

Chlitina Holding Limited

Rules for Performance Evaluation of the Board of Directors

Article 1. Purpose and basis

To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, the Company established these rules pursuant to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.

Article 2. Regulations to be followed

The general evaluation cycles, evaluation periods, scope and method of evaluation, the unit conducting evaluations, evaluation procedures and other matters for compliance under the Company's regulations governing the board performance evaluation shall be subject to these rules.

The board committee's charters shall be subject to review at least once a year as part of the Company's regulations governing performance evaluation for internal committees.

Article 3. Evaluation cycle and period

The Company's board of directors shall conduct an internal board performance evaluation at the end of each fiscal year according to the evaluation procedures and the evaluation indexes in Articles 6 and 8.

Internal and external board performance evaluations shall be completed before the end of the first quarter of the following year.

Article 4. Assessment scope and method

The Company's board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees.

Methods of evaluations may include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, or other appropriate methods.

Article 5. Unit responsible for evaluation

The unit conducting internal evaluations of the Company's board of directors shall be the unit in charge of its affairs.

For functional committees, the unit responsible for evaluation may vary slightly depending on the organizational structure of the company. The unit conducting evaluations shall be fair and impartial, and no individual or unit conducting evaluations shall have any direct interest in the operation of the units subject to evaluation.

Article 6. Evaluation procedure

1. Determine the units to be subject to evaluation, the period and the scope of evaluation in the current year, e.g. the board of directors as a whole, individual board members, each functional committee, etc.
2. Determine the method of evaluation, e.g. internal evaluation of the board, self-evaluation by the board members of themselves or peers, peer evaluation, etc.
3. If it is an internal self-evaluation, after the end of each fiscal year, the unit responsible for the evaluations will collect relevant information about the activities of the board of directors and distribute self-evaluation questionnaires such as the Questionnaire of Self-Performance Evaluation of the Board, the Questionnaire of Self-Performance Evaluation of Board Members, and the Questionnaire of Self-Performance Evaluation of the Functional Committee. The unit responsible for evaluation or the secretariat of the board will then collect all information, give scores based on the evaluation indexes in Article 8, record the evaluation results in a report, and submit the report to the board of directors for discussion and improvement.

Article 7. External professional institutions and experts

When appointing an external evaluation institution or panel of external experts and scholars to conduct evaluations of board performance, the Company shall comply with the following guidelines:

1. The external evaluation institution or panel of external experts and scholars shall be professional and independent.
2. The external evaluation institution shall be an institution or management consulting firm mainly engaging in the provision of services for educational and training programs for board of directors and improvement of corporate governance of enterprises.
3. The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance to conduct evaluations of board performance of the company and prepare external evaluation analysis reports.

Article 8. Evaluation and scoring criteria

The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects:

1. Participation in the operation of the company;
2. Improvement of the quality of the board of directors' decision making;
3. Composition and structure of the board of directors;
4. Election and continuing education of the directors; and

5. Internal control.

The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:

1. Alignment of the goals and missions of the company;
2. Awareness of the duties of a director;
3. Participation in the operation of the company;
4. Management of internal relationship and communication;
5. The director's professionalism and continuing education; and
6. Internal control.

The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:

1. Participation in the operation of the company;
2. Awareness of the duties of the functional committee;
3. Improvement of quality of decisions made by the functional committee;
4. Makeup of the functional committee and election of its members and
5. Internal control.

The indexes of board performance evaluation shall be determined based on the operation and needs of the Company, suitable, and appropriate for evaluations by the company.

Scoring criteria may be modified and adjusted based on the company's needs. The weighted scoring method may be adopted based on the aspects of evaluation.

Article 9. Use of evaluation results

The results of the performance of the board of directors should be used as a reference when electing or nominating members of the board of directors.

Article 10. Disclosure of information in annual reports

The Company shall disclose in its annual report how the board performance evaluation has been conducted each year, including information covering at least evaluation cycle, evaluation period, scope of evaluation, evaluation method, and what is to be evaluated.

In cases where an external institution or experts are appointed to conduct evaluations of board performance, the Company shall, in the annual report, disclose the external evaluation institution, the experts and their team members, and their expertise, and the statement of independence by the external evaluation institution or experts, and describe the evaluation method, standards and suggestions on improvement to be made.

Article 11. Disclosure method

The performance evaluation regulations established by the Company shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website, to be made available for consultation.

Article 12. Implementation and amendment

The Company's regulations shall take effect after having been discussed and approved by the board of directors. Subsequent amendments thereto shall be effected in the same manner.