 3,500,000 (exclusive)	-	Chen, Pi-Hua
3,500,000 (inclusive) – 5,000,000 (exclusive)	-	Yeh, Chien-Chih
5,000,000 (inclusive) – 10,000,000 (exclusive)	-	Chao, Cheng-You; Yang, Chi-Chih
10,000,000 (inclusive) – 15,000,000 (exclusive)	-	-
15,000,000 (inclusive) – 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) – 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) – 100,000,000 (exclusive)	-	-
Over 100,000,000	-	-
Total	-	6 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 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:

a. 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).

b. 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”.

c. The remuneration is the payoff, wages (including the wages of employees, directors, and supervisors), and business execution expenses that the Company’s President and Vice President have obtained from their position as directors, supervisors, or managers of investees other than 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.

Note 10: Vice President of the Supply Chain, Lin, Mei-Fang, resigned on July 14, 2022.

4. Name of the managerial officer to whom employee compensation was distributed and the status of the distribution:

December 31, 2022; Unit: NTD thousand

	Title	Name	Share remuneration amount	Cash remuneration amount	Total	The sum as a percentage of net income (%)
Managers	CSO	Chen, Pi-Hua	-	600	600	0.09%
	CEO	Chao, Cheng-You				
	President of Mainland China Area	Yang, Chi-Chih				
	Taiwan branch President	Chen, Pai-Ying				
	Vice President of Supply Chain (Note 1)	Lin, Mei-Fang				
	Senior CFO	Yeh, Chien-Chih				

Note 1: The Supply Chain Vice President, Lin, Mei-Fang, resigned on July 14, 2022.

- (IV) 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 most recent two fiscal years to the net income after tax stated in the individual financial reports, the policy, standards, 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 thousand

Item	2021		2022	
	Amount	%	Amount	%
Director	26,563	1.96	20,162	2.92
President and Vice Presidents	61,475	4.54	26,108	3.79
Consolidated net profit	1,355,257	100	689,752	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 10,916 thousand in wages, NTD 8,742 for payments, and business execution expenses of NTD 504, 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 the Board of Directors’ performance in 2022 was conducted and the results were acquired. They were reported to the Board of Directors meeting on March 9, 2023 and filed according to the regulations.

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

(2) According to Article 90-1 of the Company’s Articles of Incorporation, if the Company has profit for the current year, 1% to 5% shall be appropriated as remuneration for the staff. The remuneration to the President and the Vice President (including equivalent positions) consists of their salary and bonuses. Their salary is based on the typical pay levels adopted by peer companies and the person’s position, job level, education, experience, professionalism, and responsibility, while the bonuses, are calculated based on the comprehensive consideration of the manager’s target completion rate, profit margin, operating performance, contributions, etc, so that a reasonable amount of remuneration is given. In addition, the considerations of a manager’s participation in the Company’s operations include the practice of corporate core values and operation management capabilities, participation in continuing education, and sustainable operations, as well as the measurement of other special contributions and handling of major events. These aspects are taken into account for performance evaluation and remuneration distribution. The contents and legitimacy of the remuneration to the managers have been reviewed and approved by the Remuneration Committee and the Board of Directors, and 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.

(3) The payment standard and system of the Company’s remuneration policy is reviewed with the Company’s overall operation status as the main consideration, and the payment standard is determined based on the performance completion rate and contribution, so as to boost the organizational effectiveness of the Board of Directors and the management departments.

The remuneration standard in the industry is also taken as a reference to ensure that the remuneration for the Company’s management has the competitiveness to retain outstanding management talents. The “risk management” factor is taken into account for the performance goals of the Company’s managers to ensure that the possible risks in the scope of their responsibilities can be managed and prevented. Ratings are given based on the evaluation of their actual performance, and are related to the remuneration policy. All the important decisions of the Company’s management are made upon the consideration of various risk factors, and the effects of the relevant decisions are reflected in the Company’s profits. Therefore, the remuneration for the management is related to the performance of risk control.

(V) 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 during shareholders’ meetings. The Company will arrange 12 hours of continuing



education for new directors in their year of appointment and provide directors and internal personnel with reference materials for the relevant laws, precautions, and regulation promotion manuals. During the director's term of office, the Company will arrange 6 hours of continuing education every year and assist the directors with obtaining the professional knowledge required to execute their duties.

- (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.

With the training and experience plan for successors, we elected the candidates for CEO in 2019 and will follow this model subsequently to develop our senior management and form our succession team.

## IV. Status of Corporate Governance

### (I) Operations of the Board of Directors

From the most recent fiscal year (2022) up to the publication date of the annual report, there were 9 Board of Directors meetings (A), 8 times in 2022 and 1 times in 2023. The directors' attendances were as follows:

Title	Name	Number of actual attendance (B) (Note)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Chen, Pi-Hua	9	0	100.00	
Director	Wealthy Garden Investment Limited (Representative: Chen, Pei-Wen)	8	1	89.00	
Director	Wu, Ssu-Tsung	8	1	89.00	
Director	Chao, Cheng-You	7	2	78.00	
Independent Director	Tsai, Yu-Chin	9	0	100.00	
Independent Director	Kao, Peng-Wen	9	0	100.00	
Independent Director	Yu, Hung-Ding	9	0	100.00	

Other items to be stated:

- 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:

(1) The circumstances referred to in Article 14-3 of the Securities and Exchange Act.

Board of Directors	Proposal contents	Matters specified in Article 14-3 of the Securities and Exchange Act	Independent directors' opinions	Processing of the independent directors' opinions the Company	Resolution
2022.05.10 4th meeting of the 4th term in 2022	1. Proposal of the Company's consolidated financial statements for Q1 of 2022.	V	None	None	All attending Directors unanimously approved the measure. (This proposal is a report.)
2022.06.23 5th meeting of the 4th term in 2022	1. Proposal to add related parties' transactions of the Company and subsidiaries. 2. Proposal to acquire the real property right-of-use assets	V	None	None	All attending Directors unanimously approved the measure.

	from the related party by the subsidiary, K&S Biomedical Ltd.				
2022.08.25 6th meeting of the 4th term in 2022	1. Proposal of the Company's consolidated financial statements for Q2 of 2022. 2. Proposal of loaning to others by the subsidiary, Yong Li Trading Company Limited. 3. Proposal for the loaning of funds to others by the subsidiary, Chlitina (China) Trade Limited.	V	None	None	All attending Directors unanimously approved the measure.
2022.11.10 7th meeting of the 4th term in 2022	1. Proposal of the Company's consolidated financial statements for Q3 of 2022 2. Proposal regarding the disposal of investees by the subsidiary, Shanghai Yuanshuo Management Consulting Limited. 3. Proposal to ratify the shareholders' agreement on the investment of the subsidiary, Hainan Shoumao Investment Limited, in Enhance Stem Cell Technology (Hainan) Co., Ltd.	V	None	None	All attending Directors unanimously approved the measure.
2022.12.22 8th meeting of the 4th term in 2022	1. Proposal to amend part of the Company's "Material Internal Information Processing Procedures" and the "Management Measures for Preventing Insider Trading".	V	None	None	All attending Directors unanimously approved the measure.
2023.03.09 1st meeting of the 4th term in 2023	1. Proposal of the drafts regarding the business report, financial statements, and certified public accountants' audit report for 2022. 2. Proposal regarding the distribution of	V	None	None	All attending Directors unanimously approved the measure.

	remuneration to managers for 2022. 3. Proposal to evaluate the Company's accountant independence, appointment of CPAs, and the professional fee for 2023. 4. Proposal to create a pledge on the deposit certificate of the subsidiary, Hong Kong Chlitina International Limited, as a guarantee for a bank loan of the Company. 5. Proposal to amend parts of the Company's "Articles of Incorporation."					
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- (2) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.
2. 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:
- (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.
- (2) In 2022 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:

Date of the Board meeting	Proposal contents	Reasons for avoiding conflicts of interest	Actual voting counts
2022.06.23 5th meeting of the 4th Board in 2022	1. Proposal to add related parties' transactions of the Company and subsidiaries. 2. Proposal to acquire the real property right-of-use assets from the related party by the subsidiary, K&S Biomedical Ltd.	The Chairperson Chen, Pi-Hua, Director Chen, Pei-Wen, and Director Chao, Cheng-You were the stakeholders of the proposal.	Except for Chairperson Chen, Pi-Hua and the representative Chen, Pei-Wen of Wealthy Garden Investment Limited that did not participate in the discussion and voting due to conflicts of interest, and Director Chao, Cheng-You who were not present at the meeting (in person or by a deputy), the proposal was approved unanimously after the Vice Chairperson and

			Independent Director Tsai, Yu-Chin, consulted with all other attending directors.
2022.11.10 7th meeting of the 4th Board in 2022	1. Adopted the proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited.	The Chairperson Chen, Pi-Hua, Director Chen, Pei-Wen, and Director Chao, Cheng-You were the stakeholders of the proposal.	Except for Chairperson Chen, Pi-Hua and the representative Chen, Pei-Wen of Wealthy Garden Investment Limited that did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairperson and Independent Director Tsai, Yu-Chin, consulted with all other attending directors.
2022.12.22 8th meeting of the 4th Board in 2022	1. Proposal of the Company's year-end bonus for managers in 2022.	The Chairman Chen, Pi-Hua, Director Chao, Cheng-You, and Senior Financial Controller Yeh, Chien-Chih were the stakeholders of the proposal.	After the departure of all related members, except Chairperson Joanna Chen and Director Chao, Cheng-You who did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairperson and Independent Director Kao, Peng-Wen, consulted with all other attending directors.
2023.03.09 1st meeting of the 4th Board in 2023	1. Proposal regarding the distribution of remuneration to managers for 2022.	The Chairman Chen, Pi-Hua, Director Chao, Cheng-You, and Senior Financial Controller Yeh, Chien-Chih were the stakeholders of the proposal.	After the departure of all non-voting members, except Chairperson Joanna Chen and Director Chao, Cheng-You who did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairperson and Independent Director Kao, Peng-Wen, consulted with all other attending directors.
	2. Proposal to transfer the Company's treasury stock to employees.		After the departure of all non-voting members, except Chairperson Joanna Chen and Director Chao, Cheng-You who did not participate in the discussion and voting due to conflicts of interest, the proposal was approved unanimously after the Vice Chairperson and Independent Director Kao, Peng-Wen, consulted with all other attending directors.
3. 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 01, 2022 to December 31, 2022	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 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

4. 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 committees: 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, those of the 3rd term were reelected on June 5, 2018, and those of the 4th term were reelected on July 6, 2021. 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 4th term of Directors (including Independent Directors) is from July 6, 2021 to July 5, 2024.

## (II) Operation of the Audit Committee:

The Company established the Audit Committee on August 31, 2012. It is comprised of all the independent directors and operates in accordance with the “Articles of Association for the Audit Committee”. The Audit Committee aims at supporting the Board of Directors to supervise the quality and integrity of the Company’s implementation of accounting, auditing, financial reporting procedures, and financial control. Professional qualifications and experience:

Members	Professional qualifications and experience
Tsai, Yu-Chin	Former Director of the Audit Dept., KPMG. Has a Taiwan CPA license and doctoral degree from the School of Accounting, Shanghai University of Finance and Economics. Currently a full-time assistant professor in the Department of Accounting, China University of Technology. Has more than five years of commercial, financial, accounting, and work experience required to perform the duties of the Company with professional financial planning and accounting capabilities.
Kao, Peng-Wen	Master's degree of Duke University, USA. Former President and COO of Walsin Lihwa. Has more than five years of commercial, financial, accounting, and work experience required to perform the duties of the Company with market strategy and business management capabilities.
Yu, Hung-Ding	Graduated from the Department of Computer & Applied Sciences, Soochow University. Former System Engineer, Sales Representative, and then Products Manager and Business Manager of IBM Taiwan, President of UNIX Server Products Div., IBM China. President of East and Central China, IBM China. President of Production, Great China, IBM China. Served as CEO, IBM Taiwan, from 2009 to 2012 responsible for all of its marketing, R&D, and procurement matters. Has more than five years of commercial, marketing, and work experience required to perform the duties of the Company with information management, sales, and marketing management capabilities.

The Audit Committee held 8 meetings in 2022. The matters to be reviewed by the Audit Committee mainly include:

1. Adequate expression of the Company's financial statements.
2. The election (resignation), independence, and performance of the CPA.
3. Appointment or dismissal of an attesting CPA or the compensation given thereto.
4. Effective implementation of the Company's internal control system.
5. The Company's compliance with related laws and rules.
6. Control of the Company's existing or potential risks.
7. Transaction of material assets of the Company or derivatives.
8. Loaning of funds to others, endorsements, and guarantees of great significance.
9. Review of the matters involving the personal interests of a director.
10. Other major matters regulated by the competent authority or the Company.

- Review of financial statements

We, the Audit Committee of the Company, hereby acknowledge that the Board of Directors has worked out and submitted the Business Report, financial statements, and proposed allocation of earnings for 2021, and that among them, the financial statements have been duly audited by PwC Taiwan, which already issued their Audit Report. We hereby further declare and confirm that the aforementioned Business Report, financial statements, and proposed allocation of earnings have been further duly audited by us, the Audit Committee, and no nonconformities were found.

We, the Audit Committee of the Company, hereby acknowledge that the Board of Directors has worked out and submitted the financial statements for 2022 Q2, which have been duly audited by PwC Taiwan, and their Audit Report has been issued accordingly. We hereby further declare and confirm that the aforementioned financial statements have been further duly audited by us, the Audit Committee, and no nonconformities were found.

The financial reports prepared by the Board of Directors for 2022 Q1 and Q3 have been reviewed by the Audit Committee.

- Effectiveness of the internal control systems

The Audit Committee assessed the effectiveness of the policies and procedures for the internal control systems (including control measures for finance, business operations, risk management, information security, outsourcing, and legal compliance) and reviewed the periodic reports prepared by the Company's audit department, CPAs and management, including risk management and legal compliance. The Audit Committee finds that the risk management and internal control systems of the Company are effective, and that the Company has taken the required control mechanisms to monitor and rectify irregularities.

- Appointment of CPAs

The Audit Committee is responsible for monitoring the independence of the CPA firm to ensure the impartiality of the financial statements. In general, the CPA firm shall not provide the Company with services other than tax-related or specially permitted services. All the services that the CPA firm provides shall be subject to the approval of



the Audit Committee.

To ensure the independence of the CPA firm, the Audit Committee has established an independence assessment form with reference to Article 47 of the Certified Public Accountant Act and the 10th Bulletin of (Integrity, Objectivity, and Independence) of the Norms of Professional Ethics for Certified Public Accountant of the Republic of China to assess the independence, professionalism, and competence of the CPAs to make sure if the Company and the CPAs are mutually related parties or have business or financial relationship with each other. The Company has received the Audit Quality Indicators (AQIs) from PwC Taiwan. The compliance of the CPAs Lin, Chun-Yao and Chang, Shu-Chiung from PwC Taiwan with the independence assessment criteria was reviewed and approved at the 2nd meeting of the 4th Audit Committee meeting on March 10, 2022 and the 1st meeting of the 4th Board of Directors on March 9, 2023. From the first quarter of 2023, in line with the internal argument of PwC Taiwan, the accountants were replaced by accountants Wan, Song-Tse and Lin, Chun-Yao. They were deemed competent to act as the CPAs for the finance and tax matters of the Company.

During the current fiscal year (2022) up to the publication date of the annual report, the Company's Audit Committee had 9 meetings (A), 8 times in 2022 and 1 times in 2023. The attendances of independent directors are presented below:

Title	Name	Number of actual attendances (B) (Note)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Tsai, Yu-Chin	9	0	100.00	
Independent Director	Kao, Peng-Wen	9	0	100.00	
Independent Director	Yu, Hung-Ding	9	0	100.00	
Other items to be stated:					
1. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the date, term, contents of motions of the Audit Committee meeting, the disagreements, reserved opinions, or major suggestions from independent directors thereof, the Audit Committee's resolutions, and the Company's resolutions on the Audit Committee's opinions. (1) 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
2022.5.10 4th meeting of the 4th term in 2022	1. Proposal of the Company's consolidated financial statements for Q1 of 2021.	V	None	None	All attending Directors unanimously approved

					the measure.
2022.06.23 5th meeting of the 4th term in 2022	<p>1. Proposal to apply for condition changes and renewing of the medium-term financial loan from Taipei Fubon Commercial Bank.</p> <p>2. Proposal to apply for changes in the conditions and renewal of the short-term financial loan from Taishin International Bank (Revolving Finance Division) in response to the originally expired credit facility.</p> <p>3. Proposal to apply for changes in the conditions and renewal of the medium-term financial loan from Bank SinoPac (Xinzhuang branch).</p> <p>4. Proposal to apply for changes in the conditions and increase of the short-term financial loan from Bank SinoPac (Xinzhuang branch).</p> <p>5. Proposal to apply for a medium-term financial loan from Cathay United Bank in response to the Company's flexibility in capital adjustments.</p> <p>6. Proposal to add related parties' transactions with the Company and subsidiaries.</p> <p>7. Proposal to acquire real property right-of-use assets from related parties by the subsidiary, K&amp;S Biomedical Ltd.</p>	V	None	None	All attending Directors unanimously approved the measure.
2022.08.25 6th meeting of the 4th term in 2022	<p>1. Proposal of the Company's consolidated financial statements for Q2 of 2022.</p> <p>2. Proposal of loaning to others by the subsidiary, Yong Li Trading Company Limited.</p>	V	None	None	All attending Directors unanimously approved the measure.

	3. Proposal for the loaning of funds to others by the subsidiary, Chlitina (China) Trade Limited.				
2022.11.10 7th meeting of the 4th term in 2022	1. Proposal of the Company's consolidated financial statements for Q3 of 2022. 2. Proposal to ratify the shareholders' agreements on the investments of the subsidiary, Hainan Shoumao Investment Limited, in Enhance Stem Cell Technology (Hainan) Co., Ltd. 3. Proposal to establish the "Regulations on the First Buyback of the Company's Stocks in 2022 and Transfer them to Employees" pursuant to Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, and implementation of the buyback.	V	None	None	All attending Directors unanimously approved the measure.
2022.12.22 8th meeting of the 4th term in 2022	1. Proposal of the Company's Internal Audit Plan for 2023. 2. Proposal to amend part of the Company's "Material Internal Information Processing Procedure" and the "Management Measures for Preventing Insider Trading". 2. Proposal to amend part of the "Regulations on the First Buyback of the Company's Stocks in 2022 and Transfer them to Employees".	V	None	None	All attending Directors unanimously approved the measure.
2023.03.09 1st meeting of the 4th term in 2023	1. Proposal of the drafts regarding the business report, financial statements, and CPA's audit report for 2022.	V	None	None	All attending Directors unanimously approved the measure.

	<p>2. Proposal to transfer the Company's treasury stock to employees.</p> <p>3. Proposal of the internal control statement for 2023.</p> <p>4. Proposal to evaluate the Company's accountant independence, appointment of CPAs, and the professional fees for 2023.</p> <p>5. Proposal to apply for a bridge loan from the Sales Department of CTBC Bank in response to the Company's flexibility in capital adjustments.</p> <p>6. Proposal to apply for a loan from Cathay United Commercial in response to the Company's flexibility in capital adjustments.</p> <p>7. Proposal to create a pledge on the deposit certificate of the subsidiary, Hong Kong Chlitina International Limited, as a guarantee for a bank loan of the Company.</p> <p>8. Proposal to amend parts of the Company's "Articles of Incorporation."</p> <p>9. Proposal of distribution of earnings for 2022.</p>				
<p>(2) 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.</p> <p>2. 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.</p> <p>3. 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):</p> <p>(1) 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. Meetings shall be called at any time in case of significant and extraordinary events.</p> <p>(2) The communication between the independent directors and the internal audit supervisor in the most recent year (2022) and up to the publication date of the annual</p>					

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
2022.3.10	For the 2nd Audit Committee session of the 4th term in 2022, the items communicated are as follows: 1. The internal audit report for Q4 of 2021. 2. The internal control statement for 2021.	No objection.
2022.05.10	For the 4th Audit Committee session of the 4th term in 2022, the items communicated are as follows: 1. The internal audit report for Q1 of 2022.	No objection.
2022.08.25	For the 6th Audit Committee session of the 4th term in 2022, the items communicated are as follows: The internal audit report for Q2 of 2022.	No objection.
2022.11.10	Project meeting between the internal audit supervisor and independent directors (only the three independent directors and the internal audit supervisor attending the meeting) Issue: Changes of personnel are unavoidable within the Company. During the audit, some new employees, especially the employees of the new businesses, were found lacking or misunderstanding of the concepts of internal control systems and internal audits. For example, they did not know of the existence of the internal audit system files and thought the internal control systems and operation procedures of all the departments of the Company were performed by the audit department. They are its responsibilities. How often do you think internal control-related training courses should be provided? In addition to incorporating the training courses of the Company, do you have other good ideas to help the employees have correct awareness of the internal control systems and related concepts?	The concept of internal controls should be established with the leadership at different levels of the Company as the basis. As long as the leaders at all levels have awareness and understand that promotion and execution of the internal control systems are their tasks and responsibilities, the implementation of the internal controls and their concepts can be established and passed on. So, the point is the awareness of internal controls among major managerial officers and their emphasis and implementation

		of the internal control systems. The Audit Office shall provide the required assistance and counseling with these as the basis.
2022.12.22	For the 8th Audit Committee session of the 4th term in 2022, the items communicated are as follows: 1. The internal audit report for Q3 of 2022.	No objection.
2023.03.09	For the 1st Audit Committee session of the 4th term in 2023, the items communicated are as follows: 1. The internal audit report for Q4 for 2022. 2. The internal control statement for 2022.	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.

(3) The communication between the independent directors and CPAs in the most recent year (2022) up to the publication date 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
2022.3.10	1. CPAs explained the finance of the Company and the significant audit and adjustment of our profit or loss in 2021; 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.
2022.08.25	1. CPAs explained the finance of the Company and the significant audits and adjustments of our profit or loss for Q2 of 2022. They reported the scope and method of the inspection and assessment with respect to the internal control systems. 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 Audit Committee approved the annual financial statements. They were then submitted and approved by the Board of Directors and announced and

	the applicability of the new standards.	filed to the competent authority.
2023.03.09	<ol style="list-style-type: none"> <li>1. CPAs explained the finances of the Company and the significant audits and adjustments of our profit or loss in 2022. They reported the scope and method of the inspections and assessments with respect to the internal control systems.</li> <li>2. CPAs discussed and communicated with respect to the questions asked by the attendees.</li> <li>3. Communication was conducted with respect to the key audit matters in the audit report.</li> <li>4. Description was made with respect to the impact of amended important regulations in the recent period and the applicability of the new standards.</li> </ol>	<p>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.</p>

Note: The 4th Audit Committee of the Company elected Tsai, Yu-Chin to serve as the convener, and the 4th term of the Audit Committee shall be from July 6, 2021 to July 5, 2024.

(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	
1. 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
2. Equity structure and shareholders’ rights of the corporation (1) Whether or not the company has defined an internal operating procedure to deal with the suggestions, questions, disputes, and legal actions of the shareholders and implemented the procedure?	V		(1) 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 lawsuits and non-lawsuit items, a spokesperson, and personnel in the shareholders’ service unit to deal with the related matters. Meanwhile, the Company will coordinate with the relevant units in the company as necessary.	None
(2) Whether the company controls the list of the company’s major shareholders and who are their ultimate owners?	V		(2) 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
(3) Whether the company establishes or implements some risk control and firewall mechanisms between the	V		(3) 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	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	
corporation and its affiliates?			related parties. The Company adopts the principle of independent financial operations as the basis for business dealings.	
(4) Does the company set out internal standards to prohibit insiders from using non-public information on the market to buy and sell securities?	V		(4) 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
3. Composition and responsibilities of the Board of Directors (1) Has the Board of Directors established and implemented a policy of diversification and specific management objectives?	V		(1) 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 the Board of Directors” and the “Practice Principles for Corporate Governance”. It adopts 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. (2) Among the seven directors of the Company’s 4th Board of Directors, Chairperson Chen, Pi-Hua, Director Chen, Pei-Wen, and Director Chao, Cheng-You, are specialized in medical beauty and marketing, healthcare and biotechnology, and international trade. Director Wu, Ssu-Tsung is specialized in finance. The three independent directors are	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>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>(3) Among the seven directors of the Company's 4th Board of Directors, six of them are nationals of the R.O.C., while one of them is a national of P.R. China. There are three independent directors and two directors who are also the employees, accounting for 43% and 29%, respectively, of the Board of Directors. In terms of the age distribution of the members, five of them are aged between 60–70 years old, one is aged between 51–60 years old, and one is aged between 30–40 years old.</p> <p>(4) The Company also places importance on gender equality in the composition of the Board of Directors. The Board includes four female members (two of whom are independent directors), accounting for 57%. (Since the Company focuses on the biotechnology, medical beauty and skin care business, the percentage of female directors is relatively high.)</p> <p>(5) According to Article 20 of the Company's "Practice Principles for Corporate Governance," gender equality shall be taken into account for the composition of the Board of Directors, and the members shall be equipped with the knowledge, skills, and competency required to perform their duties. The Company has</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>complied with the requirement, and will make timely adjustments based on the Company's operation and development to ensure that all the members of the Board of Directors possess the skills, knowledge and competency required to perform their duties.</p> <p>Please refer to Note 3 for the capabilities of individual members and the implementation of the diversity policy. The diversity policy developed by the Board of Directors for the composition of its members is disclosed on the Company website. (Please refer to Page 35~36).</p>	
(2) 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	(2) 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
(3) 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		V	(3) 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 Evaluations of Board of Directors' Performance", the Board of Directors shall conduct internal performance evaluations 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	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	
directors?			<p>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.</p> <p>A. Board performance evaluation indicators and options</p> <p>a. Involvement in the operation of the Company</p> <p>b. Improvement of the Board of Directors' decision-making quality</p> <p>c. Formation and structure of the Board of Directors</p> <p>d. Election and continuing education of directors</p> <p>e. Internal control</p> <p>f. Others</p> <p>B. 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>C. 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</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>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 2022 was completed before 2023 Q1. The score of the evaluations was between 4.7 to 4.91 points (full score = 5 points) with 4.91 points for the Board of Directors and 4.88 points for the audit and remuneration committees. 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 results of the evaluation were reported to the Board of Directors on March 9, 2023.</p>	
(4) Whether the company assesses the independence of the CPAs periodically?	V		<p>(4) In accordance with the respective regulations, the Company conducts an annual assessment of the independence and competence (Note 4) of the CPAs. 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, whether or not it is engaged in any legal action or under investigation by the relevant authorities, quality of audit services, status of regular continuous training, and interaction with management and internal audit supervisors. For these, the Company has received the Audit Quality Indicators (AQIs) (Note 5) from PwC Taiwan. The CPAs and</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	
			firm must provide their respective information and the CPA Declaration of Independence, and submit the audit results to the Board for resolution. In the past two years, the dates in which the audit results were resolved were March 10, 2022 and March 9, 2023, respectively.	
4. 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 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)?	V		<p>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 2022 was as follows:</p> <p>A. Formulate the Board meeting schedule of 2022 as the reference for the directors. Inform the directors about the Board meeting with the reasons for convening 7 days prior to each Board meeting, complete the minutes of the Board meeting within 20 days after the Board meeting, and deliver it to the directors.</p> <p>B. Execute matters related to the regular shareholders' meeting of 2022, prepare the minutes of the shareholders' meeting, and distribute them to the shareholders within 20 days after the meeting.</p> <p>C. Assist in the legal compliance matters related to the procedures and resolutions of the Board of Directors and the shareholders' meeting: (1) Confirm that the convening of the Company's shareholders' meetings and Board meetings comply with the relevant laws and the Principles for</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>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>D. 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> <p>E. 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>F. 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>	
5. Has the company established communication channels with its stakeholders (including but not limited to shareholders, employees, customers	V		(1) 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	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	
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?			<p>issues raised by stakeholders.</p> <p>(2) 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>(3) The Company has a customer service hot line, which is taken charge of by a dedicated unit for maintaining good communication with consumers.</p>	
6. 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
7. Information disclosure (1) Whether the company establishes a corporate website to disclose information concerning financial affairs and corporate governance?	V		(1) 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
(2) 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		(2) 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
(3) Whether the Company		V	(3) The Company has not publicly	The Company has



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	
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?			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.	not planned to file the financial reports and status of operation in advance.
8. 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</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>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: The Company establishes partnerships with suppliers based on the principle of equality and reciprocity, in order to stabilize the supply chain.</p> <p>Stakeholders' rights: 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</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>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 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>	
9. 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> <p>A. 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.</p> <p>B. The Company website has added the</p>	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>frequency of communication between the independent directors and the CPA.</p> <p>C. The Company website has added the information on the convention of the Remuneration Committee meeting</p> <p>D. 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 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> <p>A. Matters to be strengthened with priority: The information disclosure part on the Company website.</p> <p>B. 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.</p>	

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 seven members of the 4th Board of Directors consist of four directors and three independent directors, and each member is equipped with the necessary knowledge, skills, and competency 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	Also the employee of the Company	Age			Independent director term and seniority		Medical beauty, marketing	Healthcare, biotechnology	IT	International trade	Finance, accounting	Law	Business operation	Risk management
				31 to 40	51 to 60	61 to 70	Below 3 years	Over 9 years								
Chairman Chen, Pi-Hua	Republic of China	Female	V			V			V	V		V			V	V
Director Chen, Pei-Wen	Republic of China	Female			V				V	V		V	V			
Director Wu, Ssu-Tsung	Mainland China	Male				V					V		V	V	V	
Director Chao, Cheng-You	Republic of China	Male	V	V					V	V			V		V	
Independent Director Tsai, Yu-Chin	Republic of China	Female				V		V		V		V	V			V
Independent Director Kao, Peng-Wen	Republic of China	Female				V		V	V		V		V		V	V
Independent Director Yu, Hung-Ding	Republic of China	Male				V		V		V	V	V		V	V	

Note 4. Evaluation criteria of CPA's independence:

Independence Criteria		Compliance of independence	
Item No.	Description	Yes	No
1	The CPAs shall avoid and shall not accept an engagement which may involve any direct or material indirect interests of themselves and further impair their impartiality and independence.	V	
2	The CPAs shall maintain the independence in fact and the independence in appearance when auditing, checking, reviewing the financial statements or conducting special audit and preparing the opinion thereof. Therefore, the members of the audit team, the partners of the firm or the shareholders of corporate accounting firms, accounting firms, affiliates of the firms, and network firms must always be independent of their clients.	V	
3	The CPAs shall maintain integrity, objectivity and the spirit of independence to serve the community. (1) Integrity: The CPAs shall be upright and careful when providing the professional services, and shall act with honesty and impartiality in all professional and business relationships. (2) Objectivity: The CPAs shall be objective when providing the professional services, and shall avoid impact on their professional judgment due to any bias or conflict of interest. Objectivity includes being impartial in the relationship between the information provision and the users, and paying attention to the matters that should be noticed with their professionalism. (3) Independence: When auditing, checking, reviewing the financial statements or conducting special audit and preparing the opinion thereof, the CPAs shall maintain the independence in appearance and in fact to provide impartial opinion.	V	
4	Independence is related to the integrity and objectivity. The lack or loss of independence will impact the integrity and objectivity.	V	
5	Independence may be impaired by self-interest, self-review, advocacy, familiarity and intimidation.	V	
6	Impairment of independence due to self-interest refers to any financial	V	

	<p>interest acquired from the audit client or any conflict of interest created by other interests with the client. The circumstances that might lead to such impairment may be as follows:</p> <ol style="list-style-type: none"> <li>(1) Having a direct or material indirect financial interest with the audit client.</li> <li>(2) Having undue dependence on the total fees from a single client.</li> <li>(3) Having a significant close business relationship with an audit client.</li> <li>(4) Being concerned about the possibility of losing a significant client.</li> <li>(5) Entering into a potential employment negotiation with the audit client.</li> <li>(6) Entering into a contingent fee arrangement related to an audit engagement.</li> <li>(7) Discovering any significant error of a previous professional service performed by other practitioners of the same firm.</li> </ol>		
7	<p>Impairment of independence due to self-review means that a CPA uses the reports or judgments resulting from the non-audit services as an important basis for concluding the audit or review of financial information, or a member of the audit team is the audit client's former director/supervisor or is in a key position with direct and significant influence over the audit engagement. The circumstances that might lead to such impairment may be as follows:</p> <ol style="list-style-type: none"> <li>(1) The firm issues an assurance report on the effectiveness of the operation on the financial information systems which were designed by or implemented with the assistance of the firm before.</li> <li>(2) An original document prepared by the firm was used to certify the significant or important matters of the assurance engagement.</li> <li>(3) A member of the audit team is currently, or was within the recent two years, a director, supervisor, or manager of the audit client, or in a position to exert significant influence on the audit engagement.</li> <li>(4) The non-audit services provided for the audit client would directly affect the material item of the audit engagement.</li> </ol>	V	

Note 5: AQI disclosure framework – 5 facets and 13 indicators

Profession	Quality control	Independence	Monitoring	Innovation
<ul style="list-style-type: none"> <li>● Auditing experience</li> <li>● Training hours</li> <li>● Attribution rate</li> <li>● Professional support</li> </ul>	<ul style="list-style-type: none"> <li>● CPA's Workload</li> <li>● Involvement of audits</li> <li>● Engagement Quality Control Review (EQCR)</li> <li>● Quality supporting capacity</li> </ul>	<ul style="list-style-type: none"> <li>● Non-audit services (NAS)</li> <li>● Familiarity</li> </ul>	<ul style="list-style-type: none"> <li>● External inspection results &amp; enforcement</li> <li>● Number of letters issued by the authorities</li> </ul>	<ul style="list-style-type: none"> <li>● Innovative planning or initiatives</li> </ul>

(IV) Describe the composition, duties and operations of the remuneration committee:

**1. Information about the remuneration committee members**

Identity (Note 1)	Name	Professional qualifications and experience	Compliance of independence (Note 2)	Number of positions as a Remuneration Committee Member in other public listed companies	Remarks
Independent Director	Kao, Peng-Wen	Master's degree of Duke University, USA. Former President and COO of Walsin Lihwa. Has more than five years of commercial, financial, accounting, and work experience required to perform the duties of the Company with market strategy and business management capabilities.	Compliance of independence (1)-(10)	0	N/A
Independent Director	Tsai, Yu-Chin	Former Director of the Audit Dept., KPMG. Has a Taiwan CPA license and doctoral degree from the School of Accounting, Shanghai University of Finance and Economics. Currently a full-time assistant professor in the Department of Accounting, China University of Technology. Has more than five years of commercial, financial, accounting, and work experience required to perform the duties of the Company with professional	Compliance of independence (1)-(10)	1	N/A

		financial planning and accounting capabilities.			
Independent Director	Yu, Hung-Ding	Graduated from the Department of Computer & Applied Sciences, Soochow University. Former System Engineer, Sales Representative, and then Products Manager and Business Manager of IBM Taiwan, President of UNIX Server Products Div., IBM China. President of East and Central China, IBM China. President of Production, Great China, IBM China. Served as CEO, IBM Taiwan, from 2009 to 2012 responsible for all of its marketing, R&D, and procurement matters. Has more than five years of commercial, marketing, and work experience required to perform the duties of the Company with information management, sales, and marketing management capabilities.	Compliance of independence (1)-(10)	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, supervisor, or employee of another Company or institution in which the Chairperson, president, or personnel with equivalent positions are the same person or have a spousal 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 in remuneration obtained in the most recent two years to the company or its affiliates, nor is an owner, partner, director, supervisor, 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) None of the circumstances under Article 30 of the Company Act apply to the person.

## **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 is from June 5, 2018 to June 4, 2021. The 4th term shall be from July 6, 2021 to July 5, 2024. In 2022 and up to the publication date of the annual report, there were three Remuneration Committee meetings (A): two sessions in 2022 and one in 2023. 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	3	-	100.00	Independent Director
Member	Tsai, Yu-Chin	3	-	100.00	Independent Director
Member	Yu, Hung-Ding	3	-	100.00	Independent Director

Other items to be stated:

- A. 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.
- B. 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.
- C. Note: The 4th Committee of the Company elected Kao, Peng-Wen to be the convener of the 4th Remuneration Committee. The term of the members shall be from July 6, 2021 to July 5, 2024.
- D. 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
2022.03.10 1st session of the 4th term in 2022	<ol style="list-style-type: none"> <li>1. Proposal regarding the distribution of remuneration to directors and employees for 2021.</li> <li>2. Proposal regarding the distribution of remuneration to directors for 2021.</li> <li>3. Proposal regarding the distribution of remuneration to managers for 2021.</li> </ol>	Approved by all the members unanimously.	<p>After the leaving of all non-voting members, the 1st and 2nd proposals were approved unanimously after the Chairman consulted with all attending directors.</p> <p>After the leaving of all non-voting members, except Chairman Chen, Pi-Hua and Director Chao, Cheng-You who did not participate in the discussion and voting due to conflicts of interest, the 3rd proposal was approved unanimously after the Vice Chairman, independent director Kao, Peng-Wen, consulted with all other attending directors.</p>
2022.12.22 2nd session of the 4th term in 2022	<ol style="list-style-type: none"> <li>1. Proposal regarding the evaluation of remuneration to directors and employees of the Company for 2023.</li> <li>2. Proposal of the Company's year-end bonus for managers in 2022.</li> <li>3. Proposal to appoint important managerial officers and their compensation.</li> </ol>	Approved by all the members unanimously.	<p>After the leaving of all members involved, the 1st proposal was approved unanimously after the Chairperson consulted with all the directors present at the meeting.</p> <p>After the leaving of all members involved, except Chairperson Chen, Pi-Hua and Director Chao, Cheng-You 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>
2023.03.09 1st meeting of the 4th term in 2023	<ol style="list-style-type: none"> <li>1. Proposal regarding the distribution of remuneration to directors and employees for 2022.</li> <li>2. Proposal regarding</li> </ol>	Approved by all the members unanimously.	After the leaving of all non-voting members, the 1st and 2nd proposals were approved unanimously after the Chairman consulted with all attending directors.

	<p>the distribution of remuneration to directors for 2022.</p> <p>3. Proposal regarding the distribution of remuneration to managers for 2022.</p> <p>4. Proposal to transfer the Company's treasury stock to employees.</p>		<p>After the leaving of all non-voting members, except Chairperson Chen, Pi-Hua and Director Chao, Cheng-You who were not present at the meeting (in person or by a deputy) and did not participate in the discussion and voting due to conflicts of interest, the 3rd and 4th proposals were approved unanimously after the Vice Chairperson, Independent Director Kao, Peng-Wen, consulted with all other attending directors.</p>
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(V) Deviations from from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviations

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
1. Does the Company have a governance structure that promotes sustainable development, and has it established a special unit or designated an existing unit for the task of sustainable development promotion? Has the Board of Directors of the Company authorized the management to handle relevant matters and supervise the Board? (Note 3)	V		At present, the Corporate Sustainable Development Group of the Company is responsible for the sustainable development policies, systems, or relevant management strategies and the implementation of specific promotion plans, with the convener and vice convener appointed by the Board of Directors. The group carries out business related to sustainable development, reports to the Chairperson on the issues found, and reports the situation to the Board of Directors at least once every year.	None
2. 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	V		The Company has mandated the "Practice Principles for Sustainable Development," 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

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
materiality?				
3. Environment issue (1) Has the Company established environmental policies suitable for the Company's industrial characteristics?	V		(1) The subsidiary of the Group, Weishuo (Shanghai) Daily Product Limited, has acquired the following certificates: A. Passed ISO14001 of the international environmental system certification at the year end of 2014 and established the environmental management system (expiry date: December 25, 2025). B. Certificate of Good Manufacturing Practice of Cosmetic Products (GMPC) (expiry date: September 14, 2025). C. ISO9001 Quality Management System (expiry date: August 24, 2023).	None
(2) Does the Company endeavor to upgrade the efficient use of energies, and use recycled materials which have a low impact on the environmental load?	V		(2) The group has now implemented the following measures to enhance the efficiency of resource utilization: A. Office photocopying uses recycled paper or duplex printing. B. Gradually changed the lighting fixtures to LED lamps to reduce power consumption. C. 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.	None
(3) Does the Company assess			The Company mainly encounters the	

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?			<p>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. 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>	
(4) 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>(4) The water consumption and the gross weight of the waste in the past two years of the subsidiary, Weishuo (Shanghai) Daily Product Limited, are described as below:</p> <p>A. Statistics of water consumption: 20,274 tons of water intake and 11,246 tons of wastewater emission in 2021; 11,709.6 tons of water intake and 4,353.6 tons of wastewater emission in 2022.</p> <p>B. Statistics of gross weight of the waste: 38.806 tons of total waste in 2021; 46.277 tons of total waste in 2022.</p> <p>For the office space of the Company: 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.</p>	None
4. Social issue (1) Whether or not the company has established the related management policies and procedures	V		<p>(1) The Company has staff working standards in accordance with labor laws and related personnel norms, in order to protect the</p>	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
in accordance with the relevant laws and international human rights conventions?			<p>legitimate rights and interests of employees.</p> <p>(2) 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 &amp; Human Rights,” “UN Global Alliance” and “UN International Labour Organization.”</p>	
(2) Has the Company established and implemented proper employee welfare measures (including the salary, holidays, and other welfare) and reflected the corporate business performance or achievements in the employee remuneration?			<p>(2) 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.</p> <p>Taiwan branch:</p> <p>A. Insurance: Group business insurance.</p> <p>B. Remuneration: Performance bonus, bonus to employees, gifts (cash) for three festivals and year-end bonus.</p> <p>C. Benefits: Birthday gifts, weddings, funeral and maternity gifts, year-end parties, and a pregnancy-friendly</p>	

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
			<p>environment.</p> <p>D. Health and leisure activities: Department dinner for the staff.</p> <p>Salary structure and salary adjustment mechanism:</p> <p>A. 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>B. 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</p>	



Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
			performance, etc. c. Special salary adjustment: this is due to the talent competition and other special considerations.	
(3) Whether the company provides the existence of a safe and healthy work environment, and conducts regular health and safety training for employees?	V		(3) 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	

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
			<p>commissioned profession cleaning company to maintain the quality of the environmental sanitation every day. (Environment and equipment sterilization of the workplace is performed at least twice a year. Since 2022, the sterilization of the workplace has been carried out at least two times a month due to COVID-19).</p>	
(4) Whether the company has established some effective career development training plan for employees?	V		<p>(4) 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.</p>	None
(5) Does the Company comply with the relevant	V		<p>(5) The marketing and labeling of the Company's products have</p>	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
<p>laws and international standards with regards to issues such as customer's health, safety and privacy, marketing, and labeling in relation to the products and services, and has it established relevant policies and complaint procedures to protect the rights of consumers or customers?</p>			<p>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.</p> <p>The Company's products and beauty-related services received three authoritative certifications from the China Association for Quality Inspection in 2022, including "National Quality Leading Company in the Beauty Sector," "National Quality Leading Brand in the Beauty Sector," and "National Product/Service Quality and Integrity Leading Brand."</p> <p>The Company has a customer service hotline, and the Customer Service unit is responsible for timely processing of relevant complaints.</p>	
<p>(6) Does the Company establish the supplier management policy to require the supplier to comply with relevant regulations on issues of environmental protection, occupational safety and health or labor rights and provide its status of implementation?</p>	V		<p>(6) 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 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</p>	None

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
			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.	
5. 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? Has the report mentioned above 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
6. If the Company has established sustainable development principles based on the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancies between the established principles and its implementation: The Company implemented the "Corporate Social Responsibility Principles" approved by the Board of Directors in March 2013, and they were amended into the "Practice Principles for Sustainable Development" by the Board in March 2022 to keep in line with the competent authority. The operation of the corporate sustainable development is conducted in full compliance with the contents of the Best-Practice Principles and relevant regulations.				
7. Other information of material importance to the understanding of the implementation of sustainable development: A. Environmental protection: The Company is responsible for environmental protection by law enforcement. B. 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. C. Consumer rights and interests: The Company has a customer service hotline responsible for handling customer complaints. D. Human rights: The company's employees are treated equally in their employment opportunities				

Scope of Assessment	Status of operation (Note 1)			Departures from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures
	Yes	No	Summary (Note 2)	
			<p>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.”</p> <p>E. Safety and health care: The Company is in line with the government regulations to implement safety and health affairs.</p> <p>F. Other social responsibility activities: Participate in disaster donations, fulfill the duty of social responsibility, care for the life of children and learning in rural areas.</p> <p>G. 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. In 2021, CHLITINA won the honor of “2021 Top 25 International Brands in Taiwan” the sixth 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. The Company’s “Timeless Youthful Complexion Package” won the Best New Ultra-Luxe Anti-Aging Product of the Pure Beauty Global Awards hosted by Pure Beauty Magazine in the UK. The “Sugar Body Scrub” of the delightful Trotula series, recognized by the jury of the international parenting magazine The Green Parent Magazine, received the silver medal of The Green Parent Natural Beauty Awards under the Body Scrub category. In 2022, CHLITINA won the honor of “2022 Top 25 International Brands in Taiwan” the seventh time.</p>	

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. However, for the implementation of items 1 and 2, listed companies shall describe the governance and monitoring structures of the sustainable development, including but not limited to management policies, strategies, establishment of objectives, and review measures. In addition, listed companies shall also describe the risk management policies or strategies for the environmental, social and corporate governance issues related to their operations, and the assessment status.

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)		Summary	Deviations from “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No		
1. Enactment of ethical management policy and program (1) Whether the Company establishes an 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?	V		(1) 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
(2) Does the Company establish a risk assessment mechanism 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”?	V		(2) The Company has a “Procedures and Behavioral Guide for Operation with Integrity”, which clearly regulates operating procedures, the measures taken when violations occur, and implements them. 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 measures to be taken.	None
(3) Does the Company specify the operating procedures,	V		(3) The Company has established the “Procedures for Ethical	None

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	
behavioral guidelines, discipline and complaint systems for violations in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regularly review and modify the programs mentioned above?			<p>Management and Guidelines for Conduct” to specify the operating procedures, guidelines, and discipline and complaint systems for violations.</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>	
<p>2. Implementation of ethical management</p> <p>(1) 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>(1) 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
<p>(2) 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</p>	V		<p>(2) A. 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</p>	None

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	
of unethical conduct and implementation status of supervision to Board of Directors?			<p>business and reported the implementation to the Board of Directors on March 09, 2023.</p> <p>B. The Company fulfilled the ethical management policy faithfully and the relevant implementation in 2022 is as follows:</p> <p>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 that is in compliance with the laws and regulations: The Company established the “Procedures for Ethical Management and Guidelines for Conduct” on March 29, 2013 as reference and amended the Procedures and Guidelines according to the relevant laws and regulations and the Company’s needs. The latest amendment was made on March 12, 2020.</p> <p>b. Analyzing and assessing the risks 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 its internal controls and regularly reviewed them 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> <p>c. Promoting and coordinating</p>	



Scope of Assessment	Status of operation (Note 1)		Summary	Deviations from “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No		
			<p>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. The number of participants in the internal and external training (including legal compliance with the ethical management, products and accounting systems) organized in 2022 was 726 persons with a total of 7,514 hours.</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>e. 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</p>	

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	
			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.	
(3) Whether the company defines any policy against conflict of interest, provides adequate channels thereof, and fulfills the same precisely?	V		(3) The Company has set out the principle of preventing conflicts of interest in the “Code of Ethical Conduct.” In the “Procedures and Behavioral Guide for Operation with Integrity”, the reporting channel when a conflict of interest occurs is also stated, by which the Company’s staff can implement the following procedures.	None
(4) 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	V		(4) 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.	None

Scope of Assessment	Status of operation (Note 1)		Summary	Deviations from “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No		
by the audit office or committed accountants?				
(5) Whether the company organizes internal/external education training programs for ethical management periodically?	V		(5) The Company has mandated the “Procedures and Behavioral 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. 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 2022 was 726 persons with a total of 7,514 hours.	None
3. Status of the Company’s complaint system (1) 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?	V		(1) 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 <a href="mailto:audit@cn.chlitina.com">audit@cn.chlitina.com</a> ) and the responsible unit designated by the Corporate Governance Promotion Team is fully responsible for handling the whistleblowing matters.	None
(2) Whether the Company has defined the standard operating procedures for the investigation of accepted	V		(2) In accordance with the “Measures to Prosecute Cases of Unlawful and Immoral or Dishonest Conduct,” the Company has specified relevant	None

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	
whistleblowing, follow-up measures taken after the completion of investigation, and relevant confidentiality mechanism?			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.	
(3) Whether the company has adopted any measures to prevent the complainants from being abused after filing complaints?	V		(3) 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.	None
4. Enhancing information disclosure (1) 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
5. 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.”				
6. Other information of material importance to the understanding of the corporate ethical management: (1) 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. (2) Charity donations: The Company also continues to donate if the profitability is adequate enough to allow the expenditure. (3) 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. (4) To be in line with the laws and regulations, the Board of Directors discussed and approved the				

Scope of Assessment	Status of operation (Note 1)		Summary	Deviations from “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No		
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.chlitiholding.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:

1. Internal control statement

Chlitina Holding Limited  
Internal control statement

Date: March 9, 2023

Based on the results of the self-assessment with respect to the internal control systems of the Company in 2022, we hereby declare the following:

- A. The Company acknowledges that the Board of Directors and managerial managers are responsible for the establishment, implementation, and maintenance of the internal control systems, and we have established a system as such. The purpose is to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of the operations (including profit, performance, and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
- B. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance regarding the achievement of the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be altered as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.
- C. The Company judges the effectiveness of the design and operation of the internal control systems with reference to the judgment items for such effectiveness as specified in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies”(hereinafter referred to as the “Regulations”). The internal control systems are divided into the following five constituent elements in the management control process in terms of the items to be judged pursuant to the “Regulations”: 1. Environment control; 2. risk assessment; 3. activities control; 4. information and communications; and 5. activities monitoring. Each constituent element contains a number of items. Please refer to the provisions of the above-mentioned “Regulations”.
- D. The Company has adopted the aforementioned judgment items to examine the effectiveness of the design and implementation of our internal control systems.
- E. V. Based on the results of the aforementioned assessment, the Company finds that, as of December 31, 2022, the design and implementation of our internal control systems (including supervision and management of subsidiaries) have worked well regarding the effectiveness and efficiency of the operation, the reliability, timeliness and transparency of reporting, and compliance with the relevant rules and applicable laws and regulations, providing reasonable assurance that the above objectives have been achieved.
- F. The Statement will be the main part of the annual report and prospectus of the Company and publicly disclosed. If there are any misrepresentations, nondisclosures, or other illegalities in the aforementioned disclosures, legal responsibilities specified in Articles 20, 32, 171, and 174 of the Securities and Exchange Act shall apply.
- G. The Declaration was adopted by the Board of Directors during the meeting on March 9, 2023. The 7 attending directors present approved the content of the Declaration, and none of them expressed dissent. This information is declared as an addition.

Chlitina Holding Limited

Chairperson: Chen, Pi-Hua

President: Chao, Cheng-You



(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 in the most recent year and up to the publication date 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
2022.06.08	Regular shareholders' meeting	1. Proposal for the 2021 business report.	The Chairman consulted all the participating shareholders.
		2. Proposal for a 2021 audit report from the Audit Committee.	The Chairman consulted all the participating shareholders.
		3. Report on the 2021 employees' profit sharing bonuses and directors' compensation.	The Chairman consulted all the participating shareholders. The allocation of compensation is: employees are allotted NTD 31,062,347 and directors are allotted NTD 15,531,171, with all paid in cash.
		4. Proposal for related parties' transactions statements of 2021.	The Chairman consulted all the participating shareholders.
		5. Proposal for the business report and financial statements of 2021.	Upon voting, the proposal was approved accordingly as original. The operating revenue of the Company in 2021 was NTD 5,271,313 thousand, the current net profit was NTD 1,355,257 thousand and earnings per share of common stock were NTD 17.05.
		6. Proposal for the distribution of earnings in 2021.	Upon voting, the proposal was approved accordingly as original. For the earnings distribution of the Company in 2021, the earnings available for allocation of dividends to shareholders totaled NTD 953,908,200, where cash dividends amounted to NTD 953,908,200 (with a cash dividend of NTD 12 per share). Distribution made for shares less

			<p>than NTD 1 was rounded down to the nearest NTD dollar, and any total number less than one dollar will be transferred to other income by the Company.</p> <p>August 2, 2022 was set as the dividend record, and the cash dividends were distributed on August 25, 2022.</p>
		7. Adopted the proposal to amend part 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 July 22, 2022.
		8. Adopted the proposal to amend part of the Company’s “Regulations Governing the Acquisition and Disposal of Assets”.	Upon voting, the proposal was approved accordingly as original. The “Regulations Governing the Acquisition and Disposal of Assets” after the amendment will be applicable subsequently.
		9. Adopted the proposal to amend part of the Company’s “Rules of Procedures for Shareholders’ Meetings”.	Upon voting, the proposal was approved accordingly as original. The “Rules of Procedures for Shareholders’ Meetings” after the amendment will be applicable subsequently.

## 2. Significant board resolutions

Date	Meeting type	Significant resolutions
2022.05.10	Board of Directors	<ol style="list-style-type: none"> <li>1. Aware of the proposal regarding internal audit activities for Q1 of 2022.</li> <li>2. Aware of the proposal regarding important business matters for Q1 of 2022.</li> <li>3. Aware of the proposal regarding consolidated financial statements for Q1 for 2022.</li> <li>4. Aware of the proposal regarding related parties’ transactions.</li> <li>5. Aware of the proposal regarding securities exchange.</li> <li>6. Adopted the proposal regarding the Company’s consolidated financial statements for Q1 of 2022.</li> </ol>
2022.06.23	Board of Directors	<ol style="list-style-type: none"> <li>1. Approved the planning of the schedule for the Company’s greenhouse gas inventories and verification.</li> <li>2. Adopted the proposal to apply for condition changes and renewing of the medium-term financial loan from Taipei Fubon Commercial Bank.</li> <li>3. Adopted the proposal to apply for changes in the conditions and renewal of the short-term financial loan</li> </ol>



		<p>from Taishin International Bank (Revolving Finance Division) in response to the originally expired credit facility.</p> <ol style="list-style-type: none"> <li>4. Adopted the proposal to apply for changes in the conditions and renewal of the medium-term financial loan from Bank SinoPac (Xinzhuang branch).</li> <li>5. Adopted the proposal to apply for changes in the conditions and increase of the short-term financial loan from Bank SinoPac (Xinzhuang branch).</li> <li>6. Adopted the proposal to apply for a medium-term financial loan from Cathay United Bank in response to the Company's flexibility in capital adjustments.</li> <li>7. Adopted the proposal to add related parties' transactions of the Company and subsidiaries.</li> <li>8. Adopted the proposal to acquire the real property right-of-use assets from the related party by the subsidiary, K&amp;S Biomedical Ltd.</li> </ol>
2022.08.25	Board of Directors	<ol style="list-style-type: none"> <li>1. Aware of the proposal regarding internal audit activities for Q2 of 2022.</li> <li>2. Aware of the proposal regarding important business matters for Q2 of 2022.</li> <li>3. Aware of the proposal regarding related parties' transactions.</li> <li>4. Aware of the proposal regarding securities exchange.</li> <li>5. Aware of the proposal regarding the report on planning of the Company's preparation capability of financial statements.</li> <li>6. Aware of the proposal regarding the report on the planning of the schedule for the Company's greenhouse gas inventories and verification.</li> <li>7. Adopted the proposal of the Company's consolidated financial statements for Q2 of 2022.</li> <li>8. Adopted the proposal of loaning to others by the subsidiary, Yong Li Trading Company Limited.</li> <li>9. Adopted the proposal on the loaning of funds to others by the subsidiary, Chlitina (China) Trade Limited.</li> <li>10. Adopted the proposal of equity structure adjustment of the subsidiary, Shanghai Hedeng Clinic Co., Ltd.</li> <li>11. Adopted the proposal of capital increase for the subsidiary, Shanghai Jiekan Trading Co., Ltd.</li> <li>12. Adopted the proposal regarding the disposal of investees by the subsidiary, Shanghai Yuanshuo Management Consulting Limited.</li> </ol>
2022.11.10	Board of Directors	<ol style="list-style-type: none"> <li>1. Aware of the proposal regarding internal audit activities for Q3 of 2022.</li> <li>2. Aware of the proposal regarding important business matters for Q3 of 2022.</li> <li>3. Aware of the proposal regarding related parties' transactions.</li> <li>4. Aware of the proposal regarding securities exchange.</li> </ol>

		<ol style="list-style-type: none"> <li>5. Aware of the proposal regarding the report on the planning of the schedule for the Company's greenhouse gas inventories and verification.</li> <li>6. Adopted the proposal of the Company's consolidated financial statements for Q3 of 2022.</li> <li>7. Adopted the proposal regarding the disposal of investees by the subsidiary, Shanghai Yuanshuo Management Consulting Limited.</li> <li>8. Adopted the proposal to ratify the shareholders' agreement on the investment of the subsidiary, Hainan Shoumao Investment Limited, in Enhance Stem Cell Technology (Hainan) Co., Ltd.</li> <li>9. Adopted the proposal to establish the "Regulations on the First Buyback of the Company's Stocks in 2022 and Transfer them to Employees" pursuant to Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, and implementation of the buyback.</li> <li>10. Adopted the proposal to amend part of the "Regulations Governing Procedures for Board of Directors Meetings".</li> <li>11. Adopted the proposal to acquire the real property right-of-use assets from the related party by the subsidiary, Chlitina Intelligence Limited</li> </ol>
2022.12.22	Board of Directors	<ol style="list-style-type: none"> <li>1. Adopted the proposal regarding the evaluation of remuneration to directors and employees of the Company for 2023.</li> <li>2. Adopted the proposal regarding the Company's year-end bonus to managers for 2022.</li> <li>3. The proposal of appointing important managers was passed.</li> <li>4. Adopted the proposal regarding the Company's internal audit plan for 2023.</li> <li>5. Adopted the proposal to amend part of the Company's "Material Internal Information Processing Procedure" and the "Management Measures for Preventing Insider Trading".</li> <li>6. Adopted the proposal to amend part of the "Regulations on the First Buyback of the Company's Stocks in 2022 and Transfer them to Employees".</li> <li>7. Adopted the proposal of the Company's 2023 operational plans and business budget.</li> </ol>
2023.03.09	Board of Directors	<ol style="list-style-type: none"> <li>1. Aware of the proposal regarding internal audit activities for Q4 of 2022.</li> <li>2. Aware of the proposal regarding important business matters for Q4 of 2021.</li> <li>3. Aware of the proposal regarding related parties' transactions.</li> <li>4. Aware of the proposal regarding securities exchange.</li> <li>5. Aware of the proposal to continue buying "Directors and</li> </ol>

		<p>Officers Liability Insurance” of the Company.</p> <ol style="list-style-type: none"> <li>6. Aware of the proposal regarding the director performance evaluation report for 2022.</li> <li>7. Aware of the proposal regarding the status of corporate governance for 2022.</li> <li>8. Aware of the proposal regarding the report on the planning of the schedule for the Company’s greenhouse gas inventories and verification.</li> <li>9. Aware of the proposal regarding the implementation report on repurchasing of the Company’s shares.</li> <li>10. Adopted the proposal regarding the business report, financial statements, and certified public accountants’ audit report for 2022.</li> <li>11. Adopted the proposal regarding the distribution of remuneration to directors and employees for 2022.</li> <li>12. Adopted the proposal regarding the distribution of remuneration to directors for 2022.</li> <li>13. Adopted the proposal regarding the distribution of remuneration to managers for 2022.</li> <li>14. Adopted the proposal to transfer the Company’s treasury stock to employees.</li> <li>15. Adopted the proposal regarding the internal control statement for 2022.</li> <li>16. Adopted the proposal to evaluate the Company’s accountant independence, appointment of CPAs, and the professional fees for 2023.</li> <li>17. Adopted the proposal to apply for bridge loan from the Sales Department of CTBC Bank in response to the Company’s flexibility in capital adjustments.</li> <li>18. Adopted the proposal to apply for a loan from Cathay United Commercial in response to the Company’s flexibility in capital adjustments.</li> <li>19. Adopted the proposal to create a pledge on the deposit certificate of the subsidiary, Hong Kong Chlitina International Limited, as a guarantee for a bank loan of the Company.</li> <li>20. Adopted the proposal to amend part of the Company’s “Articles of Incorporation”.</li> <li>21. Adopted the proposal regarding the distribution of earnings for 2022.</li> <li>22. Adopted the proposal to convene a regular shareholders’ meeting of 2023.</li> </ol>
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(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, in the most recent year and up to the publication date of this annual report: None.

(XIII) Resignation or discharge of the Company's Chairperson, president, and managerial staff of accounting, finance, internal audit, corporate governance, and research and development in the most recent year and as of the printed date of the annual report:

Title	Name	Date of appointment	Date of discharge	Cause for resignation or discharge
Vice President of the Supply Chain	Lin, Mei-Fang	2018.12.20	2022.07.14	Personal career planning

#### V. Information on the Independent Auditors Fee

Unit: NTD thousand

CPA firm name	Name of CPA	Audit period	Audit Fees	Non-Audit Fees	Total	Remarks
PricewaterhouseCoopers Certified Public Accountants	Lin, Chun-Yao	2022.1.1-2022.12.31	12,335	1,782	14,117	Non-audit services: Tax consultation and calculation, legal research
	Chang, Shu-Chiung					

(I) 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.

(II) 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 replacing the independent auditor: Cooperating with the internal rotation mechanism of the accounting firm, starting from the first quarter of 2023, the financial statement visa service was changed from Lin, Chun-Yao and Chang, Shu-Chiung accountants of PwC Taiwan to Wang, Song-Tse and Lin, Chun-Yao accountants.

VII. Auditing firm or its affiliates at which the Company's Chairperson, president, or managers responsible for financial or accounting matters was an employee in the most recent year: None

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

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

Unit: thousand shares

Title	Name	2022		As of April 8, 2023 (Note 1)	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Chen, Pi-Hua	0	0	0	0
Directors and major shareholders	Wealthy Garden Investment Limited	0	0	0	0
Director representative	Chen, Pei-Wen	0	0	0	0
Director	Wu, Ssu-Tsung	0	0	0	0
Director and CEO	Chao, Cheng-You	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
President of Mainland China Area	Yang, Chi-Chih	0	0	0	0
Taiwan branch President (Note 2)	Chen, Pai-Ying	0	0	0	0
Vice President of the Supply Chain (Note 2)	Lin, Mei-Fang	0	0	0	0
Senior CFO of Finance & Accounting Department	Yeh, Chien-Chih	0	0	0	0

Note 1: As of the date of book closure, which is Saturday, April 08, 2023 to Tuesday, June 6, 2023

Note 2: Chen, Pai-Ying, President of Taiwan branch, took office on December 22, 2022. Lin, Mei-Fang, Vice President of the Supply Chain, resigned on July 14, 2022.

(II) Equity transfer information: None.

(III) Equity pledge information: None.

### IX. Information on the Top 10 Shareholders and Their Relationship

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 the investment account of 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	
							CTBC Bank Co., Ltd. acting as custodian for the investment account of B&V International Holding Limited	The Chairman is a first-degree relative	
2. Fuh Hwa commissioned for the discretionary investment of Fubon Life Assurance Co., LTD.	3,455,000	4.35%	-	-	-	-	-	-	

3. 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 the investment account of Capital Faith Development Limited	The Chairman is a first-degree relative	
							CTBC Bank Co., Ltd. acting as custodian for the investment account of B&V International Holding Limited	The Chairman is a second-degree relative	
4. Fidelity Investment Trust International Small Business Fund in escrow at HSBC	2,142,000	2.69%	-	-	-	-	-	-	-
5. CTBC Bank Co., Ltd., acting as custodian for the investment account of Capital Faith Development Limited Representative: Chao, Cheng-You	1,950,617	2.45%	-	-	-	-	Cathay United Commercial Bank Co., Ltd. acting as custodian for Wealthy Garden Investment Limited	The Chairman is a second-degree relative	-
							CTBC Bank Co., Ltd., acting as custodian for J&R International Holding Limited	The Chairman is a first-degree relative	
							Cathay United	The Chairman is	

						Commercial Bank Co., Ltd. acting as custodian for Hundred Fortune Asia Limited	a second-degree relative	
						CTBC Bank Co., Ltd. acting as custodian for the investment account of B&V International Holding Limited	The Chairman is a second-degree relative	
						Cathay United Commercial Bank Co., Ltd. acting as custodian for Gold Dragon (Asia) Limited	The Chairman is a second-degree relative	
6. 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 (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 the investment account of Capital Faith Development Limited	The Chairman is a second-degree relative	
						CTBC Bank Co., Ltd. acting as custodian for the investment account of B&V International	The Chairman is a first-degree relative	



							Holding Limited		
7. Nan Shan Life Insurance Company, Ltd.	1,015,000	1.28%	-	-	-	-	-	-	-
8. 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 the investment account of Capital Faith Development Limited	The Chairman is a second-degree relative	
							CTBC Bank Co., Ltd. acting as custodian for the investment account of B&V International Holding Limited	The Chairman is a first-degree relative	
9. CTBC Bank Co., Ltd., acting as custodian for the investment account of B&V International Holding Limited Representative: Chen, Chao-Ching	904,950	1.14%					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 Hundred Fortune Asia Limited	The Chairman is a first-degree relative	

							Bank Co., Ltd. acting as custodian for Gold Dragon (Asia) Limited	relative	
							CTBC Bank Co., Ltd., acting as custodian for J&R International Holding Limited	The Chairman is a second-degree relative	
							CTBC Bank Co., Ltd. acting as custodian for the investment account of Capital Faith Development Limited	The Chairman is a second-degree relative	
10. Fidelity Investment Trust International Small Business Fund in escrow at HSBC	829,500	1.04%	-	-	-	-	-	-	-

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, 2022, Unit: share

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	2,728,707,348	100%	-	-	2,728,707,348	100%
Chlitina Holding Limited	25,470,001	100%	-	-	25,470,001	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	15,742,882	100%	-	-	15,742,882	100%
W-Amber Marketing Limited	1,150,000	100%	-	-	1,150,000	100%
Hong Kong W-Amber International Limited	180,603,060	100%	-	-	180,603,060	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 Crystal- Asia International Limited	2,300,000	100%	-	-	2,300,000	100%

C-Asia International Limited	20,000	100%	-	-	20,000	100%
Hong Kong Crystal International Services Limited	100,000	100%	-	-	100,000	100%
Hong Kong Jing Tai International Investment Limited	1,000,000	100%	-	-	1,000,000	100%
Yong Li Trading Company Limited	(Note)	100%	-	-	(Note)	100%
HUAPAO SDN. BHD.	500,000	100%	-	-	500,000	100%
PT PINING BEAUTY INDONESIA	(Note)	100%	-	-	(Note)	100%
Vinh Le Company Limited	(Note)	100%	-	-	(Note)	100%
WAN JU International Investment Limited	200,000	100%	-	-	200,000	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%
Weihsu (Shanghai) Trade Limited	(Note)	100%	-	-	(Note)	100%
Crystal Asia Shanghai Limited	(Note)	100%	-	-	(Note)	100%
Shanghai Yuanshuo Management Consulting Limited	(Note)	100%	-	-	(Note)	100%
Shanghai Zhe Mei Technology Training Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd.	(Note)	100%	-	-	(Note)	100%

Cui Jie (Shanghai) Trading Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai Zhongye Trade Co., Ltd.	(Note)	30%	-	-	(Note)	30%
Li Shuo Biotechnology (Shanghai) Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai Lunxin Medical Beauty Clinic Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Jinghe Clinic (Nanjing) Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai Hedeng Clinic Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Shanghai Jiekan Trading Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Hainan Shoumao Investment Limited	(Note)	100%	-	-	(Note)	100%
Shanghai Yongxiang Trading Co., Ltd.	(Note)	100%	-	-	(Note)	100%
K&S Biomedical Ltd.	(Note)	100%	-	-	(Note)	100%
General Biologicals Corp.	11,805,203	19.73%	-	-	11,805,203	19.73%

Note: Limited company, no shares issuance.

## Chapter 4. Financing Status

### I. Capital and shares

#### (I) Capital sources

April 8, 2023; Unit: thousand shares; NTD thousand

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 thousand out of the 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 thousand	-	Note 3
2014.08	NTD 10	200,000	2,000,000	79,492	794,924	Capital increase of NTD 37,854 thousand 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 thousand with a face value of NTD 10 per share.

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

Note 3: After the August 17, 2012 Board of Directors meeting and the August 23, 2012 ad hoc shareholders' meeting, and through the company's return to Taiwan listing case, the public underwriting before listing and the initial listing of cash increases by NTD 1,496,376 thousand.

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 8, 2023; Unit: thousand 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 for transferring them to employees was approved by the Board of Directors on November 10, 2022. 503 thousand shares were bought back as of April 8, 2023, and the actual number of outstanding shares was 78,989 thousand shares up to the publication date of the annual report.

## (II) Shareholder structure

April 8, 2023 Unit: thousand shares

Shareholder structure	Government agencies	Financial institutions	Person in Mainland China	Other institutions	Individuals	Foreign institute and others	Total
Quantity							
Number of persons	0	0	2	72	4,092	142	4,308
Number of shares held (thousand shares)	0	0	113	11,701	19,134	48,544	79,492
Shareholding ratio	0.00%	0.00%	0.14%	14.72%	24.07%	61.07%	100.00%

Note: The date of the Company's book disclosure is April 08, 2023 to June 6, 2023.

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

April 8, 2023; Unit: thousand shares

Shareholding	Number of shareholders	Shares held	Shareholding ratio
1 to 999	1,286	162	0.20%
1,000 to 5,000	2,365	4,291	5.40%
5,001 to 10,000	256	2,000	2.52%
10,001 to 15,000	103	1,315	1.65%
15,001 to 20,000	66	1,211	1.52%
20,001 to 30,000	57	1,436	1.81%
30,001 to 40,000	31	1,106	1.39%
40,001 to 50,000	18	820	1.03%
50,001 to 100,000	38	2,817	3.54%
100,001 to 200,000	41	5,937	7.47%
200,001 to 400,000	26	7,328	9.22%
400,001 to 600,000	6	2,958	3.72%
600,001 to 800,000	4	2,699	3.40%
800,001 to 1,000,000	4	3,517	4.43%
Over 1,000,001	8	41,895	52.70%
Total	4,308	79,492	100.00%

Note: The date of the Company's book disclosure is April 08, 2023 to June 6, 2023.

(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 8, 2023; Unit: thousand shares

Shares	Number of shares held (thousand shares)	Shareholding ratio
Major Shareholders		
Cathay United Bank Co., Ltd. acting as custodian for the investment account of Wealthy Garden Investment Limited	28,056	35.29
Fuh Hwa commissioned the discretionary investment of Fubon Life Assurance Co., LTD.	3,455	4.35
CTBC Bank Co., Ltd., acting as custodian for J&R International Holding Limited	3,383	4.26
Fidelity Investment Trust International Small Business Fund in escrow at HSBC	2,142	2.69
CTBC Bank Co., Ltd. acting as custodian for the investment account of Capital Faith Development Limited	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.	1,015	1.28
Cathay United Commercial Bank Co., Ltd. acting as custodian for Gold Dragon (Asia) Limited	973	1.22



CTBC Bank Co., Ltd. acting as custodian for the investment account of B&V International Holding Limited	905	1.14
Fidelity Investment Trust International Small Business Fund in escrow at HSBC	830	1.04

Note: The date of the Company's book disclosure is April 08, 2023 to June 6, 2023.

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

Unit: NTD, thousand shares

Item		Year	2021	2022	As of Q1 2023
Market price per share (Note 1)	Highest		263.00	229.5	240.50
	Lowest		182.00	146.50	195.00
	Average		216.95	186.36	217.82
Net worth per share (Note 2)	Before distribution (NTD )		62.81	58.53	Note 9
	After distribution (NTD )			Note 8	-
Earnings per share (Note 3)	Weighted average number of shares (thousand shares)		79,492	79,475	Note 9
	Earnings per share (NTD )	Before adjustment	17.05	8.68	Note 9
		After adjustment	17.05	8.68	Note 9
Dividends per share	Cash dividend (NTD)		12	7 (Note 8)	-
	Bonus shares (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)		12.72	Note 8	-
	P/D ratio (Note 6)		18.08	Note 8	-
	Cash dividend yield (Note 7)		5.53%	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 Board or 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 March 09, 2023, 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 2023 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, 1% to 5% shall be appropriated as remuneration for the staff, and up to 3% shall be appropriated as remuneration for 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 they exist) and special reserves (if there are any). If there is still a 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 being 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 2022 earnings distribution, which was approved by the Board of Directors on March 09, 2023 and will be proposed to the shareholders' meeting on June 6, 2023 for recognition of the dividends:

It is proposed to distribute cash dividends of NTD 556,446,450 to the shareholders from the distributable earnings, and the distribution will be calculated on the basis of the issued and outstanding 79,492,350 shares with cash dividends of NTD 7 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 Chairperson shall be authorized by the shareholders' meeting with full power to manage this 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	1st time of 2022
Purpose of buyback	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buyback period	November 30, 2016 – January 29, 2017	March 13, 2020 – May 12, 2020	November 11, 2022 – January 10, 2023
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.	NTD 150–NTD 200 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	503,000 common stocks
Amount of shares bought back	NTD 116,562,738	NTD 46,820,885	NTD 99,159,528
Percentage of repurchased quantity to the	53.13%	0.36%	0.63%

scheduled buyback quantity (%)			
Quantity of canceled and transferred shares	797,000 shares	285,000 shares	503,000 shares
Cumulative number of company shares held	0 shares	0 shares	0 shares
Ratio of the cumulative number of the Company's shares held to the total outstanding shares (%)	0.00% (The transfer to the employees was done in batches and completed in 2018).	0.00% (The transfer to the employees was completely done in 2020).	0.00% (The transfer to the employees was completely done in May 2023).

(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	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 thousand
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 YEH 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	1. The Company's right to call the convertible bonds (Article 22 of the Issuance Rules) (1) Starting from the day which is one month after the issuance of the convertible bond (December 14, 2015) to the date 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

	<p>“Notice of Bond Call” which expires in 30 days (the period mentioned above is calculated from when 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 day before the “Notice of Bond Call” is sent. For those investors who subsequently obtain 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 into cash according to their face value at maturity.</p> <p>(2) Starting from the day which is 1 month after the issuance of the convertible bond (December 14, 2015) to the date 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 from when 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 day before the “Notice of Bond Call” is sent. For those investors who subsequently obtain 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 into cash according to their face value at maturity.</p> <p>(3) If the bondholder does not reply to 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 post, the date of the postmark is the reference date), the Company will follow the above two paragraphs to call back all its convertible bonds into cash according to their face value.</p> <p>2. The right of the bondholders to sell (Article 23 of the Issuance Rules)</p> <p>The day which is two years after the issuance of the convertible bonds (November 13, 2017) is the record date for the bondholders to sell back their bonds in advance. The Company shall send a “Notice of Executing Bond Sell Back” to the bondholders 40 days before the record date (based on the names provided by the bondholder list on the 5th business day before the “Notice of Executing Bond Sell Back” is sent. For those investors who subsequently obtain 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</p>
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		writing 30 days before the record date (which goes into effect once delivered. For those sent by post, the date of the postmark is the reference date) to ask the Company to call back their convertible bonds in cash at face value plus interest compensation (for bonds held more than two years, the compensation is 2.52% of the bond face value, with a real yield equal to 1.25%). The Company accepts requests to sell back, and shall pay by remittance to the bondholders within five business days after the record date.
Restrictive terms		None
Name of credit rating organization, rating date, corporate bond rating results		N/A
	Amount of the bonds already converted into (exchanged into or subscribed to as) common stocks, overseas depository receipts, or any other securities until the publication date of the annual report	None
Other rights	Issuance and conversion (traded or subscribed to) regulations	Starting from the second day which is one month after the issuance of the convertible bonds (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 the 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 rights 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		(1) Bonds outstanding as of November 13, 2018 have been fully paid up in cash. Therefore, incident of potential dilution of equity: Not Applicable. (2) Impacts on equity of existing shareholders: Not applicable.
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	NTD 119.00
	Lowest	NTD 98.00
	Average	NTD 106.43
Convert price		<ol style="list-style-type: none"> <li>1. Since August 10, 2016, due to the distribution of 2015 cash dividends, the conversion price has been adjusted to NTD 271.70.</li> <li>2. Since August 14, 2017, due to the distribution of 2016 cash dividends, the conversion price has been adjusted to NTD 258.10.</li> <li>3. Since August 01, 2018, due to the distribution of 2017 cash dividends, the conversion price has been adjusted to NTD 250.90.</li> </ol>
Issue (execution) date and the conversion price at issue		<p style="text-align: center;">Date of issue: November 13, 2015 Conversion price at issue: NTD 288.00</p>
Ways to fulfill the obligation of conversion		<ol style="list-style-type: none"> <li>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.</li> <li>2. No transfer requests had been made as at the transferable date</li> </ol>

III. Issuance of preferred shares: None.

IV. Issuance of overseas depository receipts: None.

V. Issuance of employee stock option certificates: None.

VI. Information about new restricted employee shares: None.

VII. 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

#### (I) 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 regenerative medicine and anti-aging medicine are the business in which we have invested many resources in recent years. Our New Beauty Mall, the regenerative medical 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 strategic investment in the franchise channel of “RnD Fingernails & Eyelashes Beauty Salon”, which was acquired and merged into the Group as approved by the Board of Directors in April 2022, 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 2022, more than 4,933 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:

- A. R&D, manufacturing, and distribution of beauty products and care packages.
- B. Operation and promotion of franchised beauty stores.
- C. E-commerce sales platform
- D. Medical cosmetology business
- E. Business not prohibited or restricted by laws and regulations beside the licensed one
- F. Nail and eyelash beautification business

2) Operational weight

Unit: RMB thousand; NTD thousand

Major products	2021			2022		
	RMB	NTD	%	RMB	NTD	%
Face care products	1,089,023	4,726,579	89.66%	839,272	3,711,089	91.20%
Body products	15,491	67,235	1.28%	17,304	76,514	1.88%
Aesthetic medicine and anti-aging services	54,236	235,396	4.47%	25,145	111,187	2.73%
Others	55,782	242,103	4.59%	38,540	170,420	4.19%
Total	1,214,532	5,271,313	100.00%	920,261	4,069,210	100%

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



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 the activity of tyrosinase through the active ingredients of niacinamide and ruby to 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 adopts pure herbal essence from pure botanical extract concentrates 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"> <li>1. Beautifies and cares for skin to boost skin resistance and delay aging.</li> <li>2. Soothes and eases the mood and energy with nerve relaxing.</li> <li>3. Keeps physical fitness and corrects respiratory infection, compromised immunity, and endocrine disorder, etc.</li> </ol>
Body	Essential oils, lotion	<ol style="list-style-type: none"> <li>1. Clears blood vessels and encourages circulation to boost functionality of organs and intestines.</li> <li>2. Promotes tissue relaxation at a depth, blood circulation of muscular tissues while relaxing the body and the mind, the shoulders, the neck and the head, and relieves back pain and inflammation, among other symptoms.</li> <li>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.</li> </ol>
	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.
Oral care	Tooth paste, mouth spray, mouth wash	P113+ Active Peptide is used to inhibit harmful microbes and keep beneficial microbes for the balance of the flora in the mouth, creation of a balanced micro-ecology environment, improvement to prevent bleeding gums, dental plaque, mouth ulcers, and halitosis problems.
Nail and eyelash beautification	Nail beautification product	Selected materials, beautiful colors, natural and environment-friendly, safe and healthy
	Hand and foot care	Moderate and pure, nourishment and improvement for nails, nail folds, hand and foot skin problems
	Eyelash beautification product	Extension-specific eyelashes, natural and light
Aesthetic medicine and anti-aging	Rejuvenation of the body	Body sculpting, fat removal, hairline adjustment, hair transplantation, full body hair removal, deep whitening
	Rejuvenation of	Firmer skin, skin lifting, perfect skin, transparent and

services	the face	moist, wrinkle smoothing, face sculpting, micro-plastic surgery
	Rejuvenation of body functions	Anti-aging and health management project, cell recovery and care regimen, private anti-aging care

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

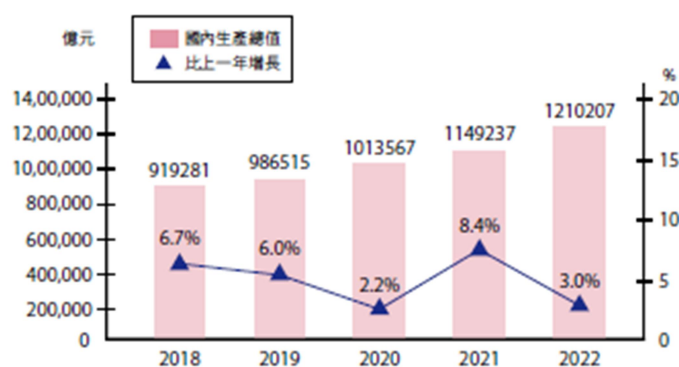
- 4) Research and development of new products
  - A. Development of products under the concept of regenerative medicine  
Anti-aging and firming products in combination with regenerative medicine.
  - B. Development of a series of micro-ecological skincare products  
Micro-ecological skincare, a skin protection idea of new generation, which can enhance the natural protection ability of the skin.
  - C. Development of botanical care products  
Products featuring high concentration of active ingredients with medicinal herbs as a topic.
  - D. Development of products to be launched on RnD only  
Eye care, hand skin care, and home care products and care regimens
  - E. Development of products for e-commerce channels  
Facial and body care products designed for e-commerce channels

## (II) Industry overview

### (1) Industry status and development

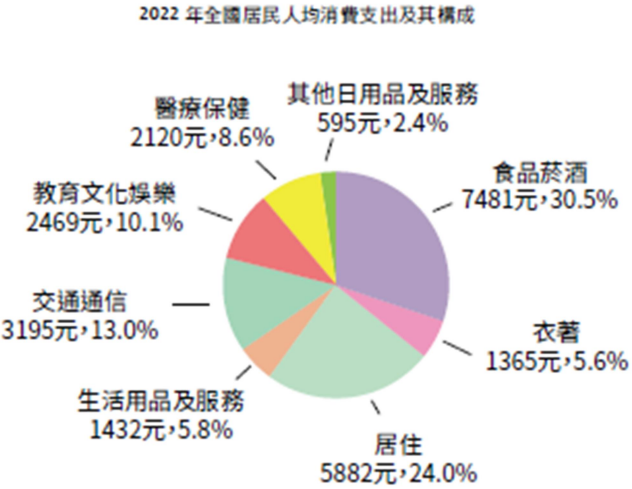
#### a. Macro environment

Mainland China is a focused region of development for the Company and we have cultivated the local market in depth for years. In 2022, China faced a fierce and complicated international situation, as well as difficult strenuous challenges in domestic reform, development, and stability. Based on the general principle of stable advancement, new development ideas have been implemented comprehensively and accurately in Mainland China to speed up the establishment of a new pattern of development, promote the development, and improve the quality. Macro adaptation capability was enhanced to address the unexpected impact of factors, ensure economic growth, and improve quality constantly. Deepening the innovation and steady movement toward reform and opening were other practices in this year. The prices of commodities were stable in general and food and energy security, as well as the life of people, were protected effectively. The economy and society developed steadily and the governments and people marched firmly toward the goal of building up a modern country under socialism.



Source: Statistical Communique of the People's Republic of China on the 2022 National Economic and Social Development (February 28, 2023)

According to the Statistical Communique of the People’s Republic of China on the 2022 National Economic and Social Development released by the National Bureau of Statistics of China, the per capita disposable income in 2022 was RMB 36,883, with an increase of 5.0% in comparison to the previous year. Excluding the price factor, the real growth rate was 2.9%. The annual per capita consumption expenditure was RMB 24,538, with an increase of 1.8% in comparison to the previous year. Excluding the price factor, the real decline rate was 0.2%. The per capita consumption expenditures for services was RMB 10,590, with a decrease of 0.5% in comparison to the previous year, and accounted for 43.2% in the total per capita consumption expenditures. The consumption expenditures for services are the expenditures of people for consumption of services for their daily life, including catering services, clothes and shoes processing services, housing services, family services, transport and communication services, educational, cultural, and leisure services, and medical and other services.



Source: Statistical Communique of the People’s Republic of China on the 2022 National Economic and Social Development (February 28, 2023)

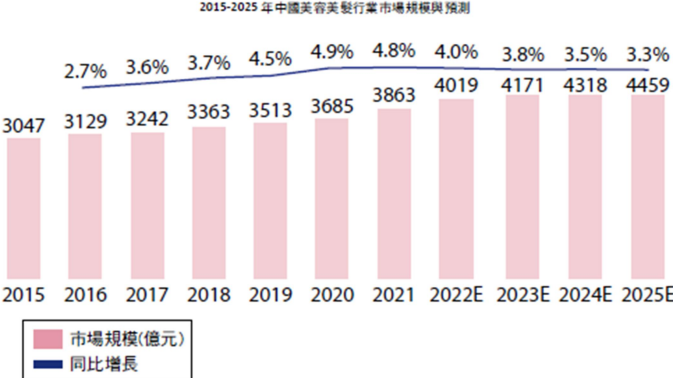
**b. Market environment of beauty and personal care**

**1) Market environment of the beauty industry**

Skincare is a sector of the cosmetic industry. The policies of the government on this industry are mainly those established by the National Medical Products Administration. The regulations and plans applied to the cosmetic industry are also applicable to skincare products. According to the 12th to 14th five-year plans for the cosmetics industry, the policies of the government for skincare products have experienced development from “optimization of structural development” and “safety regulation development” to “high-end brand development”.

The dissemination at the national level during the period of the “12th five-year plan” emphasized the optimization of the industry, enterprises, and product structure to form a new pattern of mutual development. The focuses during the period of the “13th five-year plan” were enhancement of the legal standard system, amendment of the “Supervisory Regulations on the Hygiene of Cosmetic Products”, and cosmetics-related standards. During the period of the “14th five-year plan”, the term “cosmetics” appeared in “The Outlines of the 14th Five-Year Plan and the Visions and Goals of 2035 under the National Economic and Social Development” for the first time. The outlines explicitly require the creation of Chinese brands, protection and development of old Chinese characters, and increasing the effect and competitive strength of private brands. The development of high-end brands will be supported in the sectors of cosmetics, clothes, home textiles, electronic products, and other consumer products.

The compound growth rate of the beauty salon market in China from 2015 to 2021 was 4.0%, and the market scale in 2022 was expected to be RMB 401.9 billion. According to the analysis of iiMedia Research, the rise of the standard of living and the continuous pursuit of living quality in the nation have led to considerable consumer demand for beauty salon services, and the upstream and downstream industries, as well as emerging industries, are thus developing rapidly. It is estimated that the market scale of China’s beauty salon industry will reach RMB 445.9 billion in 2025.

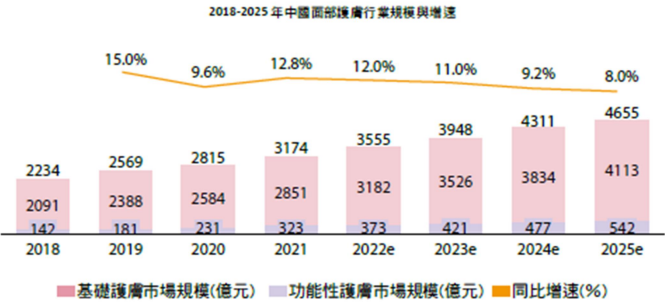


Source: Study Report on the Investment Opportunities and General Trend of China’s Beauty Salon Industry from 2022 to 2023 (iiMedia Research, August 28, 2022)

**2) Market environment of personal care:**

As for supply, international and established local brands have strong brand credibility and customer stickiness after their owners have developed the China market deeply for many years. Unlike international brands that have been deployed at all segments, most of the local brands are deployed at the middle-end and low-end markets. However, as consumption has been upgraded and education in the market has demonstrated its effect for so many years, the facial skin care products have their potential on the middle-end and high-end markets. For this, some old local brands have started their penetration into these markets by establishing new brands, and other emerging local brands have started to enter the market as a “cheaper substitute” for international brands.

As for demand, the number of male consumers is increasing gradually as consumer structure in the facial skin care sector has changed. The four promotion factors, including the skin care persistence of aged people and the increased number of consumers from rural areas, will produce a greater effect in this field. In the meantime, as education in the market has demonstrated its effect for so many years, consumers know more about skincare. They select products from the viewpoint of a professional and have a preference for high-end products. The facial skin care market in China has developed very fast as a result of promotion at both the supply and demand ends. The market scale in 2020 was RMB 281.5 billion. It is expected to grow up to RMB 465.5 billion five years later.



Source: Study Report on the Investment in the Cosmetic and Skincare Industry in China (2022/03)

中國面部護膚市場品牌競爭力對比分析

	國際品牌	國產品牌		
		資深國貨品牌	新銳國貨品牌	
品牌舉例	LANCÔME, AIZEDO, ESTÉE LAUDER, Sulwhasoo	CHICEDO, NEW COSMET, PROYA, (珀萊雅)	WENDINA, PMPM, (PMPM), seipicore	
品牌特徵	<ul style="list-style-type: none"> <li>母公司在國外，多數歷史較久遠，國際知名度較高，產品覆蓋全球市場</li> <li>線下渠道主要覆蓋中高線城市</li> </ul>	<ul style="list-style-type: none"> <li>多成立於2010年之前</li> <li>線下渠道覆蓋較深，覆蓋低、中、高線城市</li> </ul>	<ul style="list-style-type: none"> <li>多成立於2015年之後</li> <li>大多在線上販售，線下僅覆蓋部分中高線城市</li> </ul>	
產品開發上市週期	<ul style="list-style-type: none"> <li>週期較長</li> <li>普通產品：14-18個月</li> <li>特殊用途化妝品：24個月</li> </ul>	<ul style="list-style-type: none"> <li>週期短</li> <li>普通產品：小於12個月，多數在6個月左右</li> <li>特殊用途化妝品：18個月左右</li> </ul>	<ul style="list-style-type: none"> <li>週期短</li> <li>多數在5個月左右</li> </ul>	
毛利率	70%-85%	70%-85%	30%-45%，終端折扣高	
競爭力分析	品牌力	<ul style="list-style-type: none"> <li>發展歷史悠久，有較強品牌信用背書，消費者黏性較高</li> </ul>	<ul style="list-style-type: none"> <li>在下沉市場具有較高品牌效應，消費者黏性高</li> </ul>	<ul style="list-style-type: none"> <li>成立時間較短，還未形成較強的品類力，但是學生群體中影響較大</li> </ul>
	價格帶、產品線覆蓋程度	<ul style="list-style-type: none"> <li>價格帶覆蓋低端至高端，全品類產品覆蓋完整</li> <li>護膚流程</li> </ul>	<ul style="list-style-type: none"> <li>價格帶主要覆蓋中低端，少數覆蓋高端</li> <li>價位，產品品類較全</li> </ul>	<ul style="list-style-type: none"> <li>價格帶主要覆蓋中低段價位，產品品類不如傳統品牌全面</li> </ul>
	研發成熟度	<ul style="list-style-type: none"> <li>擁有研發中心，通常全權把控研發核心環節，傾向專業代工企業提供核心成分或配方</li> </ul>	<ul style="list-style-type: none"> <li>擁有研發中心，但研發實力較為薄弱，自研配方+代工企業提供配方相結合</li> </ul>	<ul style="list-style-type: none"> <li>較少擁有研發中心，在總擁有研發實驗室，但多數產品配方仍由專業代工企業提供</li> </ul>
	產能佈局	<ul style="list-style-type: none"> <li>多數均有自主生產基地，會選擇部分明星產品</li> <li>或部分非核心產品線外包給代工廠</li> </ul>	<ul style="list-style-type: none"> <li>多數均有自主生產基地，會選擇部分產品線外包給代工廠</li> </ul>	<ul style="list-style-type: none"> <li>佈局較薄弱，多數尋找代工廠生產，產品代工比例接近100%</li> </ul>
營銷策略	<ul style="list-style-type: none"> <li>側重品牌推廣，強調品牌的強研發能力、工藝精良等品牌調性以維持品牌溢價</li> <li>注重渠道廣度，傳統媒介與線下渠道佔比較高，近幾年線上渠道佔比逐漸增高</li> </ul>	<ul style="list-style-type: none"> <li>側重渠道利益分配與終端消費者購買的優惠</li> <li>注重渠道廣度，傳統媒介與線下渠道佔比較高，近幾年線上渠道佔比逐漸增高</li> </ul>	<ul style="list-style-type: none"> <li>側重品牌網絡推廣，強調品牌低價、高性價比、強功效等品牌調性</li> <li>投放渠道集中在新社交媒體，互聯網流量思維</li> </ul>	

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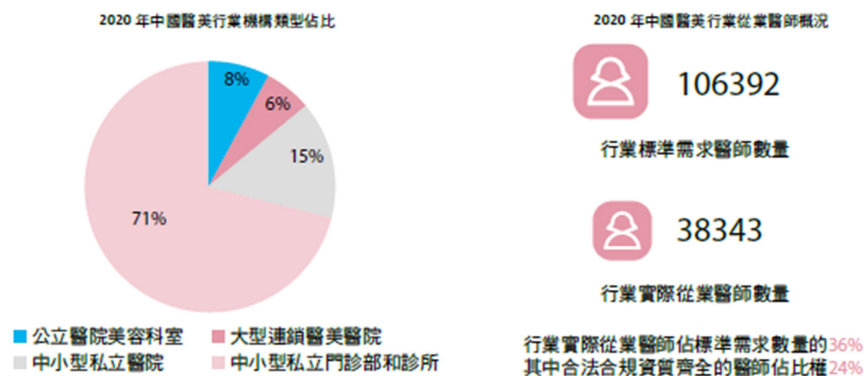
According to the study, there is a difference between female groups aged 26-30 and 31-40 in their use of skincare products, especially the frequency in the use of sunscreen cream and essence lotions. The group of 26-30 use sunscreen cream more frequently, while the 31-40 group prefers to use skincare products that have higher effectiveness. According to the analysis of iiMedia Research, consumers aged 31-40 emphasize anti-fatigue and ant-wrinkle functions of skincare products more. This group plays a leading role in the market for skincare products that contain rich nourishing compositions.

As the study shows, most of the female consumers spent RMB 500-1000 on cosmetics every month on average, occupying 38.7% compared to 29.2% of the male consumers. The proportion of male and female consumers spending RMB 200-499 every month on average was 31.0% and 35.2%, respectively. As the analysis of iiMedia Research points out, the female group plays a

leading role in the cosmetics industry in China. As more men have placed importance on personal beauty and image, the overall consumption level of the male skincare market shows a greater potential of growth.

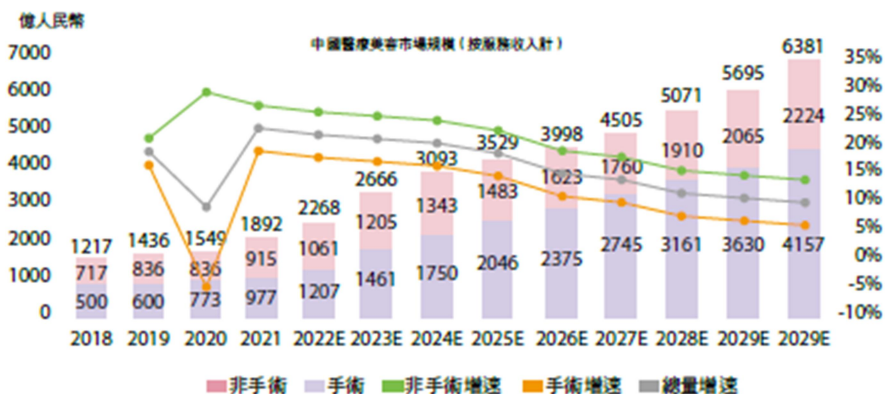
**c. Market environment of the aesthetic medicine:**

In 2020, the aesthetic medical institutions in China were mainly private clinics of small and medium sizes, accounting for 71%; the actual number of practitioners was 38,343. According to the analyst of iiMedia Research, there is an enormous demand for talents in China’s aesthetic medicine industry, which has led to a continuous and massive increase in the number of small and medium aesthetic medical institutions and a relatively low market concentration rate. In the future, the competitiveness of qualified aesthetic medical institutions with excellent doctor resources will stand out.



Sources: White Paper of Aesthetic Medicine Industry in 2021 (SoYoung APP, December 2020), iiMedia Data Center

The medical cosmetology market in China has grown continuously in the most recent five years. Although after 2019 the pandemic slowed down the acceleration of the market, the compound annual growth rate remained at a level of more than 15% of the global value. The market scale in 2022 grew at a rate of two digits to the amount of nearly RMB 230 billion. According to the SoYoung Data Research Institute, the market scale of medical cosmetology in China will reach up to 23.54 million in 2023.

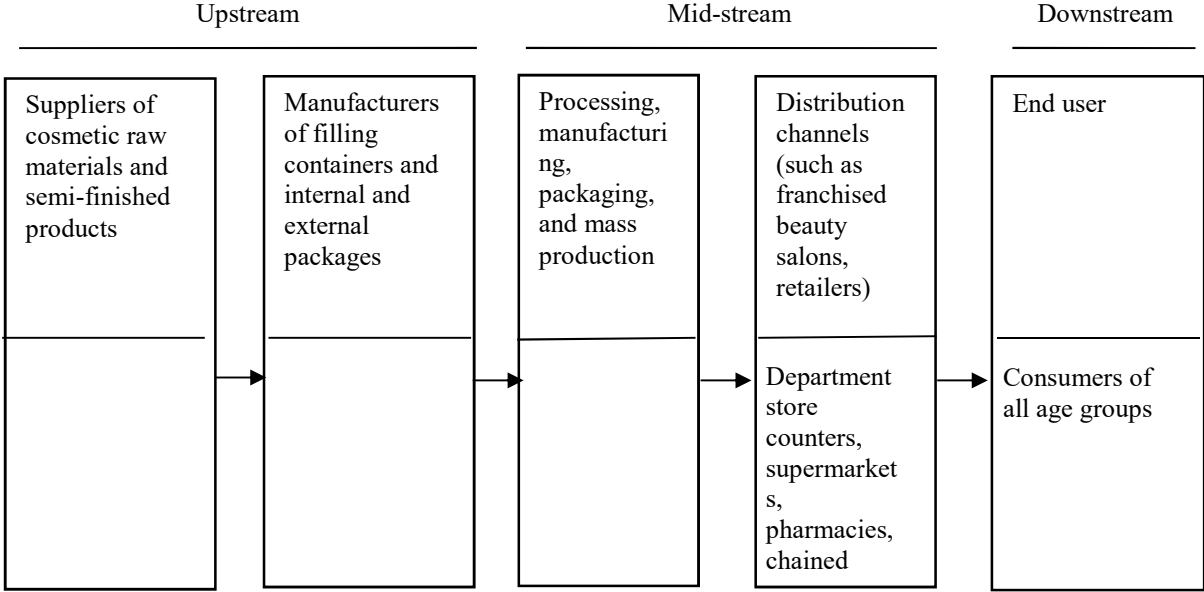


Source: White Paper on the Aesthetic Medicine Industry in 2022, SoYoung Data Research Institute and Souyang Meishang Research Institute, February 2023.

**(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:



**(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 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, conditioning, and anti-wrinkle”. 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 the 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 moisturization 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 Chliwhite series that breaks down pigmentation that compromises the purity of skin layer by layer to create beautiful 4C-grade diamond-like shiny and toned skin. The Primrose facial cleansing series that applies patented technology to extract the essence of the primrose plant while the resultant Primrose Vital-Active Complex activates overwhelming defensive protection through the combination of primrose seed extract, primrose oil, and whitening ingredients of primrose. 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 products 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 products developed by authoritative German medicine research. *Spirulina platensis*, the main ingredients of the product, has extraordinary antiseptic and repair benefits with targeted effect to inhibit the inflammation from the source and repair the acne skin. The products are 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.

(h) Human Body Micro-ecological Development in Depth for Health Safeguarding

In recent years, the impact of micro-ecology on human health has been brought to the forefront. CHLITINA has introduced a brand-new concept of “water, micro-ecology, regenerative medicine,” emphasizing that the healthy beauty of human body is an overall cycle from the inside to the outside.

The micro-ecological systems in human body include oral cavity, skin, urinary system and intestinal tract. There is a great deal of microbial flora in these systems, and normal flora lives and grows together in the human body to promote immunity and physiological functions. The imbalance of flora will destroy the micro-ecological systems in human body, thereby causing different diseases.

Working with Boston University and the Microbiology Laboratory of General Biologicals Corporation in Taiwan, CHLITINA developed the patented antimicrobial ingredient P113+ in the

micro-ecological field and launched the product series for the balance of oral micro-ecology of all people, including the elderly, the young, and children. The featured ingredient, P113+, is an active antimicrobial peptide granted more than twenty patents in Europe, America, and China that can mildly inhibit harmful microbes and keep beneficial microbes to maintain the balance of flora.

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.

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 “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 the 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” effective 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.

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 have managed to realize diversified management through IOT, and set our foot into the high-end aesthetic medicine industry with advanced AI technology and regenerative medicine to continually bring about new momentum for 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. 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 for beauty and health to broaden the distribution of product lines. 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 seven consecutive years from 2015 to 2022.

**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. In addition to the projects of traditional aesthetic medical services, the Company implemented its R&D results and set foot in the high-end cosmetic medicine industry by taking advantage of advanced artificial intelligence and regenerative medicine. 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.

### (III) 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 2023, the Company had a total of 12 R&D people. All of them have 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	
2021	14	7	7	7.2
2022	12	5	7	8.4
March 31, 2023	12	5	7	8.6

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

Unit: NTD thousand, %

Item	Year	2018	2019	2020	2021	2022
	R&D fee		21,936	27,724	34,132	32,922
Net Sales		4,578,513	5,138,879	4,055,996	5,271,313	4,069,210
R&D cost to net revenue ratio (%)		0.48	0.54	0.84	0.62	0.76

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

Year	Item/product name
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)

	<p>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</p>
2019	<p>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</p>
2020	<p>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.</p>
2021	<p>Patent application for bletilla striata stem cell extract (Taiwan/China/USA)  Collaborative Project with the Institute of Biomedical Engineering, NTHU in Taiwan to be published in international journals  Xiudeng Scalp Care series (17sku)</p>
2022	<p>Taiwan invention patent (No. I767559) was acquired for our research on bletilla striata stem cell  CHLITINA Youthkeeper Serum 2.0, CHLITINA Youthkeeper Mask 1.0,  CHLITINA Anti-Wrinkle Eye Essence  CHLITINA Ponpon Moisture  CHLITINA Water Gel/Spray  CHLITINA ISIS Shampoo, CHLITINA ISIS Hair Conditioner</p>

#### **(IV) Long and short-term business development plans**

##### **(1) Short-term plans**

- A. With the Leading Beauty+ Consumption strategy as a core, the Company will expand its business from the beauty industry to the health industry by focusing on the field of “water, micro-ecology, regenerative medicine” and developing product lines in depth. We will

provide quality products and services that satisfy the entire customer lifecycle with customer value orientation.

- 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. For the e-commerce channel, the product structure will be optimized, the consumption ideas will be upgraded, the products with a “micro-ecology” concept will be promoted, and the network deployment and product coverage will be improved by means of the 24/7 marketing approaches with no geographical limit.
- D. In our channels of aesthetic medicine, we have promoted the development of our own aesthetic medical 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.
- E. For the nail and eyelash beautification channels, we will maintain the features of our brands, make use of the segmentation of the products and services, and will continue to provide the best and premium services in the industry, optimize management performance, and increase the operating 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. We will continue to promote the development 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. We will 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

### (I) Market analysis

#### 1) Revenue by the region

Unit: RMB thousand; NTD thousand

Item	2021			2022		
	RMB	NTD	%	RMB	NTD	%
Mainland China	1,183,239	5,135,494	97.42%	881,694	3,886,757	95.52%
Others (Note)	31,293	135,819	2.58%	38,567	182,453	4.48%
Total	1,214,532	5,271,313	100.00%	920,261	4,069,210	100.00%

Note: Others include Taiwan and Vietnam

#### 2) Market Share

According to the “Study Report on the Investment Deployment and Development Trend of China’s Beauty Salon Industry from 2022 to 2023” from iiMedia Research, the scale of China’s cosmetics market in 2022 was anticipated to be RMB 401.9 billion. Based on our operating revenue of RMB 920 million in 2022, the market share of the Company was 0.23%.

The revenue of the Company provided above, however, did not include 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 income from services provided to consumers at franchise stores was not included, the internal statistics of the Company showed that sales in 2022 were around RMB 3.3 billion, accounting for around 0.82% of the cosmetics market in Mainland China.

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.

#### 3) Future supply & demand and growth in the market

##### A. Beauty Industry

As shown in the “2021 Report on Life Beauty Industry” jointly released by the China International Beauty Expo and Beauty Data AI, there are four main trends in the life beauty industry:

1. Refined operation and store upgrade/transformation are the focuses of the merchants. Nearly 60% of the merchants have collected the data of customer behaviors, ages and images to establish customer files, form clubs and set up differentiated projects, trying all kinds of methods to satisfy the customers’ requirements.
2. Pushing the life beauty industry towards aesthetic medicine helps expand the target group and increase the revenue; however, the merchants are accordingly faced with more and stricter requirements for their operational ability. Before and after introducing aesthetic medicine, they have to assess the level of customer demand for aesthetic medicine, whether they are able



to afford higher costs for purchase, training and recruitment, and think about the cooperative transition with life beauty stores.

3. With the health awareness fully upgraded, the consumers make investments for health.



Source: 2021 Report on Life Beauty Industry (Beauty Data AI & China International Beauty Expo, May 2021)

4. Clear consumption targets and efficacy/effect-oriented actions



Source: 2021 Report on Life Beauty Industry (Beauty Data AI & China International Beauty Expo, May 2021)

## B. Personal Care Industry

The cosmetic and skincare industry in China has experienced the route of “led by international brands→recovery of classic domestic products→explosion of emerging brands”. 1) 2005-2010: The rudimentary period of domestic products, 2) 2010-2016: Physical channels as the core, domination of foreign funds, domestic products sold in a low-key way to avoid aggressive competition from foreign brands, 3) before and after 2016: Domestic products emerging gradually through e-commerce channels and new social media under predominance of the foreign funds; 4) now: Domestic products growing explosively to narrow the gap with international brands.

Shiseido and Amore Pacific are two typical cosmetic groups in Asia. The components of their brands are mainly based on internal cultivation. The sub-brands have clearer corporate culture characteristics that are built up in line with the positioning of local consumers. The brands cover different target groups with an interactive combination of ages, demands, and prices.

L'Oreal and Estee Lauder are two typical cosmetic groups in Europe. The components of their brands are mainly based on external acquisitions and mergers, with the agency and internal cultivation as secondary means, to build up a multi-brand pattern. Acquisitions and mergers are performed following the principle of “close-first-far-last”. The brands for the same product line, in the same area, and positioned for different consumers are the focus at the initial stage. The acquisitions and mergers are then extended to other product lines and areas.

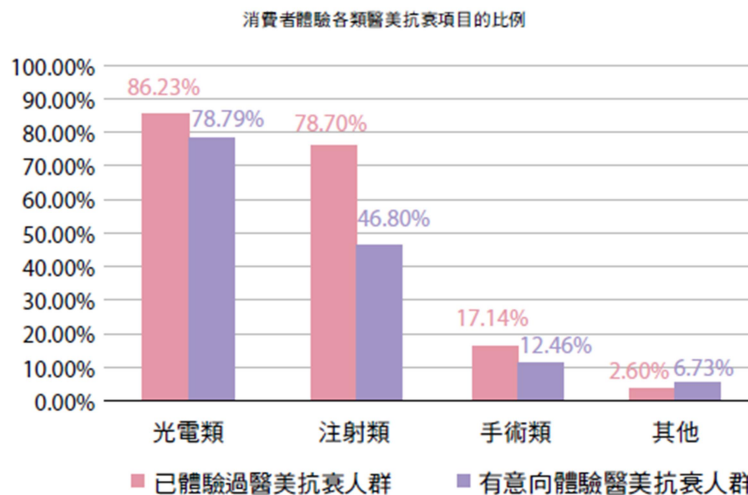


### C. Aesthetic Medicine Industry

In recent years, the needs and awareness of consumers have changed significantly from pursuing “thorough change” to “fine tuning” and “natural beauty”. This change has brought about many growth points for the industry. Especially, there are great opportunities and potentials for the growth in light medical beauty. According to the data, non-surgical light medical beauty has acquired overwhelming predominance.

Aging is always a concern for us regarding the changes in our bodies. According to the data from a survey performed jointly by SoYoung Data Research Institute and China Business News, 59.2% of people have started to feel stressed over their aging at the age of 20-30, and 19.64% of young people at the age of 20-25 feel “very anxious” about aging. The first three of the body aging problems are sagging skin, body out of shape, and gray hair and hair loss. There are needs, there are solutions. Among various anti-aging means, most of the consumers (91.3%) expect useful effects from aesthetic medicine, and the expectations from these means are much higher than that of skincare, fitness, diet, and other approaches. Aesthetic medicine has become the “straw” of the people to relieve their anxiety regarding aging.

The anti-aging aesthetic medicine is a project of improvement for facial wrinkles, sagging facial skin, dark skin tone, pigmentation spots, and other aging-related problems through medical cosmetology. Specifically, anti-aging aesthetic medicine can be classified into surgical and non-surgical approaches. The former mainly includes skin lifting, wrinkle removal, fat filling, thread lifting, and other traditional means, while the latter mainly includes hyaluronic acid injection, botulinum toxin injection, Hot Maggie, picoway, IPL, and other photoelectric projects.



Source: “Report on the Consumption Trends of Aesthetic Medicine against Aging in 2021”, SoYoung Data Research Institute and China Business News, September 2021.

## 1) 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 4,693 stores in Mainland China as of the end of December 2022 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 in the beauty market in Mainland China. Systematic regional management has helped effectively reduce relative store opening costs and created immediate devotion to the market operations which make it possible to create “the great will get greater” magnetic effect and to expedite the expansion of operational sites and sufficiently ensure the leading position in terms of the market size that will be difficult to be exceeded by the competition.

With the overall deployment and operation in Mainland China and by combining domestic brand awareness and influence at the moment, we are sufficiently powerful enough to develop in county-level cities where Chlitina has not yet deployed. We have also precisely penetrated 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 2023, 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 December 2022, the Company has a market size consisting of 219 and 21 franchised stores in Taiwan and 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 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 for beauty and health to broaden the distribution of product lines.

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.

### 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.

### 2) 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 2022 National Economic and Social Development released by the National Bureau of Statistics of China, the GDP growth rate in Mainland China was 3.0% and the value added by the third industry accounted for 52.8% 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 final annual consumer expenses made a contribution of 1% to the gross domestic product. 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 has a 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.

## **(II) Important purpose and production process of major products**

### **(1) Important purpose of major products**

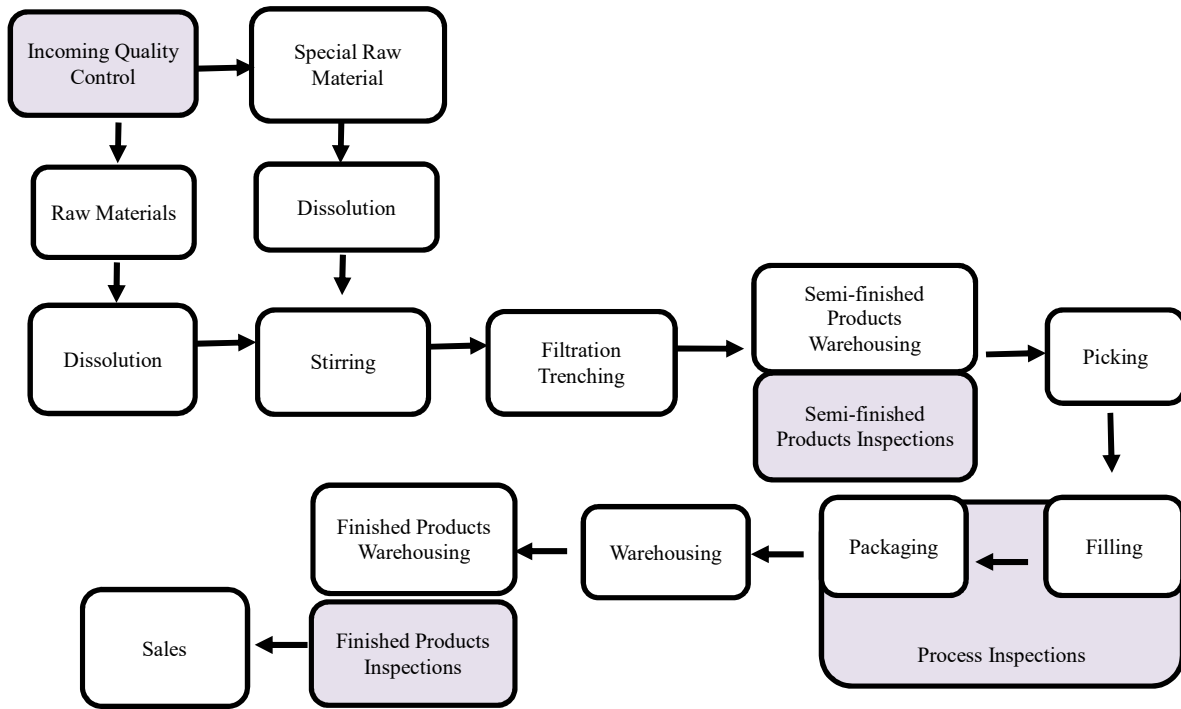
The Company mainly supplies skin care and beauty care products for use by women on their face to care for their skin and to accomplish whitening, softening, wrinkle-removing, and anti-aging effects. The distribution, on the other hand, is done through brand franchising. That is, the Company provides 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.

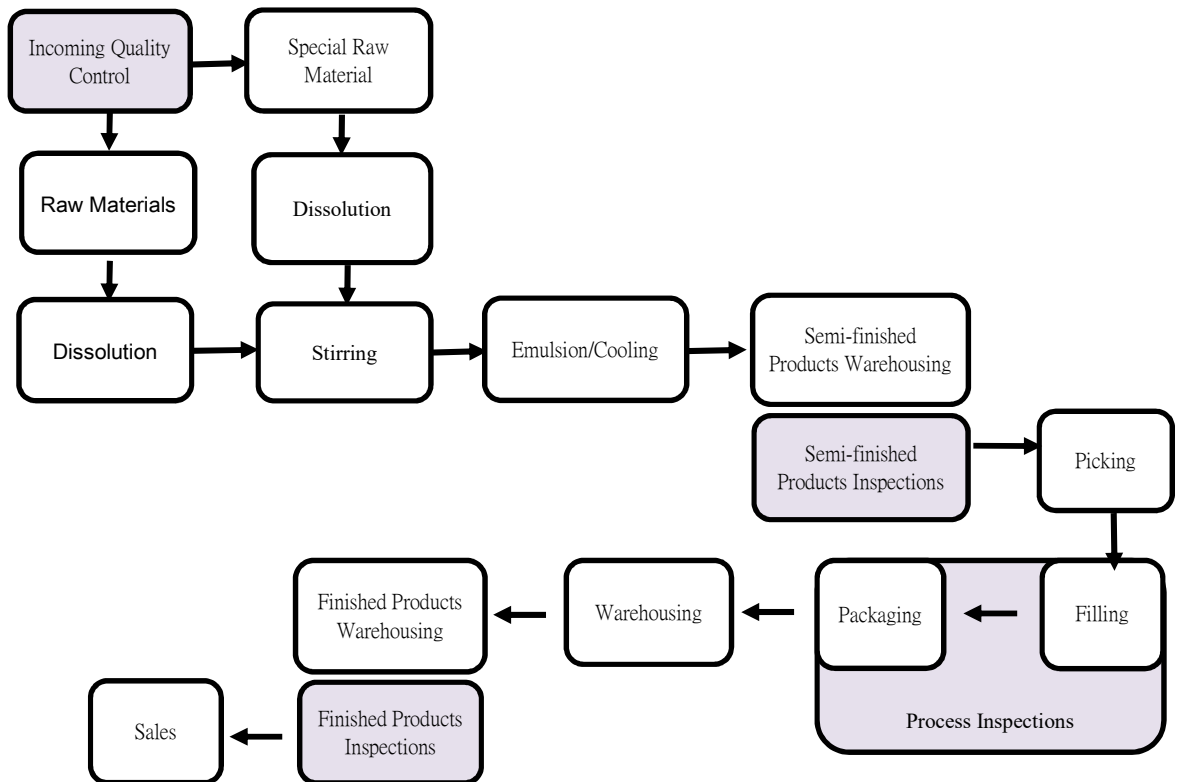
(2) Production process of major products

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:





### **(III) 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.

### **(IV) Descriptions of Major Changes in Gross Profits by the Primary Product or Department in the most recent two years**

Major changes in gross profits by the primary product or department in the most recent two years  
Unit: NTD thousand

Item	Year	2021	2022
	Operating revenues		5,271,313
Gross profit		4,377,604	3,357,888
Gross profit ratio		83.05%	82.52%
Rate of change in gross profit ratio		(2.41%)	(0.64%)

### **(V) 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. The Company does not spend more than 10% of the total purchase amount on a single supplier in the recent two years and, thus, there was no risk of over-concentration of purchase. Generally speaking, changes in suppliers in the most recent 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 the business operations of the Company's franchised stores contributed to steady growth in the Company's sales, causing an increase in the number and the decentralization of the Company's sales customers. There are no single sales customers

accounting for 10% of the net sales of the Company in the most recent two years, therefore there is no risk of sales concentration. Generally speaking, no major abnormalities were found with sales customers in the most recent two years.

## (VI) Production Volume/Value and Variation Analysis for the Most Recent Two Years

Unit: kpcs; NTD thousand

Year of production Production volume/value Major products	2021			2022 (Note)		
	Throughput	Production volume	Production value	Throughput	Production volume	Production value
Face skin care products	7,044	2,134	104,785	23,705	7,732	379,646
Body products		34	4,029		56	5,719
Others		14	1,146		67	5,067
Total	7,044	2,182	109,960	23,705	7,855	390,432

Note: Weishuo Plant renovated part of its buildings in 2021 and the production volume and throughput only reflected the data from January to April.

## (VII) Sales Volume/Value and Variation Analysis for the Most Recent Two Years

Unit: kpcs; NTD thousand

Year Sales volume/value Item	2021				2022			
	Importation		Exportation		Importation		Exportation	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Face care products	142	111,076	4,844	4,615,503	127	102,519	3737	3,608,570
Body products	4	826	83	66,409	3	2,304	68	74,210
Others	77	23,048	1,457	454,451	72	19,888	1,079	261,719
Total	223	134,950	6,384	5,136,363	202	124,711	4884	3,944,499

### III. Number of practitioners in the most recent two years

Item		2021	2022	2023 up to the end of March
Number of employees	Manager	117	123	128
	Ordinary staff	651	625	639
	Production line employees	35	43	42
	Total	803	791	809
Average age		36.80	37.33	37.55
Average years of service		4.81	5.24	5.30
Education distribution ratio %	Doctorate	0.1%	0.1%	0.1%
	Master's degree	4.5%	4.7%	4.3%
	University/college	80.6%	79.3%	79.5%
	Senior high school and below	14.8%	15.9%	16.1%
	Total	100.0%	100.0%	100.0%

### 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 the ISO9001 Quality and 14001 Environmental Management System are enforced, and Good Manufacturing Practice criteria are complied with. 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 has yet to reach the criteria of control, it is now discharged into the sewer after having been treated through the water treatment equipment and has gone through biochemistry treatment by Chlitina 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. List contamination disputes in the Company’s efforts to correct environmental pollution in the most recent two years up to the date on which the annual report was printed and describe the management process: None.
4. List the losses borne by the Company due to environmental pollution (including damage compensation and violations of environmental regulations disclosed in the environmental protection audit result, the date of remedial measures taken and the document number, the provision violated, the violations, and the remedial measures taken shall be listed) in the most

recent year and up to the date the annual report was printed and disclose the possible estimated values and countermeasures at present and in the future. If they cannot be reasonably estimated, descriptions of the 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 operations for the Group is Mainland China, where the benefits provided by the Company include those required by the Laws of the People's Republic of China on Employment Contracts, the Regulations of Shanghai Municipality on Labor Contracts, and labor insurance and health insurance in compliance with the local government's requirements. Besides benefits under the applicable China laws, regulations, and policies, the Company also provides employees with various kinds of allowances, bonuses, vacations, cultural and recreational activities, continuing educational 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 2022 was 726 persons with a total of 7,514 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:

Competent Authority	Beneficiary	Pension Appropriation Rate
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 2022 and 2021 were RMB 16,664,000 (NTD 73,684,000) and RMB 14,420,000 (NTD 62,588,000) 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 violations of the Labor Standards Act disclosed in the labor inspection result, the date of remedial measures taken and the document number, the provision violated, the violations, and the remedial measures taken shall be listed) in the most recent year and up to the date the annual report was printed and disclose the possible estimated values and countermeasures at present and in the future. If they cannot be reasonably estimated, descriptions of the facts that 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. Cyber Security Management**

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 data security protection law and the information security protection level 2.0 have been implemented since 2021. They require more of the companies for the security, control and protection of data and place more importance on the access control, log audit, and integrated security management platform. 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 acquired the IT security evaluation certification in 2022.

To protect the safety of the Company's information and assets and ensure the continuity of the business, the Company has upgraded the systems regarding the cyber security, data backup and network access in recent 3 years to reach the following purposes:

1. Cyber security: Monitor the risk in the network and terminal application systems with early warning functions, deploy integrally, and enable anti-virus software and cyber security management strategies to block every risk behavior.
2. Data backup: Create unified data backup, disaster recovery and platform recovery to provide data redundancy for the unknown risk of damage or loss of data.
3. Network access: Control the access to the terminal equipment, perform preliminary checking and isolation of risks, and specify security bottom lines for network access to reduce security concerns.

## VII. Important Contracts

### (I) Weishuo (Shanghai) Daily Product Limited

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Technology developed	Tongji University	2017.12.21-2022.12.20	Products R&D	None

### (II) Weihu (Shanghai) Trade Limited

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Lease contract	Company A	2019.3.10-2028.12.31	Housing leasing	Confidentiality clauses

### (III) Shanghai Yuanshuo Management Consulting Limited

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Lease contract	Yang O da	2019.1.1-2028.4.30	Housing leasing	None
Lease contract	Company B	2019.5.16-2028.12.31	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 thousand

Item	Year	Financial information for the most recent five years					March 31, 2023 (Note 1)
		2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	
Current Assets		4,768,842	5,944,434	5,918,531	7,652,195	6,282,872	
Real estate, plant and equipment		1,363,566	1,367,720	1,376,374	1,319,890	1,229,695	
Intangible assets		76,028	99,394	78,790	65,612	92,832	
Other assets		179,905	742,415	1,590,091	997,347	990,583	
Total assets		6,388,341	8,153,963	8,963,786	10,035,044	8,595,982	
Current Liabilities	Before distribution	2,245,959	3,110,733	2,818,687	3,462,068	1,917,164	
	After distribution	3,199,867	4,144,134	3,494,372	4,415,976	Note 2	
Non-current liabilities		28,831	661,429	1,736,784	1,579,948	2,027,521	
Total liabilities	Before distribution	2,274,790	3,772,162	4,555,471	5,042,016	3,944,685	
	After distribution	3,228,698	4,805,563	5,231,156	5,995,924	Note 2	
Total equity attributable to the owner of parent company		4,113,551	4,381,801	4,408,315	4,993,028	4,651,297	
Capital stock		794,924	794,924	794,924	794,924	794,924	
Additional paid-in capital		1,351,932	1,351,932	1,375,164	1,372,879	1,372,879	
Retained earnings	Before distribution	2,306,734	2,784,904	2,711,031	3,390,399	3,126,606	
	After distribution	1,352,826	1,751,503	2,035,346	2,436,494	Note 2	
Other equities		(340,039)	(549,959)	(472,804)	(565,174)	(545,936)	
Treasury stock		-	-	-	-	97,176	
Uncontrolled equity		-	-	-	-	-	
Total equity	Before distribution	4,113,551	4,381,801	4,408,315	4,993,028	4,651,297	
	After distribution	3,159,643	3,348,400	3,732,630	4,039,120	Note 2	

Note 1: The Company was founded on July 3, 2012. The information in the 2018-2022 summary of balance sheet is on the basis of the financial statements audited and issued by the accountants. As of the issue date, the 2023 Q1 financial statements audited by the accountants have not been released.

Note 2: The 2022 profit distribution is subject to the resolution of the regular shareholders' meetings.



## 2) Summary of Consolidated Income Statements

Unit: NTD thousand

Item \ Year	Financial information for the most recent five years					
	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	March 31, 2023 (Note 1)
Operating revenues	4,578,513	5,138,879	4,055,996	5,271,313	4,069,210	-
Gross profit	3,778,754	4,320,468	3,451,425	4,377,604	3,357,888	-
Operating profit and loss	1,562,668	1,789,074	1,120,266	1,771,505	1,179,979	-
Non-operating revenues and expenses	105,877	193,178	273,695	281,904	(22,745)	-
Pretax income	1,668,545	1,982,252	1,393,961	2,053,409	1,157,234	-
Continuing departments net income – current period	1,218,880	1,432,163	959,636	1,355,257	689,752	-
Discontinued operation loss	-	-	-	-	-	-
Current net profit (loss)	1,218,880	1,432,163	959,636	1,355,257	689,752	-
Other consolidated income (net after tax) – current period	(82,443)	(210,005)	77,047	(92,574)	19,601	-
Total consolidated income – current period	1,136,437	1,222,158	1,036,683	1,262,683	709,353	-
Net profit attributable to the owner of parent	1,218,880	1,432,163	959,636	1,355,257	689,752	-
Net profit attributable to uncontrolled equity	-	-	-	-	-	-
Net profit from total consolidated profit/loss attributable to the owner of parent	1,136,437	1,222,158	1,036,683	1,262,683	709,353	-
Total consolidated income attributable to uncontrolled equity	-	-	-	-	-	-
Earnings per share (NTD )	15.40	18.02	12.09	17.05	8.68	-

Note 1: The Company was founded on July 3, 2012. The information in the 2018-2022 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 2023 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
2018	Lin, Jun-Yao, Chang, Shu-Chiung	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions
2019	Lin, Jun-Yao, Chang, Shu-Chiung	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions
2020	Lin, Jun-Yao, Chang, Shu-Chiung	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions
2021	Lin, Jun-Yao, Chang, Shu-Chiung	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions
2022	Lin, Jun-Yao, Chang, Shu-Chiung	PricewaterhouseCoopers Certified Public Accountants	Unqualified opinions

## II. Financial analysis for the most recent five years

Year		Financial analysis for the most recent five years					
		2018	2019	2020	2021	2022	March 31, 2023 (Note 1)
Analysis item (Note 1)							
Financial structure (%)	Ratio of liabilities to assets	35.61	46.26	50.82	50.24	45.89	-
	Long-term capital accounted for real estate, plant and equipment ratio	303.79	368.73	446.47	497.99	543.13	-
Debt-paying ability	Current ratio (%)	212.33	191.09	209.97	221.03	327.72	-
	Quick ratio (%)	186.90	175.95	190.96	204.95	298.59	-
	Times interest earned	58.20	35.07	27.66	49.58	18.30	-
Operational ability	Accounts receivable turnover rate (times)	1328.84	1776.62	1223.71	1130.58	1410.47	-
	Average cash collection days	0	0	0	0	0	-
	Inventory turnover rate (times)	1.72	1.90	1.42	1.94	1.51	-
	Accounts payable turnover rate (times)	11.15	9.96	7.43	10.49	7.91	-
	Average days on goods sold	212	192	257	188	242	-
	Real estate, plants, and equipment turnover rate (times)	3.78	3.76	2.96	3.91	3.19	-
	Total assets turnover rate (times)	0.78	0.71	0.47	0.55	0.44	-
Profitability	Return on assets (%)	21.07	20.27	11.63	14.56	7.94	-
	Return on equity (%)	32.10	33.72	21.83	28.83	14.30	-
	Net income before tax accounted for paid-in capital ratio (%)	209.90	249.36	175.36	258.32	145.58	-
	Profit margin (%)	26.62	27.87	23.66	25.71	16.95	-
	Earnings per share (NTD)	15.40	18.02	12.09	17.05	8.68	-
Cash flow	Cash flow ratio (%)	58.62	58.94	53.98	51.93	14.48	-
	Cash flow adequacy (%)	-	-	-	-	126.46	-
	Cash reinvestment ratio (%)	11.21	15.63	7.16	15.11	(9.46)	-
Leverage	Operating leverage	1.06	1.14	1.28	1.42	1.29	-
	Financial leverage	1.02	1.02	1.03	1.05	1.06	-
Please explain the reasons for changes in each financial ratio in the most recent two years. (Analysis is not required if the magnitude of increase or decrease is less than 20%)							
1. Financial structure Increase/decrease is less than 20%.							
2. Debt-paying ability Increase in the current ratio: Mainly due to the decrease of the current liabilities in the current period. Increase in the quick ratio ratio: Mainly due to the decrease of the current liabilities in the current period. Decrease in the multiples of interest earned: Mainly due to the increase in the current profit or loss before tax.							
3. Operational ability Increase in the accounts receivable turnover rate and decrease in average cash collection days:							

	<p>Mainly due to the decrease in the current balance of accounts receivable.</p> <p>Decrease in the inventory turnover rate, decrease in the accounts payable turnover rate, increase of the average days on goods sold: Mainly due to the percentage of the decrease in current sales costs exceeding the percentage of the decrease in inventory balance and accounts payable balance.</p> <p>Decrease in property, plants, and equipment turnover rate: Mainly due to the higher percentage of the decrease in the current net income of goods sold than that of the decrease in fixed assets.</p> <p>Decrease in the total assets turnover rate: Mainly due to the higher percentage of the decrease in current net income of goods sold than that of the decrease in average total assets.</p>
4.	<p>Profitability</p> <p>Decrease in returns on assets: Mainly due to the higher percentage of the decrease in current profit or loss after tax than that of the decrease in average total assets.</p> <p>Decrease in returns on equity: Mainly due to decreases in current profit or loss after tax and increases in average equity.</p> <p>Decreases in net income before tax accounted for the paid-in capital ratio: Mainly due to the decrease in current profit or loss before tax.</p> <p>Decrease in the net profit margin: Mainly due to the higher percentage of the decrease in current profit or loss after tax than that of the decrease in net income of goods sold.</p>
5.	<p>Cash flow</p> <p>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>
6.	<p>Leverage</p> <p>Increase/decrease is less than 20%.</p>

Note 1: As of the issue date, the 2023 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 in the real estate, plants, and equipment ratio = (Total equity + Non-current liabilities)/Net of real estate, plants, 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 = [After-tax income (loss) + Interest expense × (1 - Tax rate)]/Average total assets.

(2) Return on equity = After-tax income (loss) / Average total equity.

(3) Net profit margin = After-tax income (loss) / Net income of goods sold.

(4) EPS = (After-tax income (loss) attributable to the owner of the parent company – Preferred stock dividends)/Weighted average number of outstanding shares.

5. Cash flow

(1) Cash flow rate = Net cash flow from operating activities / Current liabilities.

(2) Cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years/(Capital spending + Inventory increase amount + Cash dividends) in the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross amount of real estate, plant, and equipment + Long-term investment + Other non-current assets + 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 financial statements for the most recent year**

**Chlitina Holding Limited  
Audit Report from the Audit Committee**

The Board of Directors has submitted the Company's 2022 business report, financial statements, and earnings appropriation proposal. 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.

2023 General Shareholders' Meeting of Chlitina Holding Limited

Chlitina Holding Limited

Audit Committee

Convened by: Tsai, Yu-Ching



蔡玉晶

March 9, 2023

**IV. Financial statements for the most recent year**

**CHLITINA HOLDING LIMITED AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2022 AND 2021**

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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, 2022 and 2021, 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, 2022 and 2021, 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 that came into effect 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 Standards on Auditing of 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 2022 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 2022 consolidated financial statements are stated as follows:

## **Accuracy of sales discounts and allowances calculation and recognition**

### Description

Refer to Note 4(28) 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 considered the accuracy of sales discounts and allowances calculation and recognition 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. 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 calculations of sales discounts and allowances are accurate.
- C. Selected samples of sales discounts and allowances transactions and checked against supporting documentation to ascertain whether they were 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 sales 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 considered 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 valuation policy is consistently applied and reasonable based on our understanding of the Group's operations and industry.
- B. Obtained the calculation table of gross margin of the Group's each product category and assessed whether the net realisable value used by management is appropriate.
- C. Obtained the detailed listings of products' expiration date, inspected the related supporting documents to ascertain the accuracy of expiration date and assessed whether the allowance for valuation loss provided by the Group based on the length of time to the expiration date is consistent with the actual historical sales and clearance trends of inventories.

#### ***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 that came into effect 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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.

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Lin, Chun-Yao

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Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

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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, 2022			December 31, 2021			
		CNY	TWD	%	CNY	TWD	%	
<b>Current Assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,280,472	\$ 5,644,321	66	\$ 1,375,044	\$ 5,973,191	60
1136	Financial assets at amortized cost - current	6(1)(3)and 8	-	-	-	241,962	1,051,083	10
1150	Notes receivable, net		1	4	-	5	22	-
1170	Accounts receivable, net	6(4)	477	2,103	-	723	3,141	-
1180	Accounts receivable - related parties, net	6(4)and 7	-	-	-	115	500	-
1200	Other receivables		17,458	76,955	1	15,136	65,751	1
1210	Other receivables - related parties	7	263	1,163	-	455	1,977	-
130X	Inventories	6(5)	110,326	486,317	6	104,711	454,865	4
1410	Prepayments		16,337	72,009	1	23,402	101,655	1
1470	Other current assets		-	-	-	2	10	-
11XX	<b>Total current assets</b>		<u>1,425,334</u>	<u>6,282,872</u>	<u>74</u>	<u>1,761,555</u>	<u>7,652,195</u>	<u>76</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	50,064	220,682	3	21,046	91,424	1
1550	Investments accounted for using equity method	6(6)	48,355	213,149	2	49,636	215,619	2
1600	Property, plant and equipment, net	6(7)	278,969	1,229,695	14	303,842	1,319,890	13
1755	Right-of-use assets	6(8)and 7	93,075	410,275	5	112,940	490,611	5
1760	Investment property, net		15,743	69,395	1	16,737	72,706	1
1780	Intangible assets, net	6(9)and 7	21,060	92,832	1	15,104	65,612	1
1840	Deferred income tax assets	6(23)	7,898	34,814	-	14,212	61,737	-
1900	Other non-current assets		9,589	42,268	-	15,021	65,250	1
15XX	<b>Total non-current assets</b>		<u>524,753</u>	<u>2,313,110</u>	<u>26</u>	<u>548,538</u>	<u>2,382,849</u>	<u>24</u>
1XXX	<b>Total assets</b>		<u>\$ 1,950,087</u>	<u>\$ 8,595,982</u>	<u>100</u>	<u>\$ 2,310,093</u>	<u>\$ 10,035,044</u>	<u>100</u>

- Continued -

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

	Liabilities and Equity	Notes	December 31, 2022			December 31, 2021		
			CNY	TWD	%	CNY	TWD	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6(10)	\$ 104,503	\$ 460,649	5	\$ 252,969	\$ 1,098,897	11
2130	Current contract liabilities	6(17)	80,664	355,567	4	96,496	419,179	4
2170	Accounts payable		14,297	63,021	1	15,577	67,666	1
2180	Accounts payable - related parties	7	4,089	18,024	-	7,169	31,144	-
2200	Other payables	6(11)	101,202	446,098	5	184,516	801,538	8
2220	Other payables - related parties	7	759	3,346	-	468	2,033	-
2230	Current income tax liabilities		20,559	90,624	1	58,475	254,015	2
2280	Lease liabilities - current	7	27,726	122,216	1	31,393	136,371	1
2320	Long-term borrowings - current portion	6(12)	-	-	-	63,720	276,800	3
2645	Guarantee deposits		81,129	357,619	4	86,194	374,425	4
21XX	<b>Total current liabilities</b>		<u>434,928</u>	<u>1,917,164</u>	<u>21</u>	<u>796,977</u>	<u>3,462,068</u>	<u>34</u>
	<b>Non-current liabilities</b>							
2540	Long-term borrowings	6(12)	390,145	1,719,759	20	259,978	1,129,345	11
2570	Deferred income tax liabilities	6(23)	3,083	13,590	-	18,712	81,285	1
2580	Lease liabilities - non-current	7	66,116	291,439	3	84,311	366,245	4
2640	Net defined benefit liabilities	6(13)	620	2,733	-	707	3,073	-
25XX	<b>Total non-current liabilities</b>		<u>459,964</u>	<u>2,027,521</u>	<u>23</u>	<u>363,708</u>	<u>1,579,948</u>	<u>16</u>
2XXX	<b>Total liabilities</b>		<u>894,892</u>	<u>3,944,685</u>	<u>44</u>	<u>1,160,685</u>	<u>5,042,016</u>	<u>50</u>
	<b>Equity attributable to shareholders of the parent</b>							
	<b>Share capital</b>	6(14)						
3110	Common stock		161,772	794,924	9	161,772	794,924	8
	<b>Capital surplus</b>	6(15)						
3200	Capital surplus		276,621	1,372,879	16	276,621	1,372,879	14
	<b>Retained earnings</b>	6(16)						
3310	Legal reserve		174,681	794,924	9	173,010	787,546	8
3320	Special reserve		126,475	565,174	7	105,661	473,279	5
3350	Unappropriated retained earnings		352,819	1,766,508	21	435,294	2,129,574	21
	<b>Other equity</b>							
3410	Financial statements translation differences of foreign operations		( 15,696)	( 548,415)	( 6)	( 3,379)	( 567,040)	( 6)
3420	Unrealised gains (losses) from financial assets at fair value through other comprehensive income		568	2,479	-	429	1,866	-
3500	Treasury stocks	6(14)	( 22,045)	( 97,176)	( 1)	-	-	-
3XXX	<b>Total equity</b>		<u>1,055,195</u>	<u>4,651,297</u>	<u>56</u>	<u>1,149,408</u>	<u>4,993,028</u>	<u>50</u>
	<b>Significant contingent liabilities and unrecognised contract commitments</b>	9						
	<b>Significant events after the balance sheet date</b>	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,950,087</u>	<u>\$ 8,595,982</u>	<u>100</u>	<u>\$ 2,310,093</u>	<u>\$ 10,035,044</u>	<u>100</u>

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

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

Items	Notes	For the year ended December 31, 2022			For the year ended December 31, 2021		
		CNY	TWD	%	CNY	TWD	%
4000							
<b>Operating revenue</b>	6(17)and 7	\$ 920,261	\$ 4,069,210	100	\$ 1,214,532	\$ 5,271,313	100
5000							
<b>Operating costs</b>	6(5)(22)and 7	( 160,867)	( 711,322)	( 17)	( 205,914)	( 893,709)	( 17)
5900							
<b>Gross profit</b>		759,394	3,357,888	83	1,008,618	4,377,604	83
<b>Operating expenses</b>	6(22)and 7						
6100							
Selling expenses		( 330,536)	( 1,461,564)	( 36)	( 424,604)	( 1,842,866)	( 35)
6200							
Administrative expenses		( 154,989)	( 685,330)	( 17)	( 175,852)	( 763,233)	( 14)
6300							
Research and development expenses		( 7,014)	( 31,015)	( 1)	-	-	-
6000							
<b>Total operating expenses</b>		( 492,539)	( 2,177,909)	( 54)	( 600,456)	( 2,606,099)	( 49)
6900							
<b>Operating profit</b>		266,855	1,179,979	29	408,162	1,771,505	34
<b>Non-operating income and expenses</b>							
7101							
Interest income	6(18)	22,349	98,823	2	22,338	96,951	2
7010							
Other income	6(19)	33,520	148,219	4	31,364	136,126	2
7020							
Other gains and losses	6(20)	( 45,915)	( 203,027)	( 4)	20,476	88,870	2
7050							
Finance costs	6(21)and 7	( 15,131)	( 66,906)	( 2)	( 9,738)	( 42,265)	( 1)
7060							
Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	33	146	-	512	2,222	-
7000							
<b>Total non-operating income and expenses</b>		( 5,144)	( 22,745)	-	64,952	281,904	5
7900							
<b>Profit before tax</b>		261,711	1,157,234	29	473,114	2,053,409	39
7950							
Income tax expense	6(23)	( 105,722)	( 467,482)	( 11)	( 160,857)	( 698,152)	( 13)
8200							
<b>Profit for the year</b>		\$ 155,989	\$ 689,752	18	\$ 312,257	\$ 1,355,257	26
<b>Other comprehensive income (loss)</b>							
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>							
8311							
Losses on remeasurements of defined benefit plans	6(13)	\$ 82	\$ 363	-	(\$ 47)	(\$ 204)	-
8320							
Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6)	139	613	-	318	1,391	-
8310							
<b>Total other comprehensive income (loss) that will not be reclassified to profit or loss</b>		221	976	-	271	1,187	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>							
8361							
Financial statements translation differences of foreign operations		( 12,361)	18,431	-	( 10,179)	( 80,185)	( 2)
8370							
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(6)	44	194	-	( 3,128)	( 13,576)	-
8360							
<b>Total other comprehensive income (loss) that will be reclassified to profit or loss</b>		( 12,317)	18,625	-	( 13,307)	( 93,761)	( 2)
<b>Other comprehensive income (loss) for the year</b>		( 12,096)	19,601	-	( 13,036)	( 92,574)	( 2)
8500							
<b>Total comprehensive income for the year</b>		\$ 143,893	\$ 709,353	18	\$ 299,221	\$ 1,262,683	24
<b>Earnings per share (in dollars)</b>	6(24)						
9750							
Basic earnings per share		\$ 1.96	\$ 8.68		\$ 3.93	\$ 17.05	
9850							
Diluted earnings per share		\$ 1.96	\$ 8.67		\$ 3.92	\$ 17.02	

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

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

Notes	Equity attributable to shareholders of the parent																	
	Retained earnings										Other equity							
	Common stock		Capital surplus		Legal reserve		Special reserve		Unappropriated retained earnings		Financial statements translation differences of foreign operations		Unrealised gains (losses) from financial assets at fair value through other comprehensive income		Treasury stocks		Total equity	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
<b>For the year ended December 31, 2021</b>																		
Balance at January 1, 2021	\$ 161,772	\$ 794,924	\$ 277,143	\$ 1,375,164	\$ 150,794	\$ 691,593	\$ 123,415	\$ 549,959	\$ 283,991	\$ 1,469,479	\$ 9,928	(\$ 473,279)	\$ 111	\$ 475	\$ -	\$ -	\$ 1,007,154	\$ 4,408,315
Profit for the year	-	-	-	-	-	-	-	-	312,257	1,355,257	-	-	-	-	-	-	312,257	1,355,257
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	( 47)	( 204)	( 13,307)	( 93,761)	318	1,391	-	-	( 13,036)	( 92,574)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	312,210	1,355,053	( 13,307)	( 93,761)	318	1,391	-	-	299,221	1,262,683
Appropriations of 2020 earnings	6(16)																	
Legal reserve	-	-	-	-	22,216	95,953	-	-	( 22,216)	( 95,953)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	( 17,754)	( 76,680)	17,754	76,680	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	( 156,445)	( 675,685)	-	-	-	-	-	-	( 156,445)	( 675,685)
Change in capital surplus accounted for using equity method	6(15)	-	-	( 522)	( 2,285)	-	-	-	-	-	-	-	-	-	-	-	( 522)	( 2,285)
Balance at December 31, 2021	\$ 161,772	\$ 794,924	\$ 276,621	\$ 1,372,879	\$ 173,010	\$ 787,546	\$ 105,661	\$ 473,279	\$ 435,294	\$ 2,129,574	(\$ 3,379)	(\$ 567,040)	\$ 429	\$ 1,866	\$ -	\$ -	\$ 1,149,408	\$ 4,993,028
<b>For the year ended December 31, 2022</b>																		
Balance at January 1, 2022	\$ 161,772	\$ 794,924	\$ 276,621	\$ 1,372,879	\$ 173,010	\$ 787,546	\$ 105,661	\$ 473,279	\$ 435,294	\$ 2,129,574	(\$ 3,379)	(\$ 567,040)	\$ 429	\$ 1,866	\$ -	\$ -	\$ 1,149,408	\$ 4,993,028
Profit for the year	-	-	-	-	-	-	-	-	155,989	689,752	-	-	-	-	-	-	155,989	689,752
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	82	363	( 12,317)	18,625	139	613	-	-	( 12,096)	19,601
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	156,071	690,115	( 12,317)	18,625	139	613	-	-	143,893	709,353
Appropriations of 2021 earnings	6(16)																	
Legal reserve	-	-	-	-	1,671	7,378	-	-	( 1,671)	( 7,378)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	20,814	91,895	( 20,814)	( 91,895)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	( 216,061)	( 953,908)	-	-	-	-	-	-	( 216,061)	( 953,908)
Change in capital surplus accounted for using equity method	6(14)	-	-	-	-	-	-	-	-	-	-	-	-	-	( 22,045)	( 97,176)	( 22,045)	( 97,176)
Balance at December 31, 2022	\$ 161,772	\$ 794,924	\$ 276,621	\$ 1,372,879	\$ 174,681	\$ 794,924	\$ 126,475	\$ 565,174	\$ 352,819	\$ 1,766,508	(\$ 15,696)	(\$ 548,415)	\$ 568	\$ 2,479	(\$ 22,045)	(\$ 97,176)	\$ 1,055,195	\$ 4,651,297

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, 2022		For the year ended December 31, 2021	
		CNY	TWD	CNY	TWD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		\$ 261,711	\$ 1,157,234	\$ 473,114	\$ 2,053,409
Adjustments					
Adjustment to reconcile profit (loss)					
Depreciation	6(7)(8)(20)(22)	74,250	328,320	72,085	312,864
Amortization	6(9)(22)	3,498	15,467	3,252	14,115
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(20)	1,974	8,729	( 2,288)	( 9,930)
Interest expense	6(21)	15,131	66,906	9,738	42,265
Interest income	6(18)	( 22,349)	( 98,823)	( 22,338)	( 96,951)
Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	( 33)	( 146)	( 512)	( 2,222)
Loss on disposal of property, plant and equipment	6(20)	588	2,600	136	590
Impairment loss on intangible assets	6(9)(20)	5,623	24,863	-	-
Impairment loss on investments accounted for using equity method	6(6)(20)	1,363	6,027	-	-
Gains from lease modifications	6(8)(20)	-	-	( 5)	( 22)
Changes in operating assets and liabilities relating to operating activities					
Changes in operating assets					
Financial assets at fair value through profit or loss		976	4,317	2,288	9,930
Notes receivable		4	18	( 5)	( 22)
Accounts receivable		246	1,088	69	299
Accounts receivable - related parties		115	509	387	1,680
Other receivables		( 5,613)	( 24,820)	( 2,036)	( 8,837)
Other receivables - related parties		192	849	( 261)	( 1,133)
Inventories		( 5,615)	( 24,828)	2,071	8,989
Prepayments		7,065	31,240	( 7,726)	( 33,532)
Changes in operating liabilities					
Contract liabilities		( 15,832)	( 70,006)	14,289	62,017
Accounts payable		( 1,280)	( 5,660)	2,400	10,416
Accounts payable - related parties		( 3,080)	( 13,619)	3,975	17,252
Other payables		( 83,987)	( 371,374)	6,163	26,749
Other payables - related parties		291	1,287	( 2,178)	( 9,453)
Net defined benefit liabilities		5	22	5	22
Guarantee deposits		( 5,065)	( 22,396)	10,060	43,662
Cash provided by operating activities		230,178	1,017,804	562,683	2,442,157
Interest paid		( 14,458)	( 63,930)	( 9,934)	( 43,116)
Income tax paid		( 152,953)	( 676,328)	( 138,551)	( 601,339)
Net cash provided by operating activities		62,767	277,546	414,198	1,797,702

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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, 2022		For the year ended December 31, 2021	
		CNY	TWD	CNY	TWD
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Acquisition of financial assets at amortised cost		\$ -	\$ -	(\$ 129,962)	(\$ 564,061)
Proceeds from disposal of financial assets at amortised cost		241,962	1,069,908	-	-
Acquisition of financial assets at fair value through profit or loss		( 30,000)	( 132,654)	-	-
Decrease (Increase) in other current assets		2	9	( 2)	( 9)
Acquisition of property, plant and equipment	6(7)	( 12,850)	( 56,820)	( 22,187)	( 96,297)
Acquisition of intangible assets	6(9)	( 15,072)	( 66,645)	( 506)	( 2,197)
Decrease in other non-current assets		8,036	35,534	3,690	16,015
Interest received		25,640	113,375	15,697	68,128
Net cash flows from (used in) investing activities		<u>217,718</u>	<u>962,707</u>	<u>( 133,270)</u>	<u>( 578,421)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>					
Repayment of the principal portion of lease liabilities	6(25)	( 39,641)	( 175,284)	( 34,372)	( 149,181)
(Decrease) Increase in short-term borrowings	6(25)	( 142,798)	( 631,423)	106,319	461,447
Proceeds from long-term borrowings	6(25)	550,586	2,434,581	263,062	1,141,742
Repayments of long-term borrowings	6(25)	( 493,200)	( 2,180,831)	( 280,760)	( 1,218,555)
Purchase of treasury stocks	6(14)	( 22,045)	( 97,176)	-	-
Payment of cash dividends	6(16)	( 216,061)	( 953,908)	( 156,445)	( 675,685)
Net cash flows used in financing activities		<u>( 363,159)</u>	<u>( 1,604,041)</u>	<u>( 102,196)</u>	<u>( 440,232)</u>
Effects due to changes in exchange rates		<u>( 11,898)</u>	<u>34,918</u>	<u>( 25,472)</u>	<u>( 153,607)</u>
(Decrease) Increase in cash and cash equivalents		<u>( 94,572)</u>	<u>( 328,870)</u>	<u>153,260</u>	<u>625,442</u>
Cash and cash equivalents at beginning of year		<u>1,375,044</u>	<u>5,973,191</u>	<u>1,221,784</u>	<u>5,347,749</u>
Cash and cash equivalents at end of year		<u>\$ 1,280,472</u>	<u>\$ 5,644,321</u>	<u>\$ 1,375,044</u>	<u>\$ 5,973,191</u>

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, 2022 AND 2021

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 9, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’

The amendments require an entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Upon adoption, the Group expects to recognise a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities retrospectively as of January 1, 2022. The potential impacts of these amendments are an increase in deferred tax assets by CNY \$18,434 (TWD \$81,257) and CNY \$22,174 (TWD \$96,324) and deferred tax liabilities by CNY \$17,935 (TWD \$79,057) and CNY \$21,699 (TWD \$94,260) and an increase in retained earnings both by CNY \$475 (TWD \$2,064) as of December 31, 2022 and January 1, 2022, respectively, and a decrease in income tax expense by CNY \$24 (TWD \$106) for the year ended December 31, 2022.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect 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, 2022	December 31, 2021	
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Chlitina Group	W-Champion International Limited (W-Champion International)	Investing	100.00	100.00	
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	K&S Biomedical Ltd.	Trading of skincare products and daily necessities	100.00	-	
Chlitina International	Centre de Recherche et de Developpement de CHLITINA FRANCE EURL (Chlitina France EURL)	Research and development center	100.00	100.00	
Hong Kong Chlitina	Chlitina (China) Trade Limited (Chlitina China)	Dealer of skincare products and supplementary health care products	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Hong Kong Chlitina	Yong Li Trading Company Limited (Yong Li)	Dealer of skincare products	100.00	100.00	
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	
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 Chlitina	PT PINING BEAUTY INDONESIA (PINING)	Importing trade goods and management consulting	100.00	100.00	
Hong Kong Chlitina	Hong Kong Jing Tai International Investment Limited (Hong Kong Jing Tai)	Investment consulting and general trade	100.00	100.00	
Hong Kong W-Amber	Weihu (Shanghai) Health Management Consulting Co.,Ltd (Weihu Shanghai)	Investing, dealer of skincare products and supplementary health care products	100.00	100.00	



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

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

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

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

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

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

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

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

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

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

E. Significant restrictions: None.

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

#### (4) Foreign currency translation

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

##### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

## B. Translation of foreign operations

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

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

C. On December 31, 2022 and 2021, the spot exchange rates of CNY to TWD were CNY \$1=TWD \$ 4.4080 and CNY \$1=TWD \$4.3440, respectively, and for the years ended December 31, 2022 and 2021, the average exchange rates of CNY to TWD were CNY \$1=TWD \$4.4218 and CNY \$1=TWD \$4.3402, 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, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

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

(12) Inventories

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

(13) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.



D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

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

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

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any initial direct costs incurred by the lessee.

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

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

(16) Investment property

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

(17) Intangible assets

A. Trademarks and licences

Separately acquired trademarks and licences are stated at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 10 to 15 years.

B. Computer software

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

C. Goodwill

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

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

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

(19) Borrowings

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

(20) Notes and accounts payable

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

(21) Derecognition of financial liabilities

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

(22) Non-hedging and embedded derivatives

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

## (23) Employee benefits

### A. Short-term employee benefits

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

### B. Pensions

#### (a) Defined contribution plans

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

#### (b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

### C. Employees' compensation and directors' remuneration

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

## (24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-

vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

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

(26) Share capital

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

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells skincare products, health care products and other products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) The skincare products and health care products are often sold with volume discounts based on aggregate sales over a 1-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. The Group calculates sales discounts and allowances based on the actual sales in current month. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur, and is settled at each reporting date. The sales usually are made with a credit term of advance receipts before goods are shipped to customers, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. The Group manages franchises and provides beautician training services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Franchise contract include multiple deliverables that shall be rendered by the Group, such as store equipment, beautician training and others. In most cases, the beautician training can be provided by another party, therefore beautician training is accounted for us a separate performance obligation. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the sales of store equipment, revenue for the store equipment is recognised at a point in time when the store equipment is delivered, the legal title has passed and the customer has accepted the store equipment.

(29) Government grants

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

(30) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2022, the carrying amount of inventories was CNY \$110,326 (TWD \$486,317).

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Cash on hand	\$ 346	\$ 1,525	\$ 374	\$ 1,625
Check deposits and demand deposits	332,438	1,465,388	521,796	2,266,682
Time deposits	713,361	3,144,495	379,081	1,646,727
Cash equivalents	234,327	1,032,913	473,793	2,058,157
	<u>\$1,280,472</u>	<u>\$5,644,321</u>	<u>\$1,375,044</u>	<u>\$5,973,191</u>

A. As of December 31, 2022 and 2021, the Group's cash equivalents pertain to fixed rate financial instruments registered with the Shanghai Stock Exchange with maturities of 7 to 28 days.

B. As of December 31, 2022 and 2021, the Group's time deposits with maturity term of over three months amounted to CNY \$0 (TWD \$0) and CNY \$241,962 (TWD \$1,051,083), respectively, which were reclassified as financial assets at amortised cost. Refer to Note 6(3) for details.

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

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

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

<u>Items</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Non-current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Unlisted stocks	\$ 23,014	\$ 101,446	\$ 21,046	\$ 91,424
Hybrid instruments	27,050	119,236	-	-
	<u>\$ 50,064</u>	<u>\$ 220,682</u>	<u>\$ 21,046</u>	<u>\$ 91,424</u>

A. The hybrid instrument pertains to the hybrid contracts of Yingyi Stem Cell Biotechnology (Hainan) Co., Ltd. (Yingyi Biotechnology) which comprise equity interests and embedded options. The option gives the Group rights to ask Yingyi Biotechnology, the original shareholders or its founder to repurchase some or all of the equity interest at the unfixed price specified in the agreement. The fair value on December 31, 2022 is provided in Note 12.



- B. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021 are listed below:

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Financial assets mandatorily measured at fair value through profit or loss				
Beneficiary certificates	\$ 976	\$ 4,315	\$ 2,288	\$ 9,930
Hybrid instruments	( 2,950)	( 13,044)	-	-
	<u>(\$ 1,974)</u>	<u>(\$ 8,729)</u>	<u>\$ 2,288</u>	<u>\$ 9,930</u>

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

(3) Financial assets at amortised cost

Items	December 31, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Current items:				
Time deposits with maturity term of over three months	\$ -	\$ -	\$ 241,962	\$ 1,051,083

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

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Interest income	<u>\$ 2,066</u>	<u>\$ 9,135</u>	<u>\$ 3,619</u>	<u>\$ 15,707</u>

- B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were CNY \$0 (TWD \$0) and CNY \$241,962 (TWD \$1,051,083), respectively.

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

- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Accounts receivable	\$ 477	\$ 2,103	\$ 723	\$ 3,141
Accounts receivable - related parties	-	-	115	500
	<u>\$ 477</u>	<u>\$ 2,103</u>	<u>\$ 838</u>	<u>\$ 3,641</u>

- A. As of December 31, 2022 and 2021, all the Group's accounts receivable arose from contracts with customers. In addition, on January 1, 2021, accounts receivable arising from contracts with customers amounted to CNY \$1,294 (TWD \$5,662).
- B. The Group does not hold any collateral as security and has no accounts receivable pledged to others.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was CNY \$477 (TWD \$2,103) and CNY \$838 (TWD \$3,641), respectively.
- D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2022					
	Cost		Allowance for inventory valuation losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	\$ 61,000	\$ 268,888	(\$ 218)	(\$ 961)	\$ 60,782	\$ 267,927
Work in progress	9,465	41,722	( 1,949)	( 8,591)	7,516	33,131
Raw materials	45,530	200,696	( 3,502)	( 15,437)	42,028	185,259
	<u>\$ 115,995</u>	<u>\$ 511,306</u>	<u>(\$ 5,669)</u>	<u>(\$ 24,989)</u>	<u>\$ 110,326</u>	<u>\$ 486,317</u>

	December 31, 2021					
	Cost		Allowance for inventory valuation losses		Book value	
	CNY	TWD	CNY	TWD	CNY	TWD
	Finished goods	\$ 59,546	\$ 258,668	(\$ 1,387)	(\$ 6,025)	\$ 58,159
Work in progress	14,363	62,393	( 4,065)	( 17,658)	10,298	44,735
Raw materials	38,970	169,286	( 2,716)	( 11,799)	36,254	157,487
	<u>\$ 112,879</u>	<u>\$ 490,347</u>	<u>(\$ 8,168)</u>	<u>(\$ 35,482)</u>	<u>\$ 104,711</u>	<u>\$ 454,865</u>

A. For the years ended December 31, 2022 and 2021, the cost of inventories recognised as expenses are as follows:

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Cost of goods sold	\$ 149,189	\$ 659,684	\$ 195,422	\$ 848,172
Loss on decline in market value	11,678	51,638	10,492	45,537
	<u>\$ 160,867</u>	<u>\$ 711,322</u>	<u>\$ 205,914</u>	<u>\$ 893,709</u>

B. The Group has no inventories pledged to others.

(6) Investments accounted for using equity method

	December 31, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Associates				
General Biologicals Corp.	\$ 48,355	\$ 213,149	\$ 48,254	\$ 209,616
Shanghai Zhongye Trade Co., Ltd.	-	-	1,382	6,003
	<u>\$ 48,355</u>	<u>\$ 213,149</u>	<u>\$ 49,636</u>	<u>\$ 215,619</u>

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

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Profit for the year	\$ 33	\$ 146	\$ 512	\$ 2,222
Other comprehensive income (loss)	183	807	( 2,810)	( 12,185)
Total comprehensive income (loss) for the year	<u>\$ 216</u>	<u>\$ 953</u>	<u>(\$ 2,298)</u>	<u>(\$ 9,963)</u>

- B. The Group has no investments accounted for using the equity method pledged to others.
- C. The Group's associate, General Biologicals Corp., has quoted market prices. As of December 31, 2022 and 2021, the fair value was CNY \$72,042 (TWD \$317,560), and CNY \$94,572 (TWD \$410,821), respectively.
- D. The Group is the single largest shareholder of General Biologicals Corp. with a 19.73% equity interest. Given the participation extent of other shareholders in the previous shareholders' meeting and the record of voting shares on significant issues, which indicates that the Group has no current ability to direct the relevant activities of General Biologicals Corp., the Group has no control, but only has significant influence, over the investee.
- E. The Group recognised an impairment loss of CNY \$1,363 (TWD \$6,027) for the year ended December 31, 2022 as the recoverable amount of the Group's investment in Shanghai Zhongye Trade Co., Ltd. was less than the carrying amount.

(7) Property, plant and equipment

(In thousands of CNY)

	2022						
	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 24,332	\$ 294,166	\$ 8,148	\$ 16,414	\$ 140,893	\$ 16,177	\$ 500,130
Accumulated depreciation and impairment	-	( 96,313)	( 5,067)	( 10,216)	( 84,692)	-	( 196,288)
	<u>\$ 24,332</u>	<u>\$ 197,853</u>	<u>\$ 3,081</u>	<u>\$ 6,198</u>	<u>\$ 56,201</u>	<u>\$ 16,177</u>	<u>\$ 303,842</u>
Balance at January 1	\$ 24,332	\$ 197,853	\$ 3,081	\$ 6,198	\$ 56,201	\$ 16,177	\$ 303,842
Additions	-	-	-	806	3,075	8,969	12,850
Disposals	-	-	-	( 55)	( 533)	-	( 588)
Reclassifications	-	-	-	4,199	12,928	( 19,732)	( 2,605)
Depreciation charge	-	( 13,119)	( 796)	( 1,194)	( 18,998)	-	( 34,107)
Net exchange differences	( 353)	-	53	-	( 129)	6	( 423)
Balance at December 31	<u>\$ 23,979</u>	<u>\$ 184,734</u>	<u>\$ 2,338</u>	<u>\$ 9,954</u>	<u>\$ 52,544</u>	<u>\$ 5,420</u>	<u>\$ 278,969</u>
<u>At December 31</u>							
Cost	\$ 23,979	\$ 294,166	\$ 8,207	\$ 20,869	\$ 153,841	\$ 5,420	\$ 506,482
Accumulated depreciation and impairment	-	( 109,432)	( 5,869)	( 10,915)	( 101,297)	-	( 227,513)
	<u>\$ 23,979</u>	<u>\$ 184,734</u>	<u>\$ 2,338</u>	<u>\$ 9,954</u>	<u>\$ 52,544</u>	<u>\$ 5,420</u>	<u>\$ 278,969</u>

(In thousands of CNY)

2021

	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 24,148	\$ 294,166	\$ 5,864	\$ 16,170	\$ 134,711	\$ 4,089	\$ 479,148
Accumulated depreciation and impairment	-	(83,666)	(4,609)	(9,130)	(67,287)	-	(164,692)
	<u>\$ 24,148</u>	<u>\$ 210,500</u>	<u>\$ 1,255</u>	<u>\$ 7,040</u>	<u>\$ 67,424</u>	<u>\$ 4,089</u>	<u>\$ 314,456</u>
Balance at January 1	\$ 24,148	\$ 210,500	\$ 1,255	\$ 7,040	\$ 67,424	\$ 4,089	\$ 314,456
Additions	-	-	1,216	364	4,185	16,422	22,187
Disposals	-	-	(31)	(13)	(92)	-	(136)
Reclassifications	-	-	1,219	-	2,977	(4,334)	(138)
Depreciation charge	-	(12,647)	(729)	(1,193)	(18,386)	-	(32,955)
Net exchange differences	184	-	151	-	93	-	428
Balance at December 31	<u>\$ 24,332</u>	<u>\$ 197,853</u>	<u>\$ 3,081</u>	<u>\$ 6,198</u>	<u>\$ 56,201</u>	<u>\$ 16,177</u>	<u>\$ 303,842</u>
<u>At December 31</u>							
Cost	\$ 24,332	\$ 294,166	\$ 8,148	\$ 16,414	\$ 140,893	\$ 16,177	\$ 500,130
Accumulated depreciation and impairment	-	(96,313)	(5,067)	(10,216)	(84,692)	-	(196,288)
	<u>\$ 24,332</u>	<u>\$ 197,853</u>	<u>\$ 3,081</u>	<u>\$ 6,198</u>	<u>\$ 56,201</u>	<u>\$ 16,177</u>	<u>\$ 303,842</u>

(In thousands of TWD)

2022

	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 105,698	\$ 1,277,857	\$ 35,395	\$ 71,302	\$ 612,039	\$ 70,273	\$ 2,172,564
Accumulated depreciation and impairment	-	(418,384)	(22,011)	(44,378)	(367,901)	-	(852,674)
	<u>\$ 105,698</u>	<u>\$ 859,473</u>	<u>\$ 13,384</u>	<u>\$ 26,924</u>	<u>\$ 244,138</u>	<u>\$ 70,273</u>	<u>\$ 1,319,890</u>
Balance at January 1	\$ 105,698	\$ 859,473	\$ 13,384	\$ 26,924	\$ 244,138	\$ 70,273	\$ 1,319,890
Additions	-	-	-	3,564	13,597	39,659	56,820
Disposals	-	-	-	(243)	(2,357)	-	(2,600)
Reclassifications	-	-	-	18,567	57,165	(87,251)	(11,519)
Depreciation charge	-	(58,010)	(3,520)	(5,280)	(84,005)	-	(150,815)
Net exchange differences	1	12,845	441	346	3,076	1,210	17,919
Balance at December 31	<u>\$ 105,699</u>	<u>\$ 814,308</u>	<u>\$ 10,305</u>	<u>\$ 43,878</u>	<u>\$ 231,614</u>	<u>\$ 23,891</u>	<u>\$ 1,229,695</u>
<u>At December 31</u>							
Cost	\$ 105,699	\$ 1,296,684	\$ 36,176	\$ 91,991	\$ 678,131	\$ 23,891	\$ 2,232,572
Accumulated depreciation and impairment	-	(482,376)	(25,871)	(48,113)	(446,517)	-	(1,002,877)
	<u>\$ 105,699</u>	<u>\$ 814,308</u>	<u>\$ 10,305</u>	<u>\$ 43,878</u>	<u>\$ 231,614</u>	<u>\$ 23,891</u>	<u>\$ 1,229,695</u>

(In thousands of TWD)

	2021						
	Land	Buildings and structures	Transportation equipment	Machinery equipment	Office and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 105,696	\$ 1,287,565	\$ 25,667	\$ 70,776	\$ 589,630	\$ 17,898	\$ 2,097,232
Accumulated depreciation and impairment	-	( 366,206)	( 20,174)	( 39,962)	( 294,516)	-	( 720,858)
	<u>\$ 105,696</u>	<u>\$ 921,359</u>	<u>\$ 5,493</u>	<u>\$ 30,814</u>	<u>\$ 295,114</u>	<u>\$ 17,898</u>	<u>\$ 1,376,374</u>
Balance at January 1	\$ 105,696	\$ 921,359	\$ 5,493	\$ 30,814	\$ 295,114	\$ 17,898	\$ 1,376,374
Additions	-	-	5,278	1,580	18,164	71,275	96,297
Disposals	-	-	( 135)	( 56)	( 399)	-	( 590)
Reclassifications	-	-	5,291	-	12,921	( 18,810)	( 598)
Depreciation charge	-	( 54,891)	( 3,164)	( 5,178)	( 79,799)	-	( 143,032)
Net exchange differences	2	( 6,995)	621	( 236)	( 1,863)	( 90)	( 8,561)
Balance at December 31	<u>\$ 105,698</u>	<u>\$ 859,473</u>	<u>\$ 13,384</u>	<u>\$ 26,924</u>	<u>\$ 244,138</u>	<u>\$ 70,273</u>	<u>\$ 1,319,890</u>
<u>At December 31</u>							
Cost	\$ 105,698	\$ 1,277,857	\$ 35,395	\$ 71,302	\$ 612,039	\$ 70,273	\$ 2,172,564
Accumulated depreciation and impairment	-	( 418,384)	( 22,011)	( 44,378)	( 367,901)	-	( 852,674)
	<u>\$ 105,698</u>	<u>\$ 859,473</u>	<u>\$ 13,384</u>	<u>\$ 26,924</u>	<u>\$ 244,138</u>	<u>\$ 70,273</u>	<u>\$ 1,319,890</u>



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:

	December 31, 2022		December 31, 2021	
	Carrying amount		Carrying amount	
	CNY	TWD	CNY	TWD
Buildings	\$ 93,075	\$ 410,275	\$ 112,935	\$ 490,589
Office equipment	-	-	5	22
	<u>\$ 93,075</u>	<u>\$ 410,275</u>	<u>\$ 112,940</u>	<u>\$ 490,611</u>
	Years ended December 31			
	2022		2021	
	Depreciation charge		Depreciation charge	
	CNY	TWD	CNY	TWD
Buildings	\$ 39,145	\$ 173,091	\$ 38,130	\$ 165,492
Office equipment	4	18	6	26
	<u>\$ 39,149</u>	<u>\$ 173,109</u>	<u>\$ 38,136</u>	<u>\$ 165,518</u>

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were CNY \$19,359 (TWD \$85,602) and CNY \$19,241 (TWD \$83,510), respectively.

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

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$ 4,109	\$ 18,169	\$ 4,648	\$ 20,173
Expense on short-term lease contracts	1,184	5,235	2,071	8,989
Expense on leases of low-value assets	5	22	6	26
Gains from lease modifications	-	-	5	22

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were CNY \$44,939 (TWD \$198,710) and CNY \$41,097 (TWD \$178,369), respectively.

(9) Intangible assets

	2022									
	Goodwill		Licences and trademarks		Software		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1										
Cost	\$ 3,213	\$ 13,957	\$ 10,162	\$ 44,144	\$ 29,128	\$ 126,532	\$ 9,409	\$ 40,873	\$ 51,912	\$ 225,506
Accumulated amortisation and impairment	-	-	( 2,655)	( 11,534)	( 27,600)	( 119,894)	( 6,553)	( 28,466)	( 36,808)	( 159,894)
	<u>\$ 3,213</u>	<u>\$ 13,957</u>	<u>\$ 7,507</u>	<u>\$ 32,610</u>	<u>\$ 1,528</u>	<u>\$ 6,638</u>	<u>\$ 2,856</u>	<u>\$ 12,407</u>	<u>\$ 15,104</u>	<u>\$ 65,612</u>
Balance at January 1	\$ 3,213	\$ 13,957	\$ 7,507	\$ 32,610	\$ 1,528	\$ 6,638	\$ 2,856	\$ 12,407	\$ 15,104	\$ 65,612
Additions - acquired separately	-	-	12,264	54,229	2,776	12,275	32	141	15,072	66,645
Disposal	-	-	-	-	( 53)	( 234)	-	-	( 53)	( 234)
Amortisation charge	-	-	( 1,233)	( 5,452)	( 1,904)	( 8,419)	( 361)	( 1,596)	( 3,498)	( 15,467)
Impairment loss	( 1,684)	( 7,446)	( 3,939)	( 17,417)	-	-	-	-	( 5,623)	( 24,863)
Net exchange differences	-	229	-	382	-	85	58	443	58	1,139
Balance at December 31	<u>\$ 1,529</u>	<u>\$ 6,740</u>	<u>\$ 14,599</u>	<u>\$ 64,352</u>	<u>\$ 2,347</u>	<u>\$ 10,345</u>	<u>\$ 2,585</u>	<u>\$ 11,395</u>	<u>\$ 21,060</u>	<u>\$ 92,832</u>
At December 31										
Cost	\$ 3,213	\$ 14,163	\$ 22,426	\$ 98,852	\$ 31,851	\$ 140,399	\$ 9,420	\$ 41,523	\$ 66,910	\$ 294,937
Accumulated amortisation and impairment	( 1,684)	( 7,423)	( 7,827)	( 34,500)	( 29,504)	( 130,054)	( 6,835)	( 30,128)	( 45,850)	( 202,105)
	<u>\$ 1,529</u>	<u>\$ 6,740</u>	<u>\$ 14,599</u>	<u>\$ 64,352</u>	<u>\$ 2,347</u>	<u>\$ 10,345</u>	<u>\$ 2,585</u>	<u>\$ 11,395</u>	<u>\$ 21,060</u>	<u>\$ 92,832</u>
	2021									
	Goodwill		Licences		Software		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1										
Cost	\$ 3,213	\$ 14,063	\$ 10,162	\$ 44,479	\$ 28,785	\$ 125,992	\$ 9,372	\$ 41,021	\$ 51,532	\$ 225,555
Accumulated amortisation and impairment	-	-	( 1,936)	( 8,474)	( 25,457)	( 111,425)	( 6,138)	( 26,866)	( 33,531)	( 146,765)
	<u>\$ 3,213</u>	<u>\$ 14,063</u>	<u>\$ 8,226</u>	<u>\$ 36,005</u>	<u>\$ 3,328</u>	<u>\$ 14,567</u>	<u>\$ 3,234</u>	<u>\$ 14,155</u>	<u>\$ 18,001</u>	<u>\$ 78,790</u>
Balance at January 1	\$ 3,213	\$ 14,063	\$ 8,226	\$ 36,005	\$ 3,328	\$ 14,567	\$ 3,234	\$ 14,155	\$ 18,001	\$ 78,790
Additions - acquired separately	-	-	-	-	481	2,088	25	109	506	2,197
Disposal	-	-	-	-	( 138)	( 600)	-	-	( 138)	( 600)
Amortisation charge	-	-	( 719)	( 3,121)	( 2,143)	( 9,301)	( 390)	( 1,693)	( 3,252)	( 14,115)
Net exchange differences	-	( 106)	-	( 274)	-	( 116)	( 13)	( 164)	( 13)	( 660)
Balance at December 31	<u>\$ 3,213</u>	<u>\$ 13,957</u>	<u>\$ 7,507</u>	<u>\$ 32,610</u>	<u>\$ 1,528</u>	<u>\$ 6,638</u>	<u>\$ 2,856</u>	<u>\$ 12,407</u>	<u>\$ 15,104</u>	<u>\$ 65,612</u>
At December 31										
Cost	\$ 3,213	\$ 13,957	\$ 10,162	\$ 44,144	\$ 29,128	\$ 126,532	\$ 9,409	\$ 40,873	\$ 51,912	\$ 225,506
Accumulated amortisation and impairment	-	-	( 2,655)	( 11,534)	( 27,600)	( 119,894)	( 6,553)	( 28,466)	( 36,808)	( 159,894)
	<u>\$ 3,213</u>	<u>\$ 13,957</u>	<u>\$ 7,507</u>	<u>\$ 32,610</u>	<u>\$ 1,528</u>	<u>\$ 6,638</u>	<u>\$ 2,856</u>	<u>\$ 12,407</u>	<u>\$ 15,104</u>	<u>\$ 65,612</u>

- A. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management.
- B. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risk relating to the relevant operating segments.
- C. The Group recognised impairment loss of CNY \$5,623 (TWD \$24,863) for the year ended December 31, 2022 as the operational condition of the subsidiary, Beijing YaPulide, was not as expected and the recoverable amount of the related assets of goodwill and trademarks was less than the carrying amount based on the assessment.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>		<u>Interest rate range</u>	<u>Collateral</u>
	<u>CNY</u>	<u>TWD</u>		
Bank borrowings				
Unsecured borrowings	\$ 104,503	\$ 460,649	4.93%~5.05%	-
<u>Type of borrowings</u>	<u>December 31, 2021</u>		<u>Interest rate range</u>	<u>Collateral</u>
	<u>CNY</u>	<u>TWD</u>		
Bank borrowings				
Secured borrowings	\$ 127,440	\$ 553,600	0.83%	Bank deposits
Unsecured borrowings	125,529	545,297	1.02%~1.19%	-
	<u>\$ 252,969</u>	<u>\$ 1,098,897</u>		

- A. The Group recognised interest expense in profit or loss for the years ended December 31, 2022 and 2021, from long-term and short-term borrowings, amounting to CNY \$11,022 (TWD \$48,737) and CNY \$5,090 (TWD \$22,092), 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, 2022 and 2021, the Group has not violated any of the loan covenants in the borrowing agreement.

(11) Other payables

	December 31, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Wages and salaries payable	\$ 26,033	\$ 114,753	\$ 35,588	\$ 154,594
Tax payable	9,953	43,873	51,102	221,987
Others	65,216	287,472	97,826	424,957
	<u>\$ 101,202</u>	<u>\$ 446,098</u>	<u>\$ 184,516</u>	<u>\$ 801,538</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022	
				CNY	TWD
Unsecured borrowings					
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 16, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	5.75%	None	\$ 45,285	\$ 199,617
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from July 13, 2022 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	5.75%	None	17,417	76,774
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 17, 2022 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	5.75%	None	13,934	61,421
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 24, 2022 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	5.75%	None	13,934	61,421

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022	
				CNY	TWD
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from November 14, 2022 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	5.75%	None	\$ 20,901	\$ 92,132
Fubon Bank	Borrowing period is from August 24, 2022 to February 25, 2024; interest is payable monthly; principal is payable at maturity.	5.05%	None	104,503	460,649
Fubon Bank	Borrowing period is from December 20, 2022 to June 22, 2024; interest is payable monthly; principal is payable at maturity.	5.06%	None	34,834	153,548
Cathay United Bank	Borrowing period is from August 17, 2022 to August 17, 2024; interest is payable monthly; principal is payable at maturity.	5.00%	None	104,503	460,649
Cathay United Bank	Borrowing period is from August 24, 2022 to August 17, 2024; interest is payable monthly; principal is payable at maturity.	5.07%	None	34,834	153,548
Less: Current portion				-	-
				<u>\$ 390,145</u>	<u>\$ 1,719,759</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021	
				CNY	TWD
Unsecured borrowings					
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 16, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	1.00%	None	\$ 126,166	\$ 548,065
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 26, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	1.00%	None	63,720	276,800
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from September 29, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	0.70%~ 1.00%	None	1,274	5,534
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 17, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	1.00%	None	19,116	83,040

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021	
				CNY	TWD
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from August 26, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	1.00%	None	\$ 12,744	\$ 55,360
Taiwan Shin Kong Commercial Bank Co., Ltd.	Borrowing period is from October 1, 2021 to August 16, 2024; interest is payable monthly; principal is payable at maturity.	0.79%~ 1.00%	None	5,098	22,146
Fubon Bank	Borrowing period is from August 12, 2020 to February 13, 2022; interest is payable monthly; principal is payable at maturity.	0.79%~ 0.94%	None	63,720	276,800
Fubon Bank	Borrowing period is from August 25, 2021 to February 26, 2023; interest is payable monthly; principal is payable at maturity.	0.80%~ 0.89%	None	31,860	138,400
Less: Current portion				( 63,720)	( 276,800)
				<u>\$ 259,978</u>	<u>\$ 1,129,345</u>

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, 2022 and 2021, the Group has not violated any of the loan covenants in the borrowing agreement.

(13) Pensions

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

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

	December 31, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Present value of defined benefit obligations	\$ 620	\$ 2,733	\$ 707	\$ 3,073
Fair value of plan assets	-	-	-	-
Net defined benefit liability	<u>\$ 620</u>	<u>\$ 2,733</u>	<u>\$ 707</u>	<u>\$ 3,073</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>Year ended December 31, 2022</u>			
Balance at January 1	\$ 707	\$ -	\$ 707
Current service cost	-	-	-
Interest (expense) income	<u>5</u>	<u>-</u>	<u>5</u>
	<u>712</u>	<u>-</u>	<u>712</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in demographic assumptions	( 67)	-	( 67)
Experience adjustments	( 15)	-	( 15)
	<u>( 82)</u>	<u>-</u>	<u>( 82)</u>
Pension fund contribution	-	-	-
Paid pension	-	-	-
Exchange difference	( 10)	-	( 10)
Balance at December 31	<u>\$ 620</u>	<u>\$ -</u>	<u>\$ 620</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, 2021</u>			
Balance at January 1	\$ 651	\$ -	\$ 651
Current service cost	-	-	-
Interest (expense) income	5	-	5
	<u>656</u>	<u>-</u>	<u>656</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in demographic assumptions	11	-	11
Experience adjustments	36	-	36
	<u>47</u>	<u>-</u>	<u>47</u>
Pension fund contribution	-	-	-
Paid pension	-	-	-
Exchange difference	4	-	4
Balance at December 31	<u>\$ 707</u>	<u>\$ -</u>	<u>\$ 707</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, 2022</u>			
Balance at January 1	\$ 3,073	\$ -	\$ 3,073
Current service cost	-	-	-
Interest (expense) income	23	-	23
	<u>3,096</u>	<u>-</u>	<u>3,096</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in demographic assumptions	( 297)	-	( 297)
Experience adjustments	( 66)	-	( 66)
	<u>( 363)</u>	<u>-</u>	<u>( 363)</u>
Pension fund contribution	-	-	-
Paid pension	-	-	-
Balance at December 31	<u>\$ 2,733</u>	<u>\$ -</u>	<u>\$ 2,733</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, 2021</u>			
Balance at January 1	\$ 2,849	\$ -	\$ 2,849
Current service cost	-	-	-
Interest (expense) income	20	-	20
	<u>2,869</u>	<u>-</u>	<u>2,869</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in demographic assumptions	50	-	50
Experience adjustments	<u>154</u>	<u>-</u>	<u>154</u>
	<u>204</u>	<u>-</u>	<u>204</u>
Pension fund contribution	-	-	-
Paid pension	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 3,073</u>	<u>\$ -</u>	<u>\$ 3,073</u>

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

	Years ended December 31	
	2022	2021
Discount rate	<u>1.750%</u>	<u>0.750%</u>
Future salary increases	<u>3.000%</u>	<u>3.000%</u>

Future mortality rate was estimated based on the 6th 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 thousands of CNY)			
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Impact on present value of defined benefit obligation	<u>(\$ 16)</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 15</u>
<u>December 31, 2021</u>				
Impact on present value of defined benefit obligation	<u>(\$ 20)</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>(\$ 19)</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, 2022</u>				
Impact on present value of defined benefit obligation	<u>(\$ 69)</u>	<u>\$ 71</u>	<u>\$ 68</u>	<u>(\$ 67)</u>
<u>December 31, 2021</u>				
Impact on present value of defined benefit obligation	<u>(\$ 86)</u>	<u>\$ 89</u>	<u>\$ 85</u>	<u>(\$ 83)</u>

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, 2023 amount to \$0.
- (f) As of December 31, 2022, the weighted average duration of that retirement plan is 14.74 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, 2022 and 2021 were CNY \$16,664 (TWD \$73,684) and CNY \$14,420 (TWD \$62,588), respectively.

(14) Share capital

- A. As of December 31, 2022, the Company’s authorized capital was TWD \$2,000,000, and the paid-in capital was CNY \$161,772 (TWD \$794,924), consisting of 79,492 thousand shares of ordinary stock, with a par value of TWD \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. Movements in the number of the Company’s ordinary shares outstanding (in thousands) are as follows:

	<u>2022</u>	<u>2021</u>
At January 1	79,492	79,492
Purchase of treasury shares	( 493)	-
At December 31	<u>78,999</u>	<u>79,492</u>

### C. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2022		
		Number of shares (in thousands)	CNY	TWD
The Company	To be reissued to employees	493	\$ 22,045	\$ 97,176

On December 31, 2021: None.

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

### (15) Capital surplus

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

	2022											
	Share premium		Employee stock options		Stock options		Others		Net change in equity of associates		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1 (December 31)	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 9,941	\$ 70,759	\$ 2,296	\$ 10,050	\$ 276,621	\$ 1,372,879
	2021											
	Share premium		Employee stock options		Stock options		Others		Net change in equity of associates		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
At January 1	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 9,941	\$ 70,759	\$ 2,818	\$ 12,335	\$ 277,143	\$ 1,375,164
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	-	-	-	-	-	( 522)	( 2,285)	( 522)	( 2,285)
At December 31	\$ 263,560	\$ 1,288,068	\$ 809	\$ 3,924	\$ 15	\$ 78	\$ 9,941	\$ 70,759	\$ 2,296	\$ 10,050	\$ 276,621	\$ 1,372,879

(16) Retained earnings

- A. The Company's Articles of Incorporation require that the Company's net earnings from the current year shall be used to offset prior years' deficit, pay income tax, provide 10% as legal reserve, and provide or reverse a special reserve in accordance with applicable laws. After the abovementioned appropriations, the distribution of the remaining earnings, if any, should be proposed by the Board of Directors and is subject to the stockholders' approval.
- B. The Company's business cycle is in the constant growth stage. In consideration of the Company's future capital requirements, its long-term financial plan and shareholders' satisfaction as to cash inflow, the Company's Articles of Incorporation stipulate that the Board of Directors may propose 10% or more of the distributable earnings as dividends, of which at least 10% should be distributed as cash dividends. However, such distribution depends on the current earnings and the capital condition, and is subject to the approval of stockholders.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2021 and 2020 as resolved by the shareholders at their meetings on June 8, 2022 and July 6, 2021, respectively, are as follows:

	2022		Dividends per share (New Taiwan dollars)	2021		Dividends per share (New Taiwan dollars)
	CNY	TWD		CNY	TWD	
Special reserve	\$ 20,814	\$ 91,895		\$ -	\$ -	
Legal reserve	1,671	7,378		22,216	95,953	
Cash dividends	<u>216,061</u>	<u>953,908</u>	\$ 12.00	<u>156,445</u>	<u>675,685</u>	\$ 8.50
	<u>\$ 238,546</u>	<u>\$ 1,053,181</u>		<u>\$ 178,661</u>	<u>\$ 771,638</u>	

Information about the appropriation of earnings as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- E. On July 6, 2021, the Company's stockholders resolved to reverse special reserve amounting to CNY \$17,754 (TWD \$76,680).

F. The appropriation of earnings for 2022 as resolved by the Board of Directors on March 9, 2023 is as follows:

	2022		
			Earnings per share (in dollars)
	RMB	NTD	(NTD)
Cash dividends	\$ 125,842	\$ 556,446	\$ 7.00

Note: The amounts related to the appropriation of earnings in RMB for the year ended December 31, 2022 were expressed using the exchange rate at the end of the reporting period.

- (a) Abovementioned appropriation of 2022 earnings has not been resolved by the shareholders.
- (b) The Company expected to reserve special reserve amounting to CNY \$4,351 (TWD \$19,239) as resolved by the Company's shareholders in 2023.
- (c) Information about the appropriation of earnings as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

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

(17) Operating revenue

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Revenue from contracts with customers	\$ 920,261	\$ 4,069,210	\$ 1,214,532	\$ 5,271,313

A. Disaggregation of revenue from contracts with customers

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

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Net sales of goods	\$ 872,261	\$ 3,856,964	\$ 1,137,478	\$ 4,936,883
Special affiliate income	9,057	40,048	20,927	90,827
Skincare service from company-operated salon and other income	38,943	172,198	56,127	243,603
	<u>\$ 920,261</u>	<u>\$ 4,069,210</u>	<u>\$ 1,214,532</u>	<u>\$ 5,271,313</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, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers	\$ 80,664	\$ 355,567	\$ 96,496	\$ 419,179
			January 1, 2021	
			CNY	TWD
Contract liabilities - advance sales receipts from customers			\$ 82,207	\$ 359,820

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

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Contract liabilities - advance sales receipts from customers at the beginning of the year	\$ 84,172	\$ 372,192	\$ 76,543	\$ 332,503

(18) Interest income

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Interest income from bank deposits	\$ 16,204	\$ 71,651	\$ 9,588	\$ 41,614
Interest income from financial assets measured at amortised cost	2,066	9,135	3,619	15,707
Other interest income	4,079	18,037	9,131	39,630
	\$ 22,349	\$ 98,823	\$ 22,338	\$ 96,951



(19) Other income

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Government grants revenue	\$ 21,340	\$ 94,361	\$ 23,532	\$ 102,134
Others	12,180	53,858	7,832	33,992
	<u>\$ 33,520</u>	<u>\$ 148,219</u>	<u>\$ 31,364</u>	<u>\$ 136,126</u>

(20) Other gains and losses

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Losses on disposal of property, plant and equipment	(\$ 588)	(\$ 2,600)	(\$ 136)	(\$ 590)
Foreign exchange (losses) gains	( 34,209)	( 151,265)	20,113	87,294
Net gains on financial assets at fair value through profit or loss	( 1,974)	( 8,729)	2,288	9,930
Gains from lease modification	-	-	5	22
Depreciation expense - investment property- buildings	( 994)	( 4,396)	( 994)	( 4,314)
Impairment losses on intangible assets	( 5,623)	( 24,863)	-	-
Impairment losses on investments accounted for using equity method	( 1,363)	( 6,027)	-	-
Other losses	( 1,164)	( 5,147)	( 800)	( 3,472)
	<u>(\$ 45,915)</u>	<u>(\$ 203,027)</u>	<u>\$ 20,476</u>	<u>\$ 88,870</u>

(21) Finance cost

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Interest expense - Bank borrowings	\$ 11,022	\$ 48,737	\$ 5,090	\$ 22,092
Interest expense - Lease liability	4,109	18,169	4,648	20,173
	<u>\$ 15,131</u>	<u>\$ 66,906</u>	<u>\$ 9,738</u>	<u>\$ 42,265</u>

(22) Employee benefit expense, depreciation and amortisation

	Year ended December 31, 2022					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 9,522	\$ 42,104	\$ 142,593	\$ 630,518	\$ 152,115	\$ 672,622
Labour and health insurance fees	587	2,596	11,597	51,280	12,184	53,876
Pension costs	769	3,400	15,900	70,307	16,669	73,707
Other employee benefit expense	338	1,495	13,060	57,749	13,398	59,244
Depreciation	3,051	13,491	70,205	310,433	73,256	323,924
Amortisation	284	1,256	3,214	14,211	3,498	15,467

	Year ended December 31, 2021					
	Operating costs		Operating expenses		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Employee benefit expense						
Wages and salaries	\$ 9,498	\$ 41,223	\$ 147,586	\$ 640,553	\$ 157,084	\$ 681,776
Labour and health insurance fees	305	1,324	10,685	46,375	10,990	47,699
Pension costs	370	1,606	14,055	61,002	14,425	62,608
Other employee benefit expense	165	716	13,029	56,548	13,194	57,264
Depreciation	1,485	6,445	69,606	302,105	71,091	308,550
Amortisation	486	2,109	2,766	12,006	3,252	14,115

- 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, 2022 and 2021, employees' compensation was accrued at CNY \$3,954 (TWD \$17,484) and CNY \$7,157 (TWD \$31,062), respectively; directors' remuneration was accrued at CNY \$1,977 (TWD \$8,742) and CNY \$3,578 (TWD \$15,531), respectively. These were estimated based on the net income before tax less employees' compensation and directors' remuneration and then multiplied by the distribution ratio as regulated in the Company's Articles of Incorporation, and recognised as salary expenses.

The employees' compensation and directors' remuneration for 2021 as approved by the Board of Directors on March 10, 2022 amounted to CNY \$7,157 (TWD \$31,062) and CNY \$3,578 (TWD \$15,531), respectively, which were in agreement with the amounts recognised in the financial statements for the year ended December 31, 2021. Aforementioned employees' compensation will be distributed in cash.

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

(23) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Current tax:				
Current tax on profits for the year	\$ 115,377	\$ 510,175	\$ 147,005	\$ 638,027
Prior year income tax (over) underestimation	( 324)	( 1,432)	2,655	11,528
Deferred tax:				
Origination and reversal of temporary differences	( 9,331)	( 41,261)	11,197	48,597
Income tax expense	<u>\$ 105,722</u>	<u>\$ 467,482</u>	<u>\$ 160,857</u>	<u>\$ 698,152</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 82,782	\$ 366,048	\$ 119,063	\$ 516,752
Effect from items disallowed by tax regulation	167	738	24	105
Effect from tax exempt income by tax regulation	( 1,149)	( 5,080)	( 2,959)	( 12,843)
Taxable loss not recognised as deferred tax assets	12,069	53,367	7,049	30,594
Change in assessment of realisation of deferred tax assets	( 1,035)	( 4,577)	184	799
Prior year income tax (over) underestimation	( 324)	( 1,432)	2,655	11,528
Withholding tax on distributable earnings of subsidiaries in China	<u>13,212</u>	<u>58,418</u>	<u>34,841</u>	<u>151,217</u>
Income tax expense	<u>\$ 105,722</u>	<u>\$ 467,482</u>	<u>\$ 160,857</u>	<u>\$ 698,152</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)

2022

	January 1	Recognised in profit or loss	Translation differences	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealised expenses	\$ 8,302	(\$ 7,288)	\$ -	\$ 1,014
Decline in value of inventories	2,478	( 520)	( 2)	1,956
Unrealised exchange loss	1,341	1,510	-	2,851
Loss carryforwards	<u>2,091</u>	<u>-</u>	<u>( 14)</u>	<u>2,077</u>
	<u>\$ 14,212</u>	<u>(\$ 6,298)</u>	<u>(\$ 16)</u>	<u>\$ 7,898</u>
- Deferred tax assets:				
Withholding tax of attributable earnings	(\$ 10,000)	\$ 10,000	\$ -	\$ -
Unrealised profit from sales	( 6,834)	4,515	-	( 2,319)
Licenses	( 1,878)	1,114	-	( 764)
	<u>(\$ 18,712)</u>	<u>\$ 15,629</u>	<u>\$ -</u>	<u>(\$ 3,083)</u>
	<u>(\$ 4,500)</u>	<u>\$ 9,331</u>	<u>(\$ 16)</u>	<u>\$ 4,815</u>

(In thousands of CNY)

2021

	January 1	Recognised in profit or loss	Translation differences	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealised expenses	\$ 7,310	\$ 992	\$ -	\$ 8,302
Decline in value of inventories	1,741	735	2	2,478
others	700	641	-	1,341
Loss carryforwards	<u>2,267</u>	<u>( 184)</u>	<u>8</u>	<u>2,091</u>
	<u>\$ 12,018</u>	<u>\$ 2,184</u>	<u>\$ 10</u>	<u>\$ 14,212</u>
- Deferred tax assets:				
Withholding tax of attributable earnings	\$ -	(\$ 10,000)	\$ -	(\$ 10,000)
Unrealised profit from sales	( 3,273)	( 3,561)	-	( 6,834)
Licenses	( 2,058)	180	-	( 1,878)
	<u>(\$ 5,331)</u>	<u>(\$ 13,381)</u>	<u>\$ -</u>	<u>(\$ 18,712)</u>
	<u>\$ 6,687</u>	<u>(\$ 11,197)</u>	<u>\$ 10</u>	<u>(\$ 4,500)</u>

(In thousands of TWD)

2022

	January 1	Recognised in profit or loss	Translation differences	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealised expenses	\$ 36,064	(\$ 32,226)	\$ 632	\$ 4,470
Decline in value of inventories	10,764	( 2,299)	157	8,622
Others	5,826	6,677	64	12,567
Loss carryforwards	9,083	-	72	9,155
	<u>\$ 61,737</u>	<u>(\$ 27,848)</u>	<u>\$ 925</u>	<u>\$ 34,814</u>
- Deferred tax assets:				
Withholding tax of attributable earnings	(\$ 43,440)	\$ 44,218	(\$ 778)	\$ -
Unrealised profit from sales	( 29,687)	19,965	( 500)	( 10,222)
Licenses	( 8,158)	4,926	( 136)	( 3,368)
	<u>(\$ 81,285)</u>	<u>\$ 69,109</u>	<u>(\$ 1,414)</u>	<u>(\$ 13,590)</u>
	<u>(\$ 19,548)</u>	<u>\$ 41,261</u>	<u>(\$ 489)</u>	<u>\$ 21,224</u>

(In thousands of TWD)

2021

	January 1	Recognised in profit or loss	Translation differences	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealised expenses	\$ 31,996	\$ 4,305	(\$ 237)	\$ 36,064
Decline in value of inventories	7,687	3,190	( 113)	10,764
Others	2,997	2,782	47	5,826
Loss carryforwards	9,923	( 799)	( 41)	9,083
	<u>\$ 52,603</u>	<u>\$ 9,478</u>	<u>(\$ 344)</u>	<u>\$ 61,737</u>
- Deferred tax assets:				
Withholding tax of attributable earnings	\$ -	(\$ 43,402)	(\$ 38)	(\$ 43,440)
Unrealised profit from sales	( 14,326)	( 15,454)	93	( 29,687)
Licenses	( 9,008)	781	69	( 8,158)
	<u>(\$ 23,334)</u>	<u>(\$ 58,075)</u>	<u>\$ 124</u>	<u>(\$ 81,285)</u>
	<u>\$ 29,269</u>	<u>(\$ 48,597)</u>	<u>(\$ 220)</u>	<u>(\$ 19,548)</u>

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

		December 31, 2022			
<u>Geographical</u>	<u>Filed/Approved</u>	Amount not yet deducted		Amount of unrecognised deferred tax assets	
		<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
China	Filed	\$ 109,604	\$ 483,134	\$ 109,604	\$ 480,166
Taiwan	Filed/Approved	63,094	278,120	58,557	258,120
Hong Kong	Filed	40,001	176,324	40,001	180,249
		<u>\$ 212,699</u>	<u>\$ 937,578</u>	<u>\$ 208,162</u>	<u>\$ 918,535</u>

		December 31, 2021			
<u>Geographical</u>	<u>Filed/Approved</u>	Amount not yet deducted		Amount of unrecognised deferred tax assets	
		<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
China.	Filed	\$ 79,129	\$ 346,190	\$ 79,129	\$ 346,190
Taiwan	Filed/Approved	43,229	187,785	36,668	167,785
Hong Kong	Filed	35,540	160,312	35,540	160,312
		<u>\$ 157,898</u>	<u>\$ 694,287</u>	<u>\$ 151,337</u>	<u>\$ 674,287</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, 2022 and 2021, the amounts of temporary differences unrecognised as deferred tax liabilities were CNY\$37,462 (TWD \$165,649) and CNY\$39,562 (TWD \$171,707), 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 2020 have been assessed and approved by the Tax Authority.

(24) Earnings per share

Year ended December 31, 2022					
	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	\$ 155,989	\$ 689,752	79,475	\$ 1.96	\$ 8.68
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 155,989	\$ 689,752	79,475		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	117		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 155,989	\$ 689,752	79,592	\$ 1.96	\$ 8.67

Year ended December 31, 2021					
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share	
	(In thousands of CNY)	(In thousands of TWD)		(CNY dollars)	(TWD dollars)
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 312,257	\$ 1,355,257	79,492	\$ 3.93	\$ 17.05
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 312,257	\$ 1,355,257	79,492		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation	-	-	155		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 312,257	\$ 1,355,257	79,647	\$ 3.92	\$ 17.02



(25) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>		<u>Lease liabilities</u>		<u>Long-term borrowings</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
At January 1, 2022	\$ 252,969	\$1,098,897	\$ 115,704	\$ 502,618	\$ 323,698	\$1,406,145
Changes in cash flow from financing activities	( 142,798)	( 631,433)	( 39,641)	( 175,284)	-	-
Proceeds from long-term borrowings	-	-	-	-	550,586	2,434,581
Repayments of long-term borrowings	-	-	-	-	( 493,200)	( 2,180,832)
Increase in lease liabilities	-	-	19,359	85,602	-	-
Impact of changes in foreign exchange rate	( 5,668)	( 6,825)	( 1,580)	719	9,061	59,865
At December 31, 2022	<u>\$ 104,503</u>	<u>\$ 460,639</u>	<u>\$ 93,842</u>	<u>\$ 413,655</u>	<u>\$ 390,145</u>	<u>\$1,719,759</u>

	<u>Short-term borrowings</u>		<u>Lease liabilities</u>		<u>Long-term borrowings</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
At January 1, 2021	\$ 150,956	\$ 660,734	\$ 130,511	\$ 571,246	\$ 350,063	\$1,532,225
Changes in cash flow from financing activities	106,319	461,447	( 34,372)	( 149,181)	-	-
Proceeds from long-term borrowings	-	-	-	-	263,062	1,141,742
Repayments of long-term borrowings	-	-	-	-	( 280,760)	( 1,218,555)
Increase in lease liabilities	-	-	19,241	83,510	-	-
Decrease in lease liabilities	-	-	( 128)	( 556)	-	-
Impact of changes in foreign exchange rate	( 4,306)	( 23,284)	452	( 2,401)	( 8,667)	( 49,267)
At December 31, 2021	<u>\$ 252,969</u>	<u>\$1,098,897</u>	<u>\$ 115,704</u>	<u>\$ 502,618</u>	<u>\$ 323,698</u>	<u>\$1,406,145</u>

## 7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Group
Kelti International Trading Corp. (Kelti International)	Other related party
Kelti (China) Daily Product Co., Ltd. (Kelti China)	Other related party
Healthmate Biotech Co., Ltd. (Healthmate Biotech)	Other related party
Charming Biotech Corp., Ltd. (Charming Biotech)	Other related party
Sagittarius Life Science Corp. (Sagittarius Life)	Other related party
Lee, Tsai & Partners Attorneys-at-Law (Lee, Tsai & Partners) (Note 1)	Other related party
Modern Pearl Holdings Limited (Modern Pearl)	Other related party
Jing Yung Gi Co., Ltd. (Jing Yung Gi)	Other related party
Mc. Reese Co., Ltd. (Mc. Reese) (Note 2)	Other related party
Chen, Wu-Kang	Other related party
Zhaocang (Shanghai) Trading Co., Ltd. (Zhaocang Trading)	Other related party
Long Chuang (Guangzhou) Daily Product Co., Ltd. (Long Chuang Daily )	Other related party
Max Exchange Corp. (Max Exchange)	Other related party
BIODYNASTY CO., LTD. (Biodynasty)	Other related party
HUNZAS CO., LTD.	Other related party
Jinyan (Shanghai) Biotechnology Co., Ltd.	Other related party
Shanghai Guangqiao Biosciences Co., Ltd. (Guangqiao Biosciences)	Other related party
General Biologicals Corp. (General Biologicals)	Associate
Dongguan Gb Biotech Corporation (Dongguan Gb)	Associate
GB GENES CORP. (GB GENES)	Associate
SHANGHAI ZHONGYE TRADE CO., LTD. (Shanghai Zhongye)	Associate
Others (for insignificant related party transactions)	Other related party

Note 1: The partner of Lee, Tsai & Partners, Jaclyn Tsai, was no longer a director of the Group since July 6, 2021; therefore, Lee, Tsai & Partners was not a related party of the Group starting from that date.

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

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Sales of goods and OEM income:				
Associate	(\$ 274)	(\$ 1,211)	\$ 112	\$ 485
Other related parties	85	378	335	1,456
	<u>(\$ 189)</u>	<u>(\$ 833)</u>	<u>\$ 447</u>	<u>\$ 1,941</u>

There were no significant differences in the price between related parties and other customers. The collection term for related parties is two months. For other customers, advance payment is required. For the year ended December 31, 2022, the Group's operating revenue from associates included the sales return in the current period.

B. Purchases

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Purchases of goods				
Associate	\$ 2,152	\$ 9,518	\$ 978	\$ 4,243
Other related parties	12,896	57,021	20,606	89,436
Processing fees				
Other related parties	271	1,198	9,521	41,323
	<u>\$ 15,319</u>	<u>\$ 67,737</u>	<u>\$ 31,105</u>	<u>\$ 135,002</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, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Accounts receivable:				
Associate	\$ -	\$ -	\$ 79	\$ 342
Other related parties	-	-	36	158
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ 500</u>
Other receivables:				
Other related parties	<u>\$ 263</u>	<u>\$ 1,163</u>	<u>\$ 455</u>	<u>\$ 1,977</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, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Accounts payable:				
Associate	\$ -	\$ -	\$ 65	\$ 284
Other related parties				
Kelti China	1,998	8,808	4,189	18,197
Others	2,091	9,216	2,915	12,663
	<u>\$ 4,089</u>	<u>\$ 18,024</u>	<u>\$ 7,169</u>	<u>\$ 31,144</u>
Other payables:				
Associate	\$ 19	\$ 84	\$ 38	\$ 165
Other related parties	740	3,262	430	1,868
	<u>\$ 759</u>	<u>\$ 3,346</u>	<u>\$ 468</u>	<u>\$ 2,033</u>

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

E. Services expense

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Other related parties				
Lee, Tsai & Partners	\$ -	\$ -	\$ 377	\$ 1,636
Kelti China	1,619	7,159	989	4,292
Others	38	168	-	-
	<u>\$ 1,657</u>	<u>\$ 7,327</u>	<u>\$ 1,366</u>	<u>\$ 5,928</u>

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

F. Property transactions - acquisition of intangible assets

	Accounts	Years ended December 31			
		2022		2021	
		Consideration		Consideration	
		CNY	TWD	CNY	TWD
Associate-Zhougye	Trademarks	<u>\$ 12,264</u>	<u>\$ 54,229</u>	<u>\$ -</u>	<u>\$ -</u>

G. Leasing arrangements - lessee

(a) The Group leases directly operated store, offices and plant from related parties for periods of 2 to 10 years and rents are payable at the beginning of each month.

(b) Acquisition of right-of-use assets

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Other related parties	\$ 1,578	\$ 6,957	\$ 3,087	\$ 13,434

(c) Lease liability

i. Balance at end of the financial reporting period

	December 31, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
Chen, Wu-Kang	\$ 13,508	\$ 59,543	\$ 15,380	\$ 66,811
Kelti China	4,521	19,929	10,561	45,877
Other related parties	6,281	27,687	10,082	43,796
	<u>\$ 24,310</u>	<u>\$ 107,159</u>	<u>\$ 36,023</u>	<u>\$ 156,484</u>

ii. Interest expense

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Other related parties	\$ 831	\$ 3,675	\$ 1,151	\$ 4,996

(3) Key management compensation

	Years ended December 31			
	2022		2021	
	CNY	TWD	CNY	TWD
Salaries and other short-term employee benefits	\$ 7,422	\$ 32,819	\$ 17,188	\$ 74,599
Post-employment benefits	134	593	121	525
	<u>\$ 7,556</u>	<u>\$ 33,412</u>	<u>\$ 17,309</u>	<u>\$ 75,124</u>

## 8. PLEDGED ASSETS

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

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

#### A. Capital expenditures

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
Contract signed	<u>\$ 7,763</u>	<u>\$ 34,219</u>	<u>\$ 5,388</u>	<u>\$ 23,405</u>

B. In June 2017, the Group had signed a donation agreement with Shanghai Tongji University Education Development Foundation, committing to donate CNY \$2,000 every year to reach the total amount of CNY \$10,000 from 2017 to 2021. This donation will be used to help to establish Shanghai Tongji University and Chlitina Holding Limited Education Foundation to support the School of Medicine's recruitment and the School of Economics and Management's development of scientific research. As of December 31, 2021, the Group has paid the aforementioned payment amounting to CNY \$2,000. As of March 9, 2023, the Group is still negotiating the subsequent aforementioned agreement with the relevant departments of Tongji University.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details of the appropriations of 2022 earnings as proposed by the Board of Directors are provided in Note 6(16).

## 12. OTHERS

### (1) Capital management

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Liability ratio	<u>44%</u>	<u>50%</u>

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>CNY</u>	<u>TWD</u>	<u>CNY</u>	<u>TWD</u>
<u>Financial assets</u>				
Financial assets at amortised cost				
Cash and cash equivalents	\$ 1,280,472	\$ 5,644,321	\$ 1,375,044	\$ 5,973,191
Financial assets at amortised cost (including current and non-current)	-	-	241,962	1,051,083
Notes receivable	1	4	5	22
Accounts receivable (including related parties)	477	2,103	838	3,641
Other receivables (including related parties)	17,721	78,118	15,591	67,728
	<u>\$ 1,298,671</u>	<u>\$ 5,724,546</u>	<u>\$ 1,633,440</u>	<u>\$ 7,095,665</u>
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss - non-current	<u>\$ 50,064</u>	<u>\$ 220,682</u>	<u>\$ 21,046</u>	<u>\$ 91,424</u>

	December 31, 2022		December 31, 2021	
	CNY	TWD	CNY	TWD
<u>Financial liabilities</u>				
Financial liabilities at amortised cost				
Short-term borrowings	\$ 104,503	\$ 460,649	\$ 252,969	\$ 1,098,897
Accounts payable (including related parties)	18,386	81,045	22,746	98,810
Other payables (including related parties)	101,961	449,444	184,984	803,571
Guarantee deposits received	81,129	357,619	86,194	374,425
Long-term borrowings (including current portion)	390,145	1,719,759	323,698	1,406,145
	<u>\$ 696,124</u>	<u>\$ 3,068,516</u>	<u>\$ 870,591</u>	<u>\$ 3,781,848</u>
Lease liabilities (including current and non-current)	<u>\$ 93,842</u>	<u>\$ 413,655</u>	<u>\$ 115,704</u>	<u>\$ 502,616</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, 2022				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:TWD	\$ 7,665	30.7100	\$ 53,401	\$ 235,392
USD:HKD	68,309	7.7984	475,902	2,097,776
CNY:HKD	17,358	1.1193	17,358	76,514
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:CNY	\$ 964	6.9669	\$ 6,716	\$ 29,604
USD:TWD	71,000	30.7100	494,648	2,180,408

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	CNY	TWD
December 31, 2021				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : TWD	\$ 12,196	27.6800	\$ 77,713	\$ 337,585
USD : HKD	38,086	7.7994	242,684	1,054,219
CNY : HKD	152,959	1.2240	152,959	664,454
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : CNY	\$ 2,157	6.3720	\$ 13,744	\$ 59,704
USD : TWD	90,500	27.6800	576,667	2,505,042

- iv. The total exchange (losses) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to a loss of CNY \$34,209 (TWD \$151,265) and a gain of CNY \$20,113 (TWD \$87,294), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022					
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>					
Monetary items					
USD : TWD	3%	\$ 1,602	\$ 7,062	\$ -	\$ -
USD : HKD	3%	14,277	62,933	-	-
CNY : HKD	3%	521	2,295	-	-
<u>Financial liabilities</u>					
Monetary items					
USD : CNY	3%	\$ 201	\$ 888	\$ -	\$ -
USD : TWD	3%	14,839	65,412	-	-
Year ended December 31, 2021					
Sensitivity analysis					
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
		CNY	TWD	CNY	TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : TWD	3%	\$ 2,331	\$ 10,128	\$ -	\$ -
USD : HKD	3%	7,281	31,627	-	-
CNY : HKD	3%	4,589	19,934	-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : CNY	3%	\$ 412	\$ 1,791	\$ -	\$ -
USD : TWD	3%	17,300	75,151	-	-

#### Price risk

- i. 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.

- ii. The Group's investments in equity securities comprise shares issued by the companies in Mainland China and Switzerland. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by CNY \$501 (TWD \$2,207) and CNY \$210 (TWD \$914), respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

#### Cash flow and fair value interest rate risk

- i. 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, 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in US Dollars.
- ii. If the borrowing interest rate of USD had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by CNY \$110 (TWD \$487) and CNY \$51 (TWD \$221), respectively. The main factor is that changes in interest expense result from floating rate borrowings.

#### (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, 2022 and 2021, the Group has no written-off financial assets that are still under recourse procedures.
- viii. The Group's accounts receivable are with customers who have optimal credit rating, and the expected credit loss rate is 0.03%. As of December 31, 2022 and 2021, the carrying amount of accounts receivable (including related parties) amounted to CNY \$477 (TWD \$2,103) and CNY \$838 (\$3,641), 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, 2022							
	12 months		Lifetime				Total	
			Significant increase in credit risk		Impairment of credit			
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Financial assets at amortised cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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 financial liabilities:</u>	(In thousands of CNY)		
	Less than 1 year	Between 1 and 2 years	Over 2 years
December 31, 2022			
Short-term borrowings	\$ 104,503	\$ -	\$ -
Accounts payable (including related parties)	18,386	-	-
Other payables (including related parties)	101,961	-	-
Lease liabilities	29,250	22,507	50,500
Guarantee deposits received	81,129	-	-
Long-term borrowings (including current portion)	-	390,145	-

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

<u>Non-derivative</u>		(In thousands of TWD)		
<u>financial liabilities:</u>				
December 31, 2022	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>	
Short-term borrowings	\$ 460,649	\$ -	\$ -	
Accounts payable (including related parties)	81,045	-	-	
Other payables (including related parties)	449,444	-	-	
Lease liabilities	128,934	99,211	222,604	
Guarantee deposits received	357,619	-	-	
Long-term borrowings (including current portion)	-	1,719,759	-	

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

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

**B. Financial instruments not measured at fair value**

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortised cost (including current and non-current), short-term borrowings, accounts payable (including related parties), other payables (including related parties), lease liabilities (including current and non-current), guarantee deposits received and long-term borrowings (including current portion) are approximate to their fair values.

**C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 is as follows:**

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

	(In thousands of CNY)			
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 23,014	\$ 23,014
Hybrid instrument	-	-	<u>27,050</u>	<u>27,050</u>
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,064</u>	<u>\$ 50,064</u>

	(In thousands of CNY)			
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - Equity securities				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,046</u>	<u>\$ 21,046</u>

December 31, 2022	(In thousands of TWD)			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 101,446	\$ 101,446
Hybrid instrument	-	-	119,236	119,236
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,682</u>	<u>\$ 220,682</u>

December 31, 2021	(In thousands of TWD)			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - Equity securities				
	\$ -	\$ -	\$ 91,424	\$ 91,424

D. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022		2021	
	Equity instrument	Equity instrument	Equity instrument	Equity instrument
	CNY	TWD	CNY	TWD
	At January 1	\$ 21,046	\$ 91,424	\$ 21,618
Acquired during the year	30,000	132,654	-	-
Losses recognised in the profit or loss	( 2,950)	( 13,044)	-	-
Effect of foreign exchange	1,968	9,648	( 572)	( 3,198)
<b>At December 31</b>	<u>\$ 50,064</u>	<u>\$ 220,682</u>	<u>\$ 21,046</u>	<u>\$ 91,424</u>

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

F. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price.



G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022		Fair value at December 31, 2021		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
	CNY	TWD	CNY	TWD				
Non-derivative equity instrument:								
Unlisted shares	\$ 23,014	\$ 101,446	\$ 21,046	\$ 91,424	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	Not applicable	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:								
Unlisted shares	\$ 21,516	\$ 94,842	\$ -	\$ -	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	Not applicable	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Embedded option	5,534	24,394	-	-	Least-square Monte Carlo simulation method	Discount for lack of marketability	Not applicable	The higher the discount for lack of marketability, the lower the fair value

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding TWD \$300 million or 20% of the Company's paid-in capital: Refer to table 4.
- E. Acquisition of real estate reaching TWD \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching TWD \$300 million or 20% of paid-in capital or more: None.

- G. Purchases or sales of goods from or to related parties reaching TWD \$100 million or 20% of paid-in capital or more: Refer to table 5.
- H. Receivables from related parties reaching TWD \$100 million or 20% of paid-in capital or more: Refer to Table 6.
- I. Trading in derivative instruments undertaken during the reporting period: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting period: Refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 9.

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

(4) Major shareholders information

Major shareholders information: Refer to table 10.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacture, distribution, and business operations of beauty products under the brand of Chlitina, company-operated salon business and aesthetic medicine clinic. For the years ended December 31, 2022 and 2021, the operating revenue, net profit and assets of the company-operated salon business and aesthetic medicine clinic were all less than 10% of their respective totals in the consolidated financial statements. In addition, management considers that the separate disclosure of company-operated salon business and aesthetic medicine clinic have no reference value. Hence, the information on assets, liabilities and capital expenditures were not disclosed.

(2) Measurement of segment information

The reportable operating segment information provided to the Chief Operating Decision-Maker are operating revenue and profit or loss before tax of the segment.

Since the Group has only one reportable segment, refer to the statement of comprehensive income.

(3) Information about segment profit or loss, assets and liabilities

Since the Group has only one reportable segment, 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

Rrefer to Note 6(17) for information on products and services.

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	(In thousands of CNY)			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 881,694	\$ 362,920	\$ 1,183,239	\$ 405,592
Others	38,567	55,516	31,293	58,052
	<u>\$ 920,261</u>	<u>\$ 418,436</u>	<u>\$ 1,214,532</u>	<u>\$ 463,644</u>

	(In thousands of TWD)			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 3,886,757	\$ 1,599,751	\$ 5,135,494	\$ 1,761,892
Others	182,453	244,714	135,819	252,178
	<u>\$ 4,069,210</u>	<u>\$ 1,844,465</u>	<u>\$ 5,271,313</u>	<u>\$ 2,014,070</u>

(7) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2022 and 2021.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Loans to others  
Year ended December 31, 2022

Table 1 Expressed in thousands of TWD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan (Note 2)	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company	Financing company's total financing amount limits	Footnote
													Item	Value			
1	Chlitina (China) Trade Limited	Crystal Asia Shanghai Limited	Other receivables	Yes	\$ 58,578	\$ 57,304	\$ -	Lower 10% of loan market rate	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 3,515,334	\$ 3,515,334	Note 4, 7
1	Chlitina (China) Trade Limited	Hong Kong Chlitina International Limited	Other receivables	Yes	2,996,910	2,953,360	-	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	3,515,334	3,515,334	Note 4, 9
2	Weishuo (Shanghai) Daily Product Limited	Wuguan (Shanghai) Trade Limited	Other receivables	Yes	90,120	-	-	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	789,459	789,459	Note 4, 5
3	Hong Kong Chlitina International Limited	Yong Li Trading Company Limited	Other receivables	Yes	31,750	31,750	-	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	6,352,463	6,352,463	Note 4, 6
4	Yong Li Trading Company Limited	Vinh Le Company Limited	Other receivables	Yes	9,100	4,550	4,550	Lower 10% of loan market rate	2	-	Operating capital	-	None	-	12,511	12,511	Note 4, 8

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The column of 'Nature of loan' shall fill in '1' as 'Business transaction' or '2' as 'Short-term financing'.

Note 3: The limit on total financing and financing to a single entity shall not be more than 40%, except for inter-company transaction, and 20% of the Company's stockholders' equity, respectively. In addition, if the Board of Directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines to the same counter party, the limit shall not be more than 10% of the Company's net asset.

Note 4: In accordance with the lending policies and procedures, total loan amount and individual loan amount cannot exceed 100% of the lender (the creditor)'s stockholders' equity between the subsidiaries, for which the ultimate parent company directly or indirectly holds 100% of voting shares.

Note 5: The line of credit to Wuguan (Shanghai) Trade Limited amounted to CNY\$20,000.

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

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

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

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Provision of endorsements and guarantees to others  
Year ended December 31, 2022

Table 2

Expressed in thousands of TWD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
1	Hong Kong Chlitina International Limited	Chlitina Holding Limited	3	\$ 1,270,493	\$ 572,500	\$ -	\$ -	\$ -	-	\$ 3,176,232	N	Y	N	

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

(1) Having business relationship with the Company.

(2) The Company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor company owns directly and indirectly more than 50% voting shares of the Company.

(4) The Company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company, and the limit on endorsements/guarantees provided for the endorsed/guaranteed company shall not be more than 10% of the Company's stockholders' equity. However, the endorsed/guaranteed company whose voting shares are 100% directly and indirectly owned by the Company is not subject to the limit.

(5) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

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

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

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

December 31, 2022

Table 3

Expressed in thousands of TWD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note)	Relationship with the securities issuer	General ledger account	As of December 31, 2022					
				Number of shares ( in thousand shares/thousand unit )	Book value	Ownership (%)	Fair value	Footnote	
Hong Kong Chlitina International Limited	Onward Therapeutics SA	None	Financial assets at fair value through profit or loss non- current	2,290	\$ 101,446	4.00%	\$ 101,446	None	
Hainan Shoumao Investment Limited	Yingyi Stem Cell Biotechnology (Hainan) Co., Ltd.	None	Financial assets at fair value through profit or loss non- current	-	119,236	5.62%	119,236	None	

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

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

Table 4

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 3)	Relationship with the investor (Note 3)	Beginning Balance		Acquisition (Note 4)		Disposal (Note 4)			Ending Balance		Footnote	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value (Note 2)	Gain (loss) on disposal	Number of shares		Amount
Chlitina (China) Trade Limited	ICBC Credit Suisse Salary Monetary Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	895,000,000	\$ 3,957,511	895,000,000	\$ 3,961,662	\$ 3,957,551	\$ 4,151	-	\$ -	
Weishuo (Shanghai) Daily Product Limited	ICBC Credit Suisse Salary Monetary Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	43,000,000	190,137	43,000,000	190,301	190,137	164	-	-	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: The exchange difference of translating to presentation currency was included in book value.

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

Note 4: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NTS300 million or 20% of paid-in capital or more.

Note 5: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NTS10 per share,

the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 5

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)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Chlitina (China) Trade Limited	Weishuo (Shanghai) Daily Product Limited	Subsidiary	Purchases	\$ 565,032	76%	-	60 days after monthly billings	-	(\$ 112,913)	78%	Note 1
British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	Subsidiary	Trademark license	213,763	100%	-	Note 2	-	28,033	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, 2022

Table 6

Expressed in thousands of TWD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	Subsidiary	\$ 112,913	3.89	\$ -	-	\$ 70,205	\$ -	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, 2022

Table 7

Expressed in thousands of TWD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
1	Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	3	Sales	\$ 565,032	60 days after monthly billings	14%
1	Weishuo (Shanghai) Daily Product Limited	Chlitina (China) Trade Limited	3	Accounts receivable	112,913	60 days after monthly billings	1%
2	Hong Kong Chilitina International Limited	Weishuo (Shanghai) Daily Product Limited	3	Sales	27,625	60 days after monthly billings	1%
3	British Virgin IS. Chlitina Marketing Limited Taiwan Branch	Hong Kong Chilitina International Limited	3	Sales	26,620	60 days after monthly billings	1%
4	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Trademark right income	213,763	In accordance with mutual agreements	5%
4	British Virgin IS. Chlitina Intelligence Limited Taiwan Branch	Chlitina (China) Trade Limited	3	Accounts receivable	28,033	In accordance with mutual agreements	0%

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, 2022

Table 8

Expressed in thousands of TWD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at December 31, 2022					Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	Share of profit (loss) of investee	
Chlitina Holding Limited	Chlitina Group Limited	British Virgin Islands	Investing	\$ 800,147	\$ 651,928	2,728,707,348	100	\$ 6,751,840	\$ 870,194	\$ 870,194	
Chlitina Group Limited	Chlitina International Limited	British Virgin Islands	Investing	717,661	569,442	25,470,001	100	6,559,865	748,934	-	Note 1
Chlitina Group Limited	Chlitina Intelligence Limited	British Virgin Islands	Investing and researching	-	-	1	100	191,080	121,245	-	Note 1
Chlitina Group Limited	W-Amber International Limited	British Virgin Islands	Investing	50,880	50,880	1,150,000	100	72	6	-	Note 1
Chlitina Group Limited	W-Champion International Limited	British Virgin Islands	Investing	34,518	34,518	930,000	100	37	3	-	Note 1
Chlitina Group Limited	C-Asia International Limited	British Virgin Islands	Investing	920	920	20,000	100	100	9	-	Note 1
Chlitina International Limited	Hong Kong Chlitina International Limited	Hong Kong	Investing and trading of skincare products	276,221	276,221	69,850,001	100	6,352,463	801,867	-	Note 1
Chlitina International Limited	Chlitina Marketing Limited	British Virgin Islands	Investing and trading of skincare products	470,025	397,038	15,742,882	100	191,866	(44,077)	-	Note 1
Chlitina International Limited	Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	France	Research and development center	188	188	500	100	-	-	-	Note 1
Chlitina International Limited	K&S Biomedical Ltd.	Taiwan	Trading of skincare products and daily necessities	70,000	-	-	100	61,130	(8,870)	-	Note 1

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investees  
Year ended December 31, 2022

Table 8

Expressed in thousands of TWD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at December 31, 2022					Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	Share of profit (loss) of investee	
Hong Kong Chilitina International Limited	Hong Kong Crystal-Asia International Limited	Hong Kong	Investing	\$ 69,642	\$ 69,642	2,300,000	100	\$ 41,370	\$ 5,245	\$ -	Note 1
Hong Kong Chilitina International Limited	Hong Kong W-Champion International Limited	Hong Kong	Investing	61,865	61,865	2,950,000	100	58,702	( 442)	-	Note 1
Hong Kong Chilitina International Limited	Hong Kong W-Amber International Limited	Hong Kong	Investing	857,939	857,939	180,603,060	100	342,315	( 186,664)	-	Note 1
Hong Kong Chilitina International Limited	Yong Li Trading Company Limited	Vietnam	Dealer of skincare products	38,218	38,218	-	100	12,511	( 10,699)	-	Note 1
Hong Kong Chilitina International Limited	HUAPAO SDN. BHD.	Malaysia	Dealer of skincare products	3,502	3,502	500,000	100	2,779	( 34)	-	Note 1
Hong Kong Chilitina International Limited	General Biologicals Corp.	Taiwan	Manufacturing of medical appliances	177,624	177,624	11,805,203	19.73	213,149	( 37,782)	-	Note 1, 2
Hong Kong Chilitina International Limited	Hong Kong Jing Tai International Investment Limited	Hong Kong	Investment consulting and general trade	4,392	4,392	1,000,000	100	3,826	( 397)	-	Note 1
Hong Kong Chilitina International Limited	PT PINING BEAUTY INDONESIA	Indonesia	Importing trade goods and management consulting	-	-	-	100	-	-	-	Note 1
Yong Li Trading Company Limited	Vinh Le Company Limited	Vietnam	Dealer of skincare products	3,003	3,003	-	100	( 1,919)	( 1,852)	-	Note 1, 3

CHLITINA HOLDING LIMITED AND SUBSIDIARIES  
Information on investees  
Year ended December 31, 2022

Table 8

Expressed in thousands of TWD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as at December 31, 2022					Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	Share of profit (loss) of investee	
Hong Kong W-Amber International Limited	Hong Kong Crystal International Services Limited	Hong Kong	Investing, dealer of skincare products and supplementary health care products	\$ -	\$ 3,050	-	-	\$ -	\$ -	\$ -	Note 1
Chlitina (China) Trade Limited	Hong Kong Crystal International Services Limited	Hong Kong	Investing, dealer of skincare products and supplementary health care products	2,754	-	100,000	100	2,529	(309)	-	Note 1
W-Champion International Limited	W-Champion Marketing Limited	British Virgin Islands	Investing	31,783	31,783	930,000	100	37	3	-	Note 1
W-Amber International Limited	W-Amber Marketing Limited	British Virgin Islands	Investing	56,280	56,280	1,150,000	100	43	4	-	Note 1
Hong Kong Jing Tai International Investment Limited	WAN JU International Investment Limited	Taiwan	Investing	2,000	2,000	200,000	100	1,754	(99)	-	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, 2022, the investment loss on General Biologicals Corp. was \$388.

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, 2022

Table 9

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chlitina (China) Trade Limited	Dealer of skincare products and health food	\$ 308,631	2	\$ -	\$ -	\$ -	\$ -	\$ 1,088,002	100	\$ 1,088,002	\$ 3,515,334	\$ -	
Shanghai Zhe Mei Technology Training Co., Ltd.	Cosmetology training services	78,302	2	-	-	-	-	( 26,941)	100	( 26,941)	( 5,154)	-	
Weishuo (Shanghai) Daily Product Limited	Production and trading of skincare products	64,207	2	-	-	-	-	4,688	100	4,688	789,459	-	
Weihu (Shanghai) Health Management Consulting Co.,Ltd	Investing, dealer of skincare products and supplementary health care products	605,565	2	-	-	-	-	( 131,683)	100	( 131,683)	91,670	-	
Crystal Asia Shanghai Limited	Dealer of skincare products and supplementary health care products	87,189	2	-	-	-	-	( 24,281)	100	( 24,281)	52,438	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2022

Table 9

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Li Shuo Biotechnology (Shanghai) Co., Ltd.	Enterprise management consulting and investing	\$ 9,868	2	\$ -	\$ -	\$ -	\$ -	(\$ 1,965)	100	(\$ 1,965)	\$ 4,640	\$ -	
Wuguan (Shanghai) Trade Limited	Dealer of skincare products and supplementary health care products	64,193	2	-	-	-	-	( 316)	100	( 316)	29,040	-	
Shanghai Yuanshuo Management Consulting Limited	Enterprise management consulting and investing	396,516	2	-	-	-	-	( 115,284)	100	( 115,284)	62,110	-	
Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd.	Medical cosmetology services	103,346	2	-	-	-	-	( 22,355)	100	( 22,355)	128	-	
Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd	Medical cosmetology services	29,810	2	-	-	-	-	( 21,730)	100	( 21,730)	( 9,494)	-	
Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd.	Medical cosmetology services	43,374	2	-	-	-	-	( 28,283)	100	( 28,283)	( 641)	-	

CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2022

Table 9

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Lunxin Medical Beauty Clinic Co., Ltd.	Medical cosmetology services	\$ 25,905	2	\$ -	\$ -	\$ -	\$ -	(\$ 22,354)	100	(\$ 22,354)	(\$ 11,504)	\$ -	
Jinghe Clinic (Nanjing) Co., Ltd	Dealer of general practice and foods	87	2	-	-	-	-	( 1,625)	100	( 1,625)	2,363	-	
Shanghai Hedeng Clinic Co., Ltd.	Dealer of general practice	2,357	2	-	-	-	-	( 462)	100	( 462)	1,260	-	
Cui Jei (Shanghai) Trading Co. Ltd.	Dealer of health food and daily necessities	6,055	2	-	-	-	-	337	100	337	5,564	-	
Shanghai Zhongye Trade Co., Ltd.	Retail of cosmetics and manicure service	29,258	2	-	-	-	-	37,304	30	534	-	-	
Hainan Shoumao Investment Limited	Enterprise management consulting and investing	151,515	2	-	-	-	-	( 24,680)	100	( 24,680)	128,492	-	



CHLITINA HOLDING LIMITED AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2022

Table 9

Expressed in thousands of TWD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period		Ending balance of accumulated amount of investment from Taiwan	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 2(2)B)	Book value as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Jiekan Trading Co., Ltd.	Dealer of skincare products and health food	\$ 26,350	2	\$ -	\$ -	\$ -	\$ -	(\$ 11,723)	100	(\$ 11,723)	\$ 14,762	\$ -	
Shanghai Yongxiang Trading Co., Ltd.	Retail of cosmetics and manicure service	88,399	2	-	-	-	-	( 13,835)	100	( 13,835)	74,368	-	
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 by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B.The financial statements were audited by R.O.C. parent company's CPA.
  - C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The Company was primary listing by foreign issuer and was not restricted to the ceiling of investment of investors in Mainland China regulated by Investment Commission, Ministry of Economic Affairs.

CHLITINA HOLDING LIMITED AND SUBSIDIARIES  
Major shareholders information  
December 31, 2022

Table 10

Name of major shareholders	Shares		Footnote
	No. of shares held	Ownership (%)	
Custody account Fu Yuan Investment Co. Ltd. entrusted under Cathay United Bank	28,056,000	35.29%	Note 1, 2

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in the trust by the shareholders, the data is disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

- V. The Individual financial statement audited and certified by CPAs for the most recent year: None.**
- VI. If the Company has financial difficulties, it shall state their influences on the Company's financial condition in the most recent year and up to the publication date the annual report: None**

## Chapter 7. Discussion of financial report status and financial performance and risks

### I. Financial status

Unit: NTD thousand

Item \ Year	2021	2022	Difference		Analysis of changes
			Amount	%	
Current Assets	7,652,195	6,282,872	(1,369,323)	(18)	1
Real estate, plant and equipment	1,319,890	1,229,695	(90,195)	(7)	2
Other assets	1,062,959	1,083,415	20,456	2	
Total assets	10,035,044	8,595,982	(1,439,062)	(14)	
Current Liabilities	3,462,068	1,917,164	(1,544,904)	(45)	3
Non-current liabilities	1,579,948	2,027,521	447,573	28	4
Total liabilities	5,042,016	3,944,685	(1,097,331)	(22)	5
Capital stock	794,924	794,924	0	0	-
Additional paid-in capital	1,372,879	1,372,879	0	0	-
Retained earnings	3,390,399	3,126,606	(263,793)	(8)	6
Other equities	(565,174)	(545,936)	19,238	(3)	
Total shareholders' equity	4,993,028	4,651,297	(341,731)	(7)	6

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 current assets: Mainly due to the decrease in cash and cash equivalents and current financial assets measured at amortized cost.
2. Decrease in property, plants, and equipment: Mainly due to fewer increases in property, plants, and equipment than the increase in depreciation.
3. Decrease in current liabilities: Mainly due to the decrease in short-term loans.
4. Increase in non-current liabilities: Mainly due to the increase in long-term loans.
5. Decrease in total liabilities: Mainly due to higher decreases in current liabilities than the increase in non-current liabilities.
6. Decrease in retained earnings: Mainly due to the decrease in profit.

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 thousand

Item \ Year	2021	2022	Increase (decrease) amount	Ratio of changes (%)	Analysis of changes
Operating revenues	5,271,313	4,069,210	(1,202,103)	(23)	1
Operating costs	893,709	711,322	(182,387)	(20)	1
Gross profit	4,377,604	3,357,888	(1,019,716)	(23)	1
Operating profit and loss	1,771,505	1,179,979	(591,526)	(33)	1
Non-operating revenues and expenses	281,904	(22,745)	(304,649)	(108)	2
Pretax income	2,053,409	1,157,234	(896,175)	(44)	3
Continuing departments net income before tax	2,053,409	1,157,234	(896,175)	(44)	3
Current net profit (loss)	1,355,257	689,752	(665,505)	(49)	3
Other consolidated income (net after tax) – current period	(92,574)	19,601	112,175	(121)	4
Total consolidated income – current period	1,262,683	709,353	(553,330)	(44)	5
Net profit attributable to the owner of parent	1,355,257	689,752	(665,505)	(49)	3
Net profit attributable to uncontrolled equity	-	-	-	-	-
Net profit from total consolidated profit/loss attributable to the owner of parent	1,262,683	709,353	(553,330)	(44)	5
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, operating gross profit, and operating profit and profit loss in 2022: Mainly due to decreases in operating revenue and changes in other financial data as a result of the COVID-19 pandemic.
2. Decrease in non-operating revenues and expenses: Mainly due to increases in currency exchange loss.
3. Decrease in net profit before tax and current net profit: Mainly due to the decrease in operating gross profits.
4. Increase in other consolidated income in the current period: Mainly due to changes in the exchange rate.
5. Decrease in consolidated income in the current period: Mainly due to the decrease of net profits 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 chain cosmetic industry will maintain the high growth. 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**

The Company will continue to achieve non-stop sales growth for different channels and expand the group's business territory by implementing the strategies of "product diversity," "multi-channel selling" and "diversified marketing" in accordance with the macro environment, industry characteristics, and market preference.

### **III. Cash flow**

#### **(I) Analyze and description of changes in cash flow for the latest year (2022)**

Unit: NTD thousand

Item \ Year	2022	2021	Changes in increase (decrease)	
			Amount	%
Net cash flows from operating activities	277,546	1,797,702	(1,520,156)	(85)
Net cash flows from investing activities	962,707	(578,421)	1,541,128	(266)
Net cash flows from financing activities	(1,604,041)	(440,232)	(1,163,809)	264

- (1) Net cash flows from operating activities: Mainly due to the decrease of the Company's net profits before tax for 2022.
- (2) Net cash flow from investing activities: Mainly due to the disposal of financial assets measured at amortized cost for 2022.
- (3) Net cash flows from financing activities: Mainly due to borrowing and repayment of long-term loans.

#### **(II) Plan for improving the liquidity shortage:**

Since the cash flows from operating activities in 2022 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.

### (III) Analysis on the cash liquidity in the coming year (2023)

Unit: NTD thousand

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
5,644,321	1,293,575	(1,525,419)	5,412,477	-	-
1. Analysis on the changes in cash flow of the current year (in the coming year) (1) Operating activities: It is estimated that the net cash inflows are mainly due to the operating revenue in the 2023. (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 for the most recent year

(I) Major capital expenditures and their usage: None.

(II) 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 other than irrelevant 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 thousand, December 31, 2022

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.	800,147	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 Holding Limited	British Virgin IS.	Investment holdings.	717,661	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 losses 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	470,025	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 Crystal- 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 losses come from the subsidiaries	Ask the subsidiaries to improve the operation and raise the profits.	None
Hong Kong W-Amber International Limited	Hong Kong	Investment holdings.	857,939	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	38,218	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Vinh Le Company Limited	Vietnam	Marketing of skin-care products	3,003	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Hong Kong Jing Tai International Investment Limited	Hong Kong	Investment consultation and regular trade	4,392	Holding company's losses come from the subsidiaries	Ask the subsidiaries to improve the operation and raise the profits.	None
PT PINING BEAUTY INDONESIA	Indonesia	Import of goods and management consultation	0	No actual operating activities	None	None
HUAPAO SDN. BHD.	Malaysia	Marketing of skin-care products	3,502	No actual operating activities	None	None
Hong Kong Crystal International Services Limited	Hong Kong	Investment holding, marketing of skincare products and health food products	2,754	No actual operating activities	None	None
WAN JU International Investment Limited	Taiwan	Investment holdings.	2,000	No actual operating activities	None	None

Chlitina (China) Trade Limited	Mainland China	Marketing of skincare products and health food products	308,631	Sale of own brands and other brands and the operation and management of franchised chain stores	None	None
Shanghai Zhe Mei Technology 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	The operation has not reached the scale economy.	The business has gradually transferred to other companies.	None
Weihu (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
Crystal Asia Shanghai Limited	Mainland China	Marketing of skincare products and health food products	87,189	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Li Shuo Biotechnology (Shanghai) Co., Ltd.	Mainland China	Enterprise management consulting and investment holdings	9,868	Holding company's losses come from the subsidiaries	Ask the subsidiaries to improve the operation and raise the profits.	None
Shanghai Yuanshuo Management Consulting Limited	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 YaPulide Medical Beauty Treatment Clinic Co., Ltd.	Mainland China	Medical cosmetology service	103,346	The operation has not reached the scale economy.	The business has gradually transferred to other companies.	None
Shanghai Yapu 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
Yapu Lide Medical Beauty 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 Clinic Co., Ltd.	Mainland China	Medical cosmetology service	25,905	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	Aesthetic medicine services income	None	None
Shanghai Hedeng Clinic Co., Ltd.	Mainland China	General clinic	2,357	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
Hainan Shoumao Investment Limited	Mainland China	Enterprise management consulting and investment holdings	151,515	No actual operating activities	None	None
Shanghai Jiekan Trading Co., Ltd.	Mainland China	Marketing of skincare products and health food products	26,350	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
Shanghai Yongxiang Trading Co., Ltd.	Mainland China	Retail sales of cosmetics and nail beauty service	88,399	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	None
K&S Biomedical Ltd.	Taiwan	Marketing of skincare and daily products	70,000	The operation has not reached the scale economy.	Strengthen the business expansion of the Company.	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 in the most recent year and up to the publication date 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 establishments or subsidiaries” including Chlitina Group Limited, Chlitina Holding Limited, Chlitina Marketing Limited, Hong Kong Chlitina International Limited, Hong Kong W-Amber International Limited, Chlitina (China) Trade Limited, Weishuo (Shanghai) Daily Product Limited, Weihu (Shanghai) Trade Limited, and Shanghai Yuanshuo Management Consulting Limited. Notes shall be made regarding the 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, as well as 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 of the Company (“Articles of Incorporation of the listed 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 acknowledging the civil decision effect of a 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 ("decisions made by the court of the Republic of China") shall be executed in the Cayman Islands, but according to its common law, the decisions made by a court in the Republic of China shall comply with the following requirements, and 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) does not involve taxes, fines, and/or amercement, and (5) the method of obtaining the decision, the decision's acknowledgment, 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 the 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 the Cayman Islands for submission of the relevant information or documents, including but not limited to the current records (including the bank and account records regarding funds and asset transfers) 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 be aware that if they intend to apply to a court in the Cayman Islands to execute a Taiwanese court's decision, or file a lawsuit or apply to a court in the Cayman Islands for execution of their relevant rights, the court in the Cayman Islands will not necessarily recognize the Taiwanese 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 risks 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, and Chlitina Marketing Limited, which are all established according to the BVI's 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's laws have not explicitly stipulated that the civil decision made by a court of the Republic of China ("decision made by a court of the Republic of China") shall be executed in the BVI. The BVI court will deem the final decision made by a Taiwanese court requiring a company to pay a certain amount (other than the multiplied damages, taxes, or other amounts of a similar nature, or fines or other amercements) to certain people as valid, and will make a decision accordingly, but A. the Taiwanese court shall have appropriate jurisdiction over the parties involved in the decision, B. the Taiwanese court has not violated the principle of natural justice of the 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 the 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's laws.

(3) Main country of operations: Hong Kong

The important subsidiaries of the Company in the main country of operation are Hong Kong Chlitina International Limited and Hong Kong W-Amber International Limited, which mainly engage 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 on the coast along the South China Sea and on the eastside of the Pearl River estuary. It adjoins Guangdong's Shenzhen in the north, can see in the south, and is adjacent to Macau and Guangdong's Zhuhai in the west. Hong Kong consists of 263 islands including Hong Kong Island, Kowloon, and The New Territories. In 1984, Hong Kong and the 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 a 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. Hong Kong is an important international hub of finance, service, and shipping, and famous for its incorruptible society, excellent public order, economic freedom, and exemplary 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. An HK company shall engage an 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 tax on profits will receive a profit tax return. The company shall fill in the relevant information 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 a commodity tax, with the exception of liquor, tobacco, hydrocarbons, and methanol.

**C. Whether acknowledging the civil decision effect of a 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, Weishuo (Shanghai) Daily Product Limited, Weihu (Shanghai) Trade Limited, and Shanghai Yuanshuo Management Consulting Limited, which are all established according to Chinese laws. See below for details about the relevant risks:

**A. Economic profile and changes in political and economic environment**

According to the Statistical Communiqué of the People’s Republic of China on 2022’s National

Economic and Social Development released by the National Bureau of Statistics of China, the annual GDP was RMB 121,020 billion with a growth rate of 3.0% YoY. The value added by the third industry accounted for 52.8% of the gross domestic product. Driven by multiple factors, such as industrialization, informationization, and consumption upgrade, the third industry, especially the service sector, is growing stably and continuously. The driving force of consumption for growth was obvious. The final annual consumer expenses made a contribution of 1% to the gross domestic product. The total annual retail sales of consumer products in society reached up to RMB 43,970 billion with a decrease of 0.2% in comparison with the previous year. Among the sales of enterprises above the designated size in retailing, the growth rate of cosmetics decreased by 4.5%, mainly due to the impact of the pandemic. In spite of the decrease, cosmetics remained a strongly supported business among consumer goods. It has great potential in the market.

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.

#### 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. 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%.

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 1, 2010 and implemented on February 1, 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, remedial measures may be taken 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 acknowledging the civil decision effect of a 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 most recent year and up to the publication date 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 2021 and 2022 was NTD 96,951 thousand and NTD 98,823 thousand respectively, and each amount accounts for the ratio of net operating revenue of 1.84% and 2.43%, respectively. The respective interest expenses were NTD 42,265 thousand and NTD 66,906 thousand respectively, with the respective net operating

income ratio of 0.8% and 1.64%. These are not high ratios, therefore the impact of changes in interest rates 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 profit (-loss) of NTD 87,294 thousand and NTD -151,265 thousand occurred respectively in 2021 and 2022. They accounted for a low impact ratio of 4.93% and -12.82% 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 properties and the subsidiaries purchased 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 an 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 in the most recent year

and up to the publication date 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 in the most recent year and up to the publication date 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 are no endorsements or guarantees between the company and the merged companies and no endorsements or guarantees for companies other than the merged company in the most recent year and up to the publication date 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:

As for the hybrid contract involving the equity and embedded options for the investment of the Company in Enhance Stem Cell Technology (Hainan) Co., Ltd., the Company has the right to exercise the option and request Enhanced Stem Cell Technology, the original shareholders, or its founder to repurchase part or all of the equity at a non-fixed price pursuant to the contract. As of December 2022, the value of the hybrid contract based on the fair value at the end of the period was NTD 119,236 thousand. The Company will periodically assess the operation of related hedging strategies depending on the operational status of the Company and act in accordance with the "Regulations Governing the Acquisition and Disposal of Assets".

5. The company's policies of research and development plans and projected investment costs in the future in the most recent year and up to the publication date 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 for beauty and health to broaden the distribution of product lines. In 2022, the franchise channels mainly promoted classic products of upgraded compositions and effectiveness. Through the e-commerce network as an extension of the franchise channel, we promoted the newly developed Trotula Flower series. It combines western pure classical aromatherapy with modern technology to provide 3D therapy services with the most natural herbaceous power for curing the body, mind, and spirit of women.

Different products launched through different channels can satisfy the needs of different consumers for personalized skincare and healthy lifestyles to the greatest extent.

- (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 2020, 2021, and 2022 were NTD 34,132 thousand, NTD 32,922 thousand and NTD 31,015 thousand respectively, and each accounted for 0.84%, 0.62%, and 0.76% respectively of the current annual revenue. 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 2023 are expected to account for about 1% of the annual revenue.

6. The impacts to the company's financial operations caused by important policies nationwide and worldwide and changes in the law, as well as the response measures in the most recent year and up to the publication date 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 changes in technology (including cyber security and risks) and industry, as well as the response measures in the most recent year and up to the publication date 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 changes in the technology (including cyber security and risks) or industry that significantly impact the company's financial business in the most recent year and up to the publication date of this annual report.

8. The impacts to the company's crisis management caused by the changes of corporate image, as well as the response measures in the most recent year and up to the publication date 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.

8. Expected benefit(s), possible risk(s), and response action(s) of mergers and acquisitions in the most recent year and up to the publication date of this annual report.

The Company had no acquisition merging plans in the most recent year and up to the publication

date of this annual report.

9. Expected benefit(s), possible risk(s), and response action(s) of the expansion of factory plants in the most recent year and up to the publication date of this annual report.

The Company had no plans for expansion of its factory plants in the most recent year and up to the publication date of this annual report.

10. The risks of sales and purchasing concentration, as well as the response measures in the most recent year and up to the publication date 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. In addition to the expansion of the company's franchise stores that have been growing steadily in recent years, we made investments in the development of our e-commerce and medical cosmetology businesses in recent years. This successful performance has contributed to an increased number of sales consumers but dispersed consumers. Therefore, the company does not have the risks of sales concentration.

11. Effect, risk, and response actions associated with large transfers or changes in shareholdings by directors, supervisors, or major shareholders holding over 10% in the most recent year and up to the publication date 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%.

12. Effect, risk, and response actions caused by changes to the rights to manage the Company in the most recent year and up to the publication date of this annual report.

The Company has no changes to the rights to manage in the most recent year and up to the publication date 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.

13. 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 lawsuit parties, and the present ongoing situation in the most recent year and up to the publication date of this annual report: None.

(2) The 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 lawsuit parties, and the present ongoing situation in the most recent two years and up to the publication date of this annual report: None.

14. Other important risk(s) and response action(s) in the most recent year and up to the publication date 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 data security protection law and the information security protection level 2.0 have been implemented since 2021. They require more of the companies for the security, control and protection of data and place more importance on the access control, log audit, and integrated security management platform. 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 acquired the IT security evaluation certification in 2022.

To protect the safety of the Company's information and assets and ensure the continuity of the business, the Company has upgraded the systems regarding the cyber security, data backup and network access in recent 3 years to reach the following purposes:

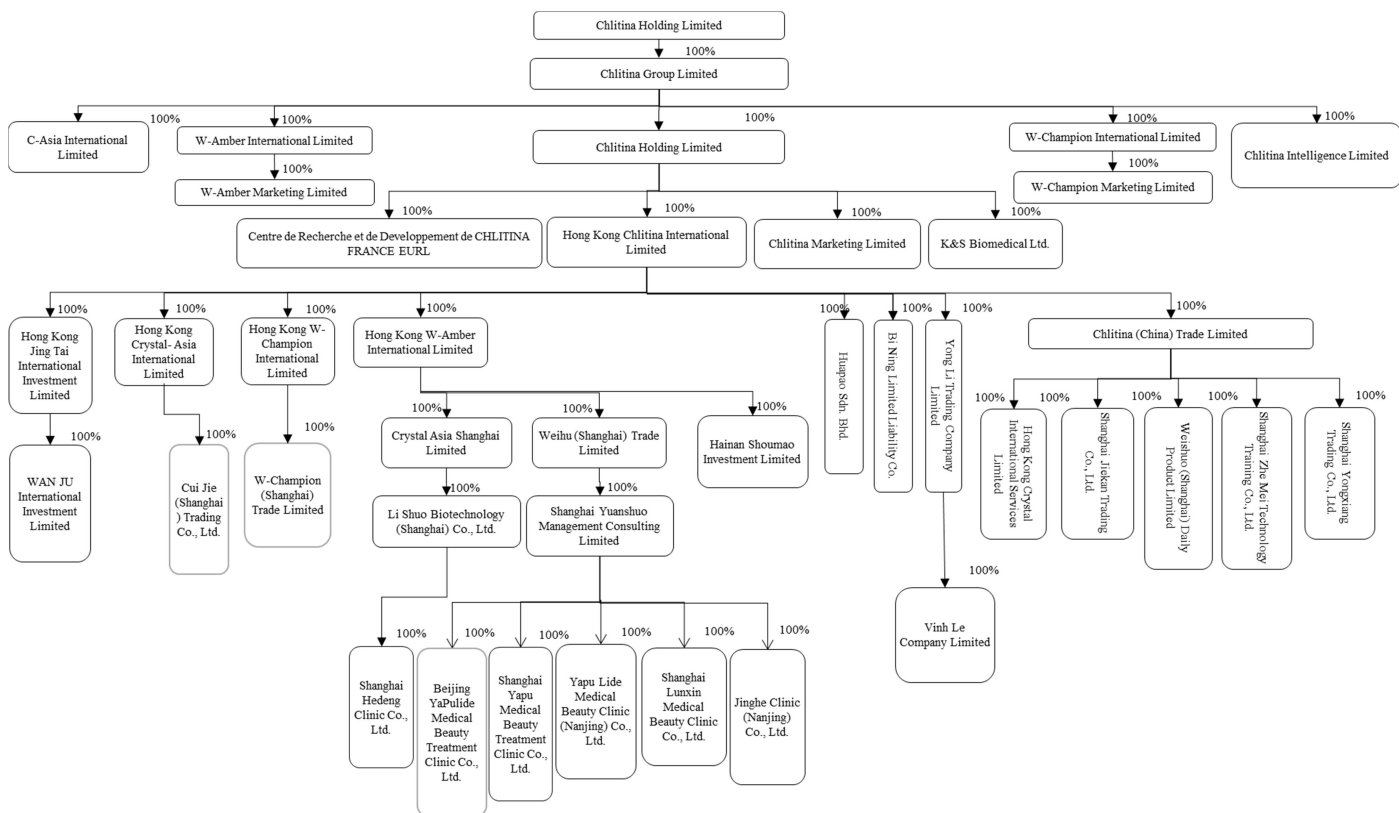
- A. Cyber security: Monitor the risk in the network and terminal application systems with early warning functions, deploy integrally, and enable anti-virus software and cyber security management strategies to block every risk behavior.
- B. Data backup: Create unified data backup, disaster recovery and platform recovery to provide data redundancy for the unknown risk of damage or loss of data.
- C. Network access: Control the access to the terminal equipment, perform preliminary checking and isolation of risks, and specify security bottom lines for network access to reduce security concerns.

**VII. Other significant events: None**

## Chapter 8. Special items

### I. Information on Affiliates:

#### 1. Organizational chart of affiliates:



December 31, 2022

Note: Chilitina Intelligence Limited, Chilitina Marketing Limited, and Chilitina (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, 2022

Company name	Date of establishment	Address	Paid-in capital	Principal business or production lines
Chlitina Group Limited	2011.11.8	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 27,787 thousand	Investment holdings.
Chlitina Intelligence Limited	2012.4.3	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 0.001 thousand	Investment holdings and R&D
Chlitina Holding Limited	2007.6.25	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 25,470 thousand	Investment holdings.
W-Amber International Limited	2014.5.7	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 1,150 thousand	Investment holdings.
W-Champion International Limited	2016.3.11	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 930 thousand	Investment holdings.
C-Asia International Limited	2016.12.7	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 20 thousand	Investment holdings.
Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	2008.6.9	102, avenue des Champs Elysées, 75008 Paris	EUR 5 thousand	R&D Center
Hong Kong Chlitina International Limited	2009.12.15	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	HKD 69,850 thousand	Investment holding and marketing of skincare products
Chlitina Marketing Limited	2012.11.8	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 15,743 thousand	Investment holding and marketing of skincare products
W-Amber Marketing Limited	2014.5.7	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 1,150 thousand	Investment holdings.
Hong Kong Crystal-Asia International Limited	2016.12.29	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	USD 2,300 thousand	Investment holdings.
Hong Kong W-Champion International Limited	2016.4.8	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	USD 2,950 thousand	Investment holdings.
Hong Kong W-Amber International Limited	2014.7.11	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	HKD 92,800 thousand + USD 10,600 thousand + RMB 50,000 thousand	Investment holdings.
W-Champion Marketing Limited	2016.3.11	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 930 thousand	Investment holdings.
Yong Li Trading Company Limited	2017.7.14	129F /95L Ben Van Don, Ward 8, District 4, Ho Chi Minh City, Vietnam	VND 226,000 thousand + USD 1,370 thousand	Marketing of skin-care products
Vinh Le Company Limited	2020.8.20	102 Ha Huy Tap, Nam Thien 1 Quarter, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam	VND 2,730,000 thousand	Marketing of skin-care products

HUAPAO SDN. BHD.	2019.4.23	Level 02.02A(I), Menara KeckSeng 203 Jalan BukitBintang55100 Kuala Lumpur W.P. Kuala Lumpur Malaysia	MYR 500 thousand	Marketing of skin-care products
Hong Kong Crystal International Services Limited	2019.9.16	Room 308, 3rd Floor, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong	USD 628 thousand	Investment holding, marketing of skincare products and health food products
Chlitina (China) Trade Limited	2006.11.14	Building F, Room 1201, 1033 Zhaojiabang Road, Xuhui District, Shanghai City, China	USD 8,570 thousand + RMB 12,131 thousand	Marketing of skincare products and health food products
Shanghai Zhe Mei Technology Training Co., Ltd.	2012.8.22	No.2, Alley 100, Jingxi Rd., Songjiang Industrial Park, Shanghai City, China	RMB 18,000 thousand	Beauty practitioners training service
Weishuo (Shanghai) Daily Product Limited	2007.2.28	1F and 3F of Building 2, No.58, Jingxi Rd., Songjiang Industrial Park, Shanghai City, China	RMB 13,755 thousand	Production and marketing of skincare products
W-Champion (Shanghai) Trade Limited	2014.11.14	Site B81, 2F., Building 2, No.251, Jihying S. Rd., Pilot Free Trade Zone, Shanghai City, China	USD 2,000 thousand	Marketing of skincare products and health food products
Weihu (Shanghai) Trade Limited	2014.11.6	Room 213, No.1, Alley 180, Shaanxi S. Rd., Xuhui District, Shanghai City, China	USD 19,400 thousand	Investment holding, marketing of skincare products and health food products
Crystal Asia Shanghai Limited	2015.8.14	Room 315, 3F., No.238 Shaanxi S. Road, Xuhui District, Shanghai City, China	USD 3,000 thousand	Marketing of skincare products and health food products
Li Shuo Biotechnology (Shanghai) Co., Ltd.	2018.4.27	Room 366 of Building 2, No.692, Yongjia Rd., Xuhui District, Shanghai City, China	RMB 2,250 thousand	Enterprise management consulting and investment holdings
Shanghai Yuanshuo Management Consulting Limited	2017.5.17	Room 320, 9F., No.583 Lingling Rd., Xuhui District, Shanghai City, China	RMB 90,000 thousand	Enterprise management consulting and investment holdings
Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd.	2005.11.4	Room 107, Building No.23, Tianshuiyuan, Chaoyang District, Beijing City, China	RMB 23,000 thousand	Medical cosmetology service

Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd.	2019.8.30	Room 1404-1406, No.666, Huaihai W. Rd., Changning Dist., Shanghai City, China	RMB 7,000 thousand	Medical cosmetology service
Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd.	2019.5.20	Shop No. 1F-16 and 2F-01, No.2-12, Shuiximen St., Qinhuai District, Nanjing City, Jiangsu Province, China	RMB 10,000 thousand	Medical cosmetology service
Shanghai Lunxin Medical Beauty Clinic Co., Ltd.	2019.9.25	1-2F., No.518 (Temp.), Hongqiao Rd., Xuhui District, Shanghai City, China	RMB 6,000 thousand	Medical cosmetology service
Jinghe Clinic (Nanjing) Co., Ltd.	2019.8.19	Shop No. 2F-03, No.2, Shuiximen St., Qinhuai District, Nanjing City, Jiangsu Province, China	RMB 20 thousand	General clinic and food
Shanghai Hedeng Clinic Co., Ltd.	2019.6.14	Room 1403, No.666, Huaihai W. Rd., Changning Dist., Shanghai City, China	RMB 545 thousand	General clinic
Cui Jie (Shanghai) Trading Co., Ltd.	2017.6.22	Site 332, 3F., Building 1, No.310, Fassai Rd., Pilot Free Trade Zone, Shanghai City, China	USD 200 thousand	Health products and daily necessities distribution
Hong Kong Jing Tai International Investment Limited	2020.9.1	Room 308, 3/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	RMB 1,000 thousand	Investment consultation and regular trade
PT PINING BEAUTY INDONESIA	2019.11.29	CEO SUITE,INDONESIA STOCK EXCHANGE TOWER 2 LANTAI 17,JALAN JENDERAL SUDIRMAN KAV 52-53, Kel.Senayan, Kec. Kebayoran Baru, Kota Adm. Jakarta Selatan, Prop. DKI Jakarta	0	Import of goods and management consultation
Hainan Shoumao Investment Limited	2021.5.17	Room 201, No.32, Kangxiang Rd., Boao Lecheng International Medical Tourism Pilot Zone, Qionghai City, Hainan Province	RMB 35,000 thousand	Enterprise management consulting and investment holdings
WAN JU International Investment Limited	2021.7.9	10F., No.107, Songren Rd., Xinyi District, Taipei City	NTD 2,000 thousand	Investment holdings.
Shanghai Jiekan Trading Co., Ltd.	2021.5.13	Room 1701, No.666, Huaihai W. Rd., Changning Dist., Shanghai City, China	RMB 6,000 thousand	Marketing of skincare products and health food products
Shanghai Yongxiang Trading Co., Ltd.	2022.2.23	9F., No.583 Lingling Rd., Xuhui District, Shanghai City	RMB 20,000 thousand	Marketing of skincare products and health food products
K&S Biomedical Ltd.	2019.12.9	10F., No.107, Songren Rd., Xinyi District, Taipei City	NTD 500 thousand + USD 2,326 thousand	Investment holding and marketing of skincare products



### 3. Information of the directors, supervisors and presidents of affiliated enterprises

December 31, 2022

Company name	Title	Name of individual or representative(s)	Shares held	
			Number of Shares	Holding ratio
Chlitina Group Limited	Director	Chen, Pi-Hua	2,728,707,348	100
Chlitina Holding Limited	Director	Chen, Pi-Hua	25,470,001	100
Chlitina Intelligence Limited	Director	Chen, Pi-Hua	1	100
W-Amber International Limited	Director	Chen, Pi-Hua	1,150,000	100
W-Champion International Limited	Director	Chen, Pi-Hua	930,000	100
C-Asia International Limited	Director	Chen, Pi-Hua	20,000	100
Centre de Recherche et de Developpement de CHLITINA FRANCE EURL	Director	Chen, Pi-Hua	500	100
Hong Kong Chlitina International Limited	Director	Chen, Pi-Hua	69,850,001	100
Chlitina Marketing Limited	Director	Chen, Pi-Hua	15,742,882	100
Hong Kong Crystal- Asia International Limited	Director	Chen, Pi-Hua	2,300,000	100
Hong Kong W-Champion International Limited	Director	Chen, Pi-Hua	2,950,000	100
Hong Kong W-Amber International Limited	Director	Chen, Pi-Hua	180,603,060	100
W-Amber Marketing Limited	Director	Chen, Pi-Hua	1,150,000	100
W-Champion Marketing Limited	Director	Chen, Pi-Hua	930,000	100
Yong Li Trading Company Limited	Director	Chen, Pi-Hua	Note	100
Vinh Le Company Limited	Director	Chen, Pi-Hua	Note	100
HUAPAO SDN. BHD.	Director	Chen, Pi-Hua	500,000	100
Hong Kong Crystal International Services Limited	Director	Chen, Pi-Hua	100,000	100
Hong Kong Jing Tai International Investment Limited	Director	Chen, Pi-Hua	1,000,000	100
PT PINING BEAUTY INDONESIA	Director	Chen, Pi-Hua	Note	100
WAN JU International Investment Limited	Director	Chen, Pi-Hua	200,000	100
Chlitina (China) Trade Limited	Executive director/General manager Supervisor	Chen, Pi-Hua Chen, Le-Wei	Note	100
Shanghai Zhe Mei Technology Training Co., Ltd.	Executive director/General manager Supervisor	Chao, Cheng-You Chen, Chao-Ching	Note	100
Weishuo (Shanghai) Daily Product Limited	Executive Director Supervisor	Chen, Pi-Hua Chen, Le-Wei	Note	100

Weihu (Shanghai) Trade Limited	Executive Director Supervisor	Chen, Pi-Hua Chen, Le-Wei	Note	100
Crystal Asia Shanghai Limited	Executive Director Supervisor	Chen, Pi-Hua Chen, Pei-Wen	Note	100
W-Champion (Shanghai) Trade Limited	Executive Director Supervisor	Chen, Pi-Hua Chen, Le-Wei	Note	100
Shanghai Yuanshuo Management Consulting Limited	Executive Director Supervisor	Chen, Pi-Hua Chao, Cheng-You	Note	100
Beijing YaPulide Medical Beauty Treatment Clinic Co., Ltd.	Executive director/General manager Supervisor	Li Liang Chen, Ming-Chieh	Note	100
Cui Jie (Shanghai) Trading Co., Ltd.	Executive director/General manager Supervisor	Chen, Pi-Hua Chao, Cheng-You	Note	100
Li Shuo Biotechnology (Shanghai) Co., Ltd.	Executive Director Supervisor	Chen, Pi-Hua Chen, Chao-Ching	Note	100
Shanghai Hedeng Clinic Co., Ltd.	Executive director/General manager Supervisor	Li Liang Chao, Cheng-You	Note	100
Shanghai Yapu Medical Beauty Treatment Clinic Co., Ltd.	Executive Director Supervisor	Chen, Pi-Hua Chao, Cheng-You	Note	100
Shanghai Lunxin Medical Beauty Clinic Co., Ltd.	Executive Director Supervisor	Chao, Cheng-You TING, I	Note	100
Jinghe Clinic (Nanjing) Co., Ltd.	Executive Director Supervisor	Chiu Yen Hsu, Zhen-Qiong	Note	100
Yapu Lide Medical Beauty Clinic (Nanjing) Co., Ltd.	Executive Director Supervisor	Chiu Yen Hsu, Zhen-Qiong	Note	100
Hainan Shoumao Investment Limited	Executive director/General manager Supervisor	Chen, Pi-Hua Chao, Cheng-You	Note	100
Shanghai Yongxiang Trading Co., Ltd.	Executive Director Supervisor	Chao, Cheng-You TING, I	Note	100
Shanghai Jiekan Trading Co., Ltd.	Executive Director Supervisor	Chen, Pi-Hua Chao, Cheng-You	Note	100
K&S Biomedical Ltd.	Director	Chen, Po-Hung	Note	100

Note: Limited company, no shares issuance.

#### 4. Operating profile of affiliated companies

December 31, 2022, Unit: NTD thousand

Company name	Capital	Total assets	Total liabilities	of shares rights	Operating revenues	Operating profit	Profit or loss in current period (after tax)	Earnings per share (NTD) (after tax)
Chlitina Group Limited	800,147	6,751,840	0	6,751,840	0	(3)	870,194	Note 1
Chlitina Intelligence Limited	0	209,542	18,462	191,080	213,718	138,607	121,245	Note 1
Chlitina Holding Limited	717,661	6,559,865	0	6,559,865	0	(1)	748,934	Note 1
W-Amber International Limited	50,880	72	0	72	0	0	6	Note 1
W-Champion International Limited	34,518	37	0	37	0	0	3	Note 1
C-Asia International Limited	920	100	0	100	0	0	9	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	7,835,653	1,483,190	6,352,463	29,781	(41,789)	801,867	Note 1
Chlitina Marketing Limited	470,025	235,630	43,764	191,866	151,735	(45,743)	(44,077)	Note 1
W-Amber Marketing Limited	56,280	43	0	43	0	0	4	Note 1
Hong Kong Crystal- Asia International Limited	69,642	41,425	55	41,370	0	(6,133)	(5,245)	Note 1
Hong Kong W-Champion International Limited	61,865	58,757	55	58,702	0	(138)	(442)	Note 1
Hong Kong W-Amber International Limited	857,939	342,403	88	342,315	0	(6,332)	(186,664)	Note 1
W-Champion Marketing Limited	31,783	37	0	37	0	0	3	Note 1
Yong Li Trading Company Limited	38,218	13,271	760	12,511	1,105	(8,879)	(10,699)	Note 1
Vinh Le Company Limited	3,003	3,757	5,676	(1,919)	2,132	(1,862)	(1,852)	Note 1 Note 2
HUAPAO SDN. BHD.	3,502	2,881	102	2,779	0	(34)	(34)	Note 1



Hainan Shoumao Investment Limited	151,515	129,158	666	128,492	0	(11,644)	(24,680)	Note 1
WAN JU International Investment Limited	2,000	1,790	45	1,745	0	(99)	(99)	Note 1
Shanghai Jiekan Trading Co., Ltd.	26,350	21,012	6,250	14,762	15,732	(11,721)	(11,723)	Note 1
Shanghai Yongxiang Trading Co., Ltd.	88,399	77,030	2,662	74,368	6,286	(13,835)	(13,835)	Note 1
K&S Biomedical Ltd.	70,000	67,922	6,792	61,130	0	(8,933)	(8,870)	Note 1

Note 1: It is a company of limited liability and this volume is not applicable.

Note 2: 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 (2022) and up to the publication date of the annual reports: None.**

**III. Subsidiaries' holding or disposal of the Company's equities in the most recent year (2022) and up to the publication date of the annual reports: None.**

**IV. Other necessary supplementary notes: Description of the significant differences from the domestic regulations on the protection of shareholders' interests.**

**Given the inconsistency between the laws of the Cayman Islands and the laws of the Republic of China, the "Checklist of Protecting the Rights of Foreign Issuer's Shareholders in the Place of Registration" (hereinafter referred to as "Protections to Shareholders' Equity") issued previously 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 Law 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"> <li data-bbox="1435 268 2049 853">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.</li> <li data-bbox="1435 853 2049 1370">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 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 Law of our country on votes to special resolutions of public companies.</li> </ol>

<b>Differences</b>	<b>Cayman laws and notes</b>	<b>Provisions of the Articles of Incorporation and notes</b>
<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol>	<p>According to the compulsory provisions on capital reduction in Articles 14 to Article 18 of the Company Law 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 Law 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 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>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 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</p>

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
		<p>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, 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>The Company Law of the Cayman Islands stipulates that the voting right may be 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 Law of the Cayman Islands, and shall not be deemed as "having attended the shareholders meeting personally," and shall be deemed as having appointed the Chairman of the shareholders' meeting as the proxy.</p>	<p>Article 46 of the Articles of Incorporation stipulates that shareholders exercising their voting rights 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</p>	<p>The Company Law of the Cayman Islands</p>	<p>As stipulated in the later paragraph of Article</p>



<b>Differences</b>	<b>Cayman laws and notes</b>	<b>Provisions of the Articles of Incorporation and notes</b>
<p>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>stipulates that the voting right may be exercised personally or by entrusting a proxy.</p>	<p>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 Chairman 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 Companies," such as the entrusted solicitor, manner of solicitation, solicitation announcement and restrictions, etc.</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 the Taiwan Stock Exchange Corporation on 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".</p>

Differences	Cayman laws and notes	Provisions of the Articles of Incorporation and notes
		which has already complied with the contents stipulated in the left-most column.
<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 Law 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 Chairman 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 cancellation, but have no material difference in the protection of shareholders' interests.</p>
<p>Regulations related to the supervisor.</p>	<p>The Company Law of the Cayman Islands does not have such provisions.</p>	<p>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.</p>
<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>	<p>The Cayman lawyer specified that when merger is made according to the Company Law of the Cayman Islands, the shares of the dissenting shareholders will be canceled after the</p>	<p>In 2020, the Company amended Article 39(3) of the Articles of Incorporation regarding the execution procedure of the appraisal rights for the dissenting shareholders based on the rights</p>

<b>Differences</b>	<b>Cayman laws and notes</b>	<b>Provisions of the Articles of Incorporation and notes</b>
<p>(1) Splits, mergers, acquisitions, or equity transfers of the Company.</p> <p>(2) The Company signs, changes, or terminates the contract related to the leasing of all businesses, entrusted operations, or joint operations with others, assigns all or the main part of the businesses or properties, or acquires all of the businesses or properties of others which have a significant impact on the operations of the Company.</p> <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 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>completion of merger. The dissenting shareholder only has the right to apply to the Cayman Islands court for a ruling on the buyback price. The merger procedure may proceed and be completed without the completion of the buyback procedure. 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 Law 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>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>

<b>Differences</b>	<b>Cayman laws and notes</b>	<b>Provisions of the Articles of Incorporation and notes</b>
<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 up to the publication date of the annual reports, where there is any event having a significant impact on the shareholders' interests or the securities price as stipulated in Article 36, paragraph 2, subparagraph 2 of the Act, note it one by one: None.**

Chlitina Holding Limited

Chairman:  
Chen, Pi-Hua