

# **Chlitina Holding Limited**

## **Procedures and Code of Conduct for Ethical Business Operations**

### **Article 1 (Purpose and Scope of Application)**

The Company conducts its commercial activities based on the principles of fairness, honesty, integrity, and transparency. To implement the integrity management policy and actively prevent dishonest behavior, the Company has established these procedures and code of conduct in accordance with the “Ethical Corporate Management Best Practice Principles for Listed Companies” and the relevant laws and regulations of the jurisdictions where the Company and its group enterprises and organizations operate. These principles specifically address the matters that the Company’s personnel should pay attention to while performing their duties.

The present operating procedure and code of conduct apply to the Company’s subsidiaries, foundations with direct or indirect cumulative donations exceeding 50%, and other institutions or legal entities with substantial control within the group enterprises and organizations.

### **Article 2 (Applicable Objects)**

The term “Company personnel” in these operating procedures and code of conduct refers to the directors, managers, employees, appointees, and persons with substantial control of the Company and its group enterprises and organizations.

Any unjustified benefits provided, promised, requested, or received by Company personnel through a third party shall be deemed to be the actions of the Company personnel.

### **Article 3 (Dishonest Behavior)**

The term “dishonest behavior” in these operating procedures and code of conduct refers to any actions taken by Company personnel during the course of their duties to obtain or maintain benefits, directly or indirectly providing, receiving, promising, or requesting any unjustified benefits, or engaging in other acts that violate integrity, are illegal, or breach fiduciary duties.

The subjects of such actions include public officials, political candidates, political parties or party officials, and any public or private enterprises or institutions, their directors (board members), supervisors, managers, employees, persons with substantial control, or other interested parties.

### **Article 4 (Forms of Benefits)**

The term “benefits” in these operating procedures and code of conduct refers to any form or name of monetary benefits, gifts, commissions, positions, services, favors, rebates, facilitation fees, entertainment, hospitality, and other valuable items.

## **Article 5 (Dedicated Unit and Its Responsibilities)**

The Company designates the Corporate Governance Promotion Team as the dedicated unit (hereinafter referred to as the Company's dedicated unit), which is under the Board of Directors and is equipped with sufficient resources and suitable personnel. This unit is responsible for the revision, execution, interpretation, consultation services, and reporting of the contents of this operating procedure and code of conduct, as well as monitoring its implementation. The main responsibilities of the dedicated unit include the following items and it should report to the Board of Directors periodically (at least once a year):

1. Assist in integrating integrity and ethical values into the company's business strategies and, in accordance with legal regulations, establish relevant anti-corruption measures to ensure integrity in operations.
2. Periodically analyze and evaluate the risks of dishonest behavior within the scope of business operations, and based on this, formulate plans to prevent dishonest behavior. Establish standard operating procedures and codes of conduct related to work tasks within each plan.
3. Plan internal organization, structure, and responsibilities, and implement mutual monitoring and balancing mechanisms for business activities with higher risks of dishonest behavior.
4. Promote and coordinate integrity policy advocacy and training.
5. Plan and implement a whistleblowing system to ensure its effectiveness.
6. Assist the Board of Directors and management in reviewing and evaluating the effectiveness of the preventive measures established for integrity management. Periodically evaluate the compliance status of related business processes and prepare reports.
7. Prepare and properly preserve documented information related to the integrity management policy, compliance statements, implementation commitments, and execution status.

## **Article 6 (Prohibition on Providing or Receiving Improper Benefits)**

When Company personnel directly or indirectly provide, receive, promise, or request the benefits as defined in Article 4, except for the following situations, they must comply with the "Ethical Corporate Management Best Practice Principles for Listed Companies" and the provisions of these operating procedures and code of conduct. Such actions must be carried out in accordance with the relevant procedure:

1. Based on business needs, during domestic (or international) visits, receiving foreign guests, promoting business, and communicating and coordinating, in accordance with local customs, practices, or conventions.
2. Based on normal social customs, business purposes, or promoting relationships, participating in or inviting others to normal social activities.
3. Due to business needs, inviting clients or being invited to participate in specific business activities, factory visits, etc., and the cost-sharing method, number of

participants, accommodation level, and duration of such activities have been clearly defined.

4. Participating in public events open to the general public, such as cultural festivals.
5. Rewards, assistance, condolences, or comfort from supervisors.
6. Providing money, goods, or other benefits to persons other than relatives or close friends, with a market value of less than RMB 2,000 (or equivalent in foreign currency); or when multiple Company personnel receive gifts, the total market value of the gifts is less than RMB 2,000 (or equivalent in foreign currency). However, the total market value of gifts provided to the same recipient or received from the same source within the same year shall not exceed RMB 10,000 (or equivalent in foreign currency).  
Receiving money, goods, or other benefits from persons other than relatives or close friends, with a market value of less than RMB 200 (or equivalent in foreign currency); or when multiple Company personnel receive gifts, the total market value of the gifts is less than RMB 2,000 (or equivalent in foreign currency). However, the total market value of gifts received from the same source shall not exceed RMB 2,000 (or equivalent in foreign currency).
7. Receiving gifts for engagements, marriages, childbirth, moving, employment, promotions, retirement, resignation, employment termination, and personal, spouse's, or direct relatives' illness, injury, or death, with a market value not exceeding RMB 10,000 (or equivalent foreign currency).
8. Other situations that comply with company regulations.

#### **Article 7 (Procedure for Handling Receipt of Improper Benefits)**

When Company personnel encounter situations where others directly or indirectly provide or promise the benefits as defined in Article 4, except for the situations outlined in the previous article, the following procedures shall be followed:

1. If the provider or promisor has no job-related interest with the Company personnel, the benefit shall be reported to the immediate supervisor within three days of receipt. If necessary, the Company's dedicated unit shall also be notified.
2. If the provider or promisor has a job-related interest with the Company personnel, the benefit shall be returned or refused, and the immediate supervisor and the Company's dedicated unit shall be notified. If the benefit cannot be returned, it shall be handed over to the Company's dedicated unit for processing within three days of receipt.

The term "job-related interest" refers to any of the following situations:

1. Having a commercial relationship, command, supervision, or expense reimbursement (reward) relationship.
2. Currently seeking, conducting, or having established a contractual relationship for procurement, sale, or other purposes.
3. Other situations where the Company's business decisions, execution, or non-execution would result in a beneficial or adverse impact.

The Company's responsible unit shall, based on the nature and value of the benefit mentioned in the first paragraph, propose appropriate actions such as returning the benefit, paying for its receipt, turning it over to the Company, donating it to a charitable organization, or other

suitable suggestions. These proposals shall be reported to the General Manager for approval and subsequent execution.

#### **Article 8 (Prohibition of Bribes and Handling Procedure)**

The Company shall not provide or promise any facilitation payments.

If Company personnel provide or promise facilitation payments due to threats or intimidation, they shall document the process, report it to their immediate supervisor, and notify the Company's dedicated unit.

Upon receiving such notification, the Company's dedicated unit shall immediately address the issue, review the relevant circumstances to reduce the risk of recurrence, and promptly report any illegal activities to the judicial authorities.

#### **Article 9 (Procedure for Handling Political Donations)**

The Company shall follow the procedures outlined below for making political donations. These procedures require reporting to the Chairman for approval and notifying the Company's dedicated unit. For amounts exceeding RMB 500,000 (or equivalent in foreign currency) per instance, approval from the Board of Directors is required before the donation can be made:

1. Ensure that the political donation complies with the relevant laws and regulations of the recipient's country, including the limits and forms of political donations.
2. The decision-making process shall be documented in writing.
3. Political donations shall be accounted for in accordance with legal and accounting procedures.
4. When making political donations, avoid engaging in commercial transactions, applying for permits, or handling other matters involving the Company's interests with government-related entities.

#### **Article 10 (Procedure for Handling Charitable Donations or Sponsorships)**

The Company shall follow the procedures outlined below for making charitable donations or providing sponsorships. These procedures require reporting to the Chairman for approval and notifying the Company's dedicated unit. For single donations exceeding RMB 2,000,000 (or equivalent foreign currency), approval from the Board of Directors is required before the donation can be made; however, for urgent relief donations due to major natural disasters, approval can be sought from the nearest Board of Directors meeting:

1. The donation shall comply with the laws and regulations of the operating location.
2. The decision-making process shall be documented in writing.
3. The recipient of the charitable donation shall be a charitable organization, and the donation shall not be a form of bribery.
4. The benefits obtained from the sponsorship shall be clear and reasonable, and the recipient shall not be a business partner of the Company or have a conflict of interest with Company personnel.

5. After making the charitable donation or providing sponsorship, the use of the funds shall be confirmed to align with the donation's purpose

#### **Article 11 (Conflict of Interest)**

Directors, members of the Audit Committee, managers, and other interested parties attending or observing Board meetings shall disclose any significant conflicts of interest they have with the agenda items, either personally or on behalf of the legal entities they represent. If there is a potential harm to the Company's interests, they shall not participate in the discussion and voting on such items and shall recuse themselves from the discussion and voting process. They shall not act as proxies for other directors to exercise their voting rights. Directors shall also exercise self-discipline and avoid inappropriate mutual support.

The spouse, blood relatives within the second degree of kinship, or companies having a controlling or subordinate relationship with a director shall be deemed to have the same personal interest in the agenda items as the director when such parties have a vested interest in the matter discussed in the meeting.

Company personnel, while performing their duties, shall report any conflicts of interest or situations that may result in unjustified benefits for themselves, their spouses, parents, children, or related parties to their immediate supervisor and the Company's dedicated unit simultaneously. The immediate supervisor shall provide appropriate guidance.

Company personnel shall not use Company resources for commercial activities outside the Company and shall not allow their involvement in external commercial activities to affect their job performance.

#### **Article 12 (Organization and Responsibilities for Confidentiality Mechanisms)**

The Company shall establish a dedicated unit responsible for formulating and implementing procedures for the management, storage, and confidentiality of the Company's trade secrets, trademarks, patents, copyrights, and other intellectual property. This unit shall periodically review the implementation results to ensure the continuous effectiveness of these procedures.

Company personnel shall strictly adhere to the relevant procedures for intellectual property and shall not disclose the Company's trade secrets, trademarks, patents, copyrights, and other intellectual property to others. Additionally, they shall not inquire about or collect the Company's trade secrets, trademarks, patents, copyrights, and other intellectual property that are not related to their duties.

#### **Article 13 (Prohibition of Disclosure of Business Secret)**

In conducting business activities, the Company shall comply with the Fair Trade Act and related competition regulations. The Company shall not engage in price fixing, bid rigging, limiting production and quotas, or sharing or dividing the market by allocating customers, suppliers, operating areas, or types of business.

#### **Article 14 (Preventing Harm to Stakeholders from Products or Services)**

The Company shall collect and understand the relevant laws and international standards applicable to the products and services it provides. The Company shall summarize and

announce the matters that need attention to ensure the transparency and safety of information regarding products and services during their research, development, procurement, manufacturing, provision, or sale.

The Company shall formulate and publicly disclose on its website a policy for protecting the rights of consumers or other stakeholders to prevent direct or indirect harm to their rights, health, and safety from the Company's products or services.

If it is reported by the media or there is evidence to suggest that the Company's products or services may pose a risk to the safety and health of consumers or other stakeholders, the Company shall, within 30 days, recall the affected products or discontinue the services, investigate the facts, and propose a review and improvement plan.

The Company's dedicated unit shall report the aforementioned matters, their handling methods, and subsequent review and improvement measures to the Board of Directors.

#### **Article 15 (Prohibition of Insider Trading and Confidentiality Agreements)**

Company personnel shall comply with the Securities and Exchange Act and shall not engage in insider trading using non-public information they are aware of, nor shall they disclose such information to others to prevent them from engaging in insider trading.

Other institutions or individuals participating in the Company's mergers, divisions, acquisitions, share transfers, significant memorandums, strategic alliances, other business cooperation plans, or important contracts shall sign confidentiality agreements with the Company. These agreements shall commit them not to disclose the Company's business secrets or other significant information to others and not to use such information without the Company's consent.

#### **Article 16 (Compliance with and Declaration of Ethical Business Policy)**

The Company shall require directors and senior management to provide a statement of compliance to the ethical business policy and include compliance to this policy as a condition of employment for employees.

The Company shall disclose its ethical business policy in internal regulations, annual reports, the company website, or other promotional materials. The Company shall also declare this policy during product launches, corporate briefings, and other external activities to ensure that suppliers, clients, and other business-related entities and personnel clearly understand the Company's commitment to integrity and its associated standards.

#### **Article 17 (Integrity Assessment Prior to Establishing Business Relationships)**

Before establishing a business relationship with others, the Company shall first evaluate the legality, ethical business policy, and any records of dishonest behavior of agents, suppliers, clients, or other business partners to ensure that their business operations are fair, transparent, and do not involve bribery.

When conducting the evaluation mentioned above, the Company may adopt appropriate verification procedures to examine the following aspects of its business partners to understand their integrity practices:

1. The country, operating location, organizational structure, business policies, and payment locations of the enterprise.
2. Whether the enterprise has established an integrity management policy and its implementation status.
3. Whether the country of operation is considered high-risk for corruption.
4. Whether the enterprise's business operations are in a high-risk industry for bribery.
5. The long-term operating status and business reputation of the enterprise.
6. The opinions of the enterprise's partners about the enterprise.
7. Whether the enterprise has any records of involvement in bribery or illegal political donations or other dishonest behaviors.

#### **Article 18 (Explaining the Ethical Business Policy to Business Partners)**

During the course of commercial activities, Company personnel shall explain the Company's ethical business policy and relevant regulations to trading partners and clearly refuse any direct or indirect provision, promise, request, or receipt of any form or name of improper benefits.

#### **Article 19 (Avoiding Transactions with Dishonest Partners)**

Company personnel shall avoid conducting commercial transactions with agents, suppliers, clients, or other business partners involved in dishonest behavior. Upon discovering that a business partner or collaborator has engaged in dishonest behavior, the Company shall immediately cease all commercial dealings with them and list them as a refused partner to implement the Company's ethical business policy effectively.

#### **Article 20 (Including Integrity Management in Contracts)**

When the Company enters into a contract with another party, it shall thoroughly understand the other party's integrity management status and include adherence to the Company's ethical business policy in the contract terms. The contract shall at least include the following provisions:

1. If any party becomes aware that personnel have violated the contract terms prohibiting the receipt of commissions, rebates, or other improper benefits, they shall immediately and truthfully inform the other party of the identity of such personnel, the method, amount, or other improper benefits provided, promised, requested, or received, and provide relevant evidence and cooperate with the other party's investigation. If a party suffers damages as a result, they may request compensation of five percent of the contract amount from the other party and may deduct this amount from the contract price payable.
2. If any party engages in dishonest behavior during commercial activities, the other party may terminate or cancel the contract at any time without conditions.
3. Establish clear and reasonable payment terms, including the payment location, method, and compliance with relevant tax regulations.

#### **Article 21 (Handling of Dishonest Behavior Involving Company Personnel)**

The Company shall establish and announce an independent whistleblowing mailbox, hotline, or delegate an external independent agency to provide a whistleblowing mailbox or hotline on

the company website and internal website for use by internal and external personnel. Whistleblowers should provide at least the following information:

1. The whistleblower's name, ID number (anonymous reporting is also acceptable), and contact information such as address, phone number, and email.
2. The name or identifying information of the person being reported.
3. Specific evidence that can be investigated.

Personnel handling whistleblowing incidents shall sign a written statement to keep the whistleblower's identity and the content of the report confidential. The Company commits to protecting whistleblowers from unfair treatment due to their reports.

The dedicated unit of the Company shall handle whistleblowing incidents according to the following procedures:

1. If the incident involves general employees, it shall be reported to the department manager. If the incident involves directors or senior managers, it shall be reported to independent directors or members of the Audit Committee.
2. The dedicated unit and the manager or personnel receiving the report shall immediately investigate the relevant facts, with assistance from the legal compliance or other relevant departments if necessary.
3. If the reported person is found to have violated relevant laws or the Company's integrity management policy and regulations, they shall be immediately asked to stop the behavior, and appropriate actions shall be taken. If necessary, the incident shall be reported to the competent authority, referred to the judicial authorities for investigation, or legal action shall be taken to seek compensation for damages to protect the Company's reputation and interests.
4. The receipt, investigation process, and results of the whistleblowing incident shall be documented and preserved for five years. These records may be stored electronically. If a lawsuit related to the whistleblowing content occurs before the preservation period expires, the relevant materials shall be preserved until the litigation is concluded.
5. If the whistleblowing incident is verified to be true, the relevant internal control systems and operating procedures shall be reviewed, and improvement measures shall be proposed to prevent similar behavior from recurring.
6. The dedicated unit shall report the whistleblowing incident, its handling method, and subsequent review and improvement measures to the Board of Directors.

## **Article 22 (Handling of Dishonest Behavior by Others Against the Company)**

If Company personnel encounter dishonest behavior by others against the Company, and such behavior involves illegal activities, the Company shall notify the judicial and prosecutorial authorities of the relevant facts. If the behavior involves public agencies or public officials, the Company shall also notify the government's anti-corruption agencies.

## **Article 23 (Internal Promotion, Establishment of Reward and Punishment, Appeals Systems, and Disciplinary Actions)**

The Company's dedicated unit shall conduct at least one internal promotion event per year, arranged by the Chairman, General Manager, or senior management to convey the importance of integrity to directors, employees, and appointees.



The Company shall incorporate ethical business practices into employee performance evaluations and human resource policies, establishing clear and effective reward and punishment systems, as well as an appeal system.

For serious violations of ethical conduct by Company personnel, the Company shall take appropriate actions, including dismissal or termination, in accordance with relevant laws or the Company's personnel management procedures.

The Company shall disclose on its internal website the job titles, names, dates of violation, content of violation, and handling information of personnel who have violated ethical business practices.

#### **Article 24 (Implementation)**

These operating procedures and code of conduct shall be implemented after approval by the Board of Directors and shall be sent to each independent director and reported to the shareholders' meeting. The same applies to any amendments.

When these operating procedures and code of conduct are submitted to the Board of Directors for discussion, the opinions of each independent director shall be fully considered, and their objections or reservations shall be recorded in the minutes of the Board meeting. If an independent director cannot attend the Board meeting in person to express their objections or reservations, except for justified reasons, they shall provide a written opinion in advance, which shall be recorded in the minutes of the Board meeting.

#### **Article 25 (Effective Dates and Announcements)**

These operating procedures and code of conduct were established on March 29, 2013.

The first amendment to these operating procedures and code of conduct was approved by the Board of Directors on March 12, 2015, and implemented thereafter.

The second amendment to these operating procedures and code of conduct was approved by the Board of Directors on May 12, 2016, implemented thereafter, and reported to the shareholders' meeting on June 28, 2016.

The third amendment to these operating procedures and code of conduct was approved by the Board of Directors on March 12, 2020, implemented thereafter, and reported to the shareholders' meeting on June 5, 2020.