

Chlitina Holding Limited

Corporate Governance Best Practice Principles

Chapter 1: General Provisions

Article 1

To establish a sound corporate governance system, these Principles are formulated with reference to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” jointly established by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX).

Article 2

The Company shall establish a corporate governance system in compliance with relevant laws and regulations, its Articles of Incorporation, contracts with the TWSE or TPEX, and based on the following principles:

1. Establishing an effective corporate governance framework.
2. Protecting shareholders’ rights and interests.
3. Strengthening the role of the board of directors.
4. Enhancing the function of supervisors.
5. Respecting the rights and interests of stakeholders.
6. Increasing information transparency.

Article 3

The Company shall establish an effective internal control system in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies,” taking into consideration the operations of the Company and its subsidiaries. The system shall be reviewed regularly to ensure its effectiveness amid internal and external environmental changes.

In addition to performing self-assessments of internal control, the board of directors and management shall review the results of departmental self-assessments and internal audit reports at least annually and quarterly, respectively. The audit committee shall supervise and monitor these tasks. Directors and members of the audit committee shall regularly meet with internal audit personnel to discuss deficiencies and follow up on improvements, with such meetings documented and

reported to the board. An effective communication channel shall be established between independent directors, audit committee members, and the head of internal audit. The convener of the audit committee shall report communication outcomes at the shareholders' meeting.

Management shall attach importance to the internal audit function, grant sufficient authority, and ensure that the internal audit unit can effectively assess and improve the internal control system and operational efficiency, assisting the board and management in fulfilling their responsibilities and implementing corporate governance.

Appointments, evaluations, and compensation of internal auditors shall be approved by the board or submitted by the audit head to the chairman for approval.

Article 3-1

The Company shall, in accordance with its scale, business conditions, and management needs, allocate appropriate personnel responsible for corporate governance. In line with regulatory requirements, a corporate governance officer shall be designated, serving as the highest-level person responsible for governance-related matters.

This officer shall hold attorney or CPA qualifications, or have at least three years of experience in legal affairs, compliance, internal audit, finance, shareholder services, or corporate governance at a public company or a financial/securities institution.

Governance-related matters shall include, at minimum:

1. Handling matters related to board and shareholders' meetings in accordance with law.
2. Preparing meeting minutes for board and shareholders' meetings.
3. Assisting directors and supervisors with onboarding and continuing education.
4. Providing directors and supervisors with necessary information to perform their duties.
5. Assisting directors and supervisors in complying with laws and regulations.
6. Other corporate governance matters stipulated by the Articles of Incorporation or agreements.

Chapter 2: Protection of Shareholders' Rights and Interests

Section 1: Encouraging Shareholder Participation in Governance

Article 4

The execution of the Company's corporate governance shall prioritize protecting shareholder rights and treat all shareholders fairly.

The governance system shall ensure shareholders' right to be informed, to participate, and to make decisions regarding significant corporate matters.

Article 5

The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and establish comprehensive meeting rules.

Matters requiring shareholder resolutions must be implemented in strict accordance with the agenda and legal procedures.

Article 6

The board shall appropriately arrange the agenda and procedures of shareholders' meetings. Sufficient time should be allocated for discussion of each proposal, and shareholders should be given adequate opportunities to speak.

More than half of the directors (including at least one independent director) and the convener of the audit committee should attend the shareholders' meeting, and attendance should be recorded in the meeting minutes.

Article 7

The Company shall encourage shareholder participation and ensure that shareholders' meetings are convened legally, effectively, and safely. The Company shall adopt technological tools, such as uploading Chinese and English versions of the annual report, financial statements, meeting notice, agenda handbook, and supplemental materials, and shall implement electronic voting to increase participation and ensure that shareholders can exercise their rights.

The Company should avoid raising ad hoc motions or amending original proposals during the shareholders' meeting.

Voting on proposals should be conducted on an item-by-item basis, and voting results (agree, disagree, abstain) should be disclosed on the Market Observation Post System (MOPS) on the same day.

Article 8

The meeting minutes shall include the date, location, chairperson, resolution method,

and a summary of the proceedings and results. For elections of directors and supervisors, voting methods and vote counts shall be recorded. Minutes shall be permanently and properly maintained and disclosed on the Company website, if available.

Article 9

The chairperson of the shareholders' meeting shall be fully familiar with and comply with meeting procedures and ensure smooth progress. The chair may not arbitrarily declare the meeting adjourned.

If the chair violates procedure and declares adjournment improperly, other board members should assist attending shareholders in selecting a new chairperson with the approval of a majority of voting rights to continue the meeting.

Article 10

The Company shall respect shareholders' right to information and comply with disclosure regulations by frequently and promptly providing financial, business, insider shareholding, and governance information through MOPS or the Company website. Disclosures should be made simultaneously in English.

The Company shall establish internal regulations prohibiting insiders from trading securities using undisclosed information and control such activities, especially after obtaining access to financial or performance data.

Article 11

Shareholders have the right to receive dividends. To protect their investment rights, the shareholders' meeting may, in accordance with Article 184 of the Company Act, review board reports, audit committee reports, and determine profit distribution or loss offset. Shareholders may appoint inspectors or request a court-appointed inspector under Article 245 of the Company Act to review company business, accounts, assets, and specific transactions.

The board, audit committee, and management must cooperate and not obstruct, interfere with, or refuse inspection.

Article 12

Major financial and business actions such as asset acquisition/disposal, loans to others, endorsements, or guarantees must be handled in accordance with law and subject to shareholders' approval.

In the event of a management buyout (MBO), the Company shall form an independent review committee to evaluate pricing and plans, and ensure proper disclosure.

Personnel involved must avoid conflicts of interest and recuse themselves where appropriate.

Article 13

The Company shall assign dedicated personnel to handle shareholder suggestions, inquiries, and disputes. If shareholder rights are harmed due to unlawful resolutions or misconduct by directors, supervisors, or management, the Company shall handle litigation matters appropriately.

Section 2: Governance Relationships with Affiliated Companies

Article 14

The Company shall clearly define authority over personnel, assets, and finance with affiliated companies and conduct risk assessments and establish appropriate firewalls.

Article 15

Unless otherwise regulated by law, managers of the Company shall not concurrently serve as managers of affiliated enterprises. Directors engaging in competitive activities must disclose key content to the shareholders' meeting and obtain approval.

Article 16

The Company shall establish sound financial, business, and accounting systems in accordance with the law, and assess comprehensive risks with affiliates regarding major banks, clients, and suppliers, and implement controls to reduce credit risk.

Article 17

Business transactions with affiliates must follow principles of fairness and reasonableness. Written agreements must clearly define pricing and payment terms to avoid non-arm's-length transactions. Transactions with related parties and their shareholders must follow the same rules, with no transfer of benefits.

Article 18

Controlling institutional shareholders shall:

1. Owe a duty of good faith to other shareholders and shall not cause the Company to operate detrimentally or against standard practices.

2. Have representatives comply with voting and participation rules and vote in the best interest of all shareholders while fulfilling their fiduciary duties.
3. Follow nomination procedures and not exceed the authority of the board or shareholders' meeting.
4. Not unduly interfere in management or hinder business activities.
5. Not restrict or interfere with Company operations through unfair competition like monopolizing procurement or blocking distribution channels.

Article 19

The Company shall be aware of major shareholders who hold substantial shares or have effective control over the company, as well as the ultimate controllers of these major shareholders. Shareholding pledges, changes, or other any significant events that might lead to changes in the shareholding for shareholders who hold more than 10% of the shares should be disclosed so that other shareholders can monitor them.

“Major shareholders” in the first paragraph refers to those holding 5% or more, or ranked in the top ten by shareholding, though lower thresholds may apply based on actual control.

Chapter 3: Strengthening the Functionality of the Board of Directors

Section 1: Board Structure

Article 20

The board is accountable to shareholders. All governance measures must ensure that the board performs its duties in accordance with the law, the Articles of Incorporation, or shareholder resolutions.

The board shall have at least five directors, based on the Company's size and operations. Composition should consider gender equality and the collective board should possess the following abilities:

1. Operational judgment
2. Accounting and financial analysis skills
3. Management expertise
4. Crisis management skills
5. Industry knowledge
6. Global market perspective

7. Leadership
8. Decision-making

Article 21

The Company shall adopt fair, just, and open board election procedures. Cumulative voting shall be used in accordance with the Company Act.

Unless otherwise approved, more than half the directors shall not be related by marriage or within second-degree kinship.

If the number of directors falls below five, a by-election shall be held at the next shareholders' meeting. If vacancies reach one-third, an extraordinary shareholders' meeting must be held within 60 days.

The shareholding ratio of all board members must comply with the law, and restrictions on transfer, pledges, or changes in shareholding must be disclosed.

Article 22

The Company shall include the candidate nomination system for electing directors and independent directors in its Articles of Incorporation. The board must prudently assess nominee qualifications, experience, and whether they meet legal requirements (e.g., Article 30 of the Company Act).

Article 23

The roles of chairperson and general manager shall be clearly divided and should not be held by the same person. If functional committees are established, their duties must be clearly defined.

Section 2: Independent Director System

Article 24

The Company shall appoint at least two independent directors, representing at least one-fifth of the board. Independent directors should possess professional expertise and meet shareholding and conflict-of-interest eligibility requirements. Unless legally permitted, they should not concurrently serve as directors or supervisors of more than five listed companies. During their tenure, they must remain independent with no direct or indirect ties to the Company.

When nominating independent director candidates who are affiliated via group entities, the Company shall disclose this fact and explain suitability at the time of nomination. Elected independent directors' vote counts shall be disclosed. Group affiliation extends to subsidiaries, foundations with over 50% funding, or entities with de facto control over the company. Independent directors and non-independent directors shall not change status during their term. Eligibility, shareholdings, part-time positions, independence criteria, and nomination procedures shall comply with relevant laws and regulations.

Article 25

Except as otherwise approved by the regulator and for the following major matters, board resolutions must be obtained; any objections or reservations from independent directors must be recorded in minutes:

1. Adoption or amendment of the internal control system (Article 14-1 of the Securities Exchange Act).
2. Establishment or amendment of procedures for major financial transactions, asset acquisition or disposal, derivatives trading, lending, endorsing or guaranteeing (Article 36-1 of the Securities Exchange Act).
3. Transactions involving directors' or supervisors' own interests.
4. Material asset transactions or derivatives trades.
5. Major lending, endorsements or guarantees.
6. Raising of equity-type securities (public or private).
7. Appointment, removal, or remuneration of external auditors.
8. Appointment or dismissal of financial, accounting, or internal audit heads.
9. Other major matters designated by authorities.

Article 26

The company should clearly define the scope of responsibilities of independent directors and provide the necessary human and material resources for them to exercise their duties. The company or other members of the board of directors must not obstruct, refuse, or avoid allowing independent directors to perform their duties.

The company should specify the compensation for directors in the bylaws or in accordance with the resolutions of the shareholders' meeting. The compensation for directors should adequately reflect individual performance and the company's long-term business performance, while also taking into account the business risks faced by the company. Reasonable compensation for independent directors may differ from that of other directors.

Section 3 – Audit Committee and Other Functional Committees

Article 27

To ensure effective oversight and management, the board may establish functional committees—such as Audit, Nomination, Risk Management, Compensation—or others like Environmental Protection or CSR—based on board size and needs. Such committees shall report proposals to the board except for matters where the Audit Committee exercises supervisory authority under law in accordance with Paragraph 4, Article 14-4 of the Securities and Exchange Act. Each functional committee must adopt a organizational charter approved by resolution of the board, detailing its membership, term of office, authority, procedure, and allocated resources.

Article 28

The Company shall appoint either an Audit Committee or Supervisors. The Audit Committee must be composed entirely of independent directors with no fewer than three members, including one convener and at least one director with accounting or financial expertise. Where Audit Committees are in place, provisions of law applicable to supervisors shall apply accordingly. Audit Committee functions and independent director duties shall be carried out in compliance with relevant laws and regulations.

Article 28-1

The Company is encouraged to establish a Compensation Committee, with a majority of independent directors. Its qualifications, charter, and operations shall adhere to the relevant regulatory framework for listed companies.

Article 28-2

The Company is encouraged to establish a Nomination Committee with a majority of independent directors. The chairperson shall be an independent director. A charter governing operations should be adopted.

Article 29

The Company shall engage an independent and competent certified public accounting firm to conduct regular audits of financial statements and internal control systems. Management shall promptly review any audit findings or irregularities and implement recommended improvements. The independence of the auditor shall be evaluated annually. If the audit firm has remained unchanged for seven consecutive years, or if

any independence concerns arise, the board should evaluate the necessity of replacing the audit firm and report the evaluation results to the board.

Article 30

The Company should appoint a qualified attorney to provide legal advice, support board and management in legal literacy, and ensure compliance. In cases of litigation involving a director, supervisor, or manager in the lawful execution of duties or shareholder disputes, the Company shall engage legal counsel as needed. The Audit Committee or independent directors may retain legal, accounting, or other professionals for matters within their authority. The Company shall bear the cost.

Section 4 – Board Meeting Procedures & Decision-Making

Article 31

The board shall hold at least one meeting each quarter and may convene additional meetings for urgent matters. Notices stating agenda items shall be sent at least seven days in advance, along with adequate materials. Directors may request supplemental materials or request a meeting postponement if needed. Meetings shall be conducted in accordance with a formal board meeting procedure, consistent with public company governance regulations.

Article 32

Directors must exercise high standards of self-discipline. If a conflict of interest arises concerning a board matter, the director shall recuse themselves from discussion and voting and shall not delegate the vote. Directors must also avoid mutually supporting each other improperly. Recusal procedures shall be formally included in the board rules.

Article 33

Independent directors must attend board meetings in person for matters requiring their presence under Article 14-3 of the Securities Exchange Act and cannot be substituted by non-independent directors. Any dissent or reservation by an independent director must be recorded in the meeting minutes. Should an independent director be unable to attend in person for legitimate reasons, they shall submit written opinions recorded in the minutes. If any of the following circumstances arise in board resolutions, the situation shall not only be recorded in the meeting minutes, but also publicly disclosed on the information reporting website designated by the competent authority no later

than two hours after the start of trading hours on the next business day following the board meeting:

An independent director expresses an objection or reservation, and such is recorded or submitted in writing.

For companies that have established an Audit Committee, if a matter is not approved by the Audit Committee but is passed by two-thirds or more of all directors.

During board meetings, depending on the agenda items, relevant managers who are not directors may be notified to attend the meeting to report on the current business status of the Company and respond to questions raised by directors. When necessary, the Company may also invite accountants, lawyers, or other professionals to attend the meeting to assist directors in understanding the Company's situation and making appropriate decisions. However, such individuals shall leave the meeting during the discussion and voting phases.

Article 34

Meeting minutes shall accurately record summaries, resolutions, and voting outcomes. The chairman and minute taker shall sign the minutes, which must be distributed to all board members and supervisors within twenty days and retained permanently. Sign-in sheets constitute part of the minutes. Audio or video recordings of meetings must be kept for five years electronically, preserved longer if litigation ensues. Virtual meeting recordings form part of the minutes and must be permanently retained. Directors who dissent in writing before meetings and recorded in the minutes shall be exempt from liability if the board's decision violates laws, articles, or shareholder resolutions and causes harm.

Article 35

The following matters shall be submitted for board discussion:

1. Business and operating plans.
2. Annual and semi-annual financial statements.
3. Adoption or amendment of internal control systems and assessment of their effectiveness evaluations, in accordance with Article 14-1 of the Securities and Exchange Act.
4. Establishment or amendment of procedures for material financial and business activities such as the acquisition or disposal of assets, derivative transactions, lending of funds to others, and endorsement or guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.

5. Fundraising, issuance, or private placement of equity securities.
6. Performance evaluations and remuneration standards of senior executives.
7. Director compensation structures.
8. Appointment or dismissal of heads of Finance, Accounting, or Internal Audit.
9. Donations to related parties or significant donations to non-related parties, except for emergency disaster relief, which may later be ratified by the board.
10. Other material matters requiring board resolution under Article 14-3 of the Securities and Exchange Act, or matters required by law, regulations the Articles of Incorporation, or the competent authority to be resolved by the shareholder's meeting or the board of directors.

Reports on internal control deficiencies shall be reported to the board. In addition to the matters that must be submitted to the board for discussion as outlined above, if the board of directors, during recess, any delegation of board authority shall be specific and not general.

Article 36

The board's resolutions shall be assigned to suitable units, with execution schedules, performance tracking, and accountability. Implementation progress shall be monitored and reported at subsequent meetings to ensure decision execution.

Section 5 – Directors' Fiduciary Duties and Liability

Article 37

Directors must act in good faith and with due diligence, exercising self-discipline and prudence. They must follow board resolutions unless superseded by law or shareholder decisions. The board should establish and annually review performance evaluation procedures for the board, committees, and individual directors, using self-assessments, peer reviews, or external evaluation.

Article 37-1

The Company should implement a management succession plan and regularly evaluate progress to ensure sustainability.

Article 37-2

To ensure the establishment of an IP management system based on the "Plan-Do-Check-Act" (PDCA) management cycle, the board should evaluate and supervise the

company's intellectual property (IP) management performance from the following perspectives:

1. Establishing IP policies, goals, and systems aligned with the company's business strategies;
2. Implementing and maintaining IP management processes for the acquisition, protection, maintenance, and utilization of intellectual property, appropriate to the company's scale and type of operations;
3. Determine and allocating the necessary resources to effectively implement and sustain the IP management system;
4. Monitoring internal and external IP-related risks or opportunities;
5. Establishing a PDCA (Plan-Do-Check-Act) system to ensure IP management continuous improvement and adaptation to the company's expectations.

Article 38

If a board decision violates law or Articles and could damage the Company, and is requested to be stopped by shareholders holding shares for over one year, independent directors, or supervisors, board members shall promptly suspend execution. If directors become aware of imminent significant harm, they shall report to the Audit Committee or its independent members or supervisors.

Article 39

The Company may, under its Articles or shareholder approval, purchase director and officer liability insurance to reduce risks. Upon obtaining or renewing such insurance, key policy details (coverage amount, scope, premium) must be reported to the next board meeting.

Article 40

Directors should attend training courses on corporate governance-related topics at onboarding and during their term—including finance, risk, business, accounting, legal, or CSR—and encourage employees to enhance their professional and legal knowledge.

Chapter IV – Respecting Stakeholders' Rights and Interests

Article 41

The Company shall maintain open communication channels with banks, creditors, employees, consumers, suppliers, local communities, and other stakeholders,

respecting and protecting their legal rights. In MBOs, the Company shall ensure sound financial structure. Any encroachment on stakeholder rights shall be honestly and responsibly addressed.

Article 42

The Company shall provide sufficient information to banks and creditors to support decision-making. If their rights are impacted, the Company shall respond proactively and take responsibility, ensuring that creditors have appropriate channels to seek compensation.

Article 43

The Company shall establish employee communication channels, encouraging direct dialogue with management, directors, or supervisors on company conditions and decisions affecting employee interests.

Article 44

While pursuing business growth and shareholder value, the Company shall pay attention to consumer protection, community conservation, environmental responsibility, and corporate social responsibility.

Chapter V – Enhancing Information Transparency

Section 1 – Strengthening Information Disclosure

Article 45

Information disclosure is a critical obligation for listed companies. The Company shall comply with laws and TWSE/TPEX rules, establish an information disclosure system with designated personnel and spokesperson, and ensure timely disclosure of material information affecting investor decisions.

Article 46

To improve accuracy and timeliness of important disclosures, the Company shall appoint a spokesperson and at least one alternate well-versed in company operations and able to speak publicly on behalf of the Company. Written procedures for spokesperson duties shall be established, and confidentiality protocols enforced. Changes in spokesperson personnel shall be promptly disclosed.

Article 47

The Company shall leverage the Internet to maintain a website providing updated financial, business, and governance information for stakeholders, including an English-language section. Content shall be accurate and timely, with dedicated maintenance resources.

Article 48

Investor conferences shall be held per TWSE/TPEX rules, recorded (audio/video), and their financial/business content disclosed through the designated online system and/or company website.

Section 2 – Disclosure of Governance Information**Article 49**

In accordance with laws, the Company shall annually disclose corporate governance information, including:

1. Governance structure and rules
2. Shareholding structure and shareholder rights
3. Board structure and independence
4. Board and executive responsibilities
5. Composition, duties, and independence of the Audit Committee or Supervisors
6. Compensation Committee composition, duties, and performance
7. Latest year's remuneration for directors, supervisors, general managers, and deputy general managers; analysis of total remuneration as a percentage of after-tax profit; remuneration policy, standards, composition, and linkage to performance; individual remuneration disclosures for special cases
8. Training records of directors and supervisors
9. Stakeholder rights and relationships
10. Compliance with legal disclosure requirements
11. Governance operation and explanation of any deviations from the Company's own governance principles
12. Other relevant governance information

The Company should, as appropriate, disclose specific plans and measures to improve governance.

Chapter VI – Supplementary Provisions

Article 50

The Company shall continually monitor domestic and international developments in corporate governance and review and enhance its own system to improve governance effectiveness.

Article 51

This document shall take effect upon board approval and likewise upon any amendments.

- Adopted on March 29, 2013 (board resolution)
- 1st Revision on March 12, 2019
- 2nd Revision on March 12, 2020