

Arcadyan Technology

Corporate Governance Best Practice Principles

Chapter I General Principles

Article 1 Purpose

To establish a robust corporate governance system and an effective corporate governance framework, the Company hereby adopts these Rules in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” for compliance and implementation.

Article 2 Principles of Corporate Governance

In establishing its corporate governance system, the Company shall comply with applicable laws and regulations, the Articles of Incorporation, and relevant requirements of the stock exchange and competent authorities, and adhere to the following principles:

1. Protect shareholders’ rights and interests.
2. Strengthen the functions of the Board of Directors.
3. Enhance the functions of the Audit Committee.
4. Respect the rights and interests of stakeholders.
5. Improve information transparency.

Article 3 Establishment of Internal Control System

The Company shall establish and implement an internal control system in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and regularly review its effectiveness in response to internal and external changes.

The Board of Directors, management, and Audit Committee shall periodically review self-assessment results and internal audit reports. Directors and the Audit Committee shall regularly communicate with internal auditors on deficiencies, follow up on improvements, and report to the Board. The Company is advised to establish communication channels among Independent Directors, the Audit Committee, and the chief internal auditor.

Management shall grant the internal audit unit sufficient authority to evaluate the internal control system and operational efficiency, assisting the Board and management in fulfilling their responsibilities.

The appointment, dismissal, evaluation, and remuneration of internal auditors shall be proposed by the chief internal auditor and approved by the Chairman of the Board.

Article 3-1 Personnel Responsible for Corporate Governance Affairs

The Company shall appoint appropriate corporate governance personnel and designate a Chief Corporate Governance Officer in accordance with applicable regulations. Such officer shall possess the qualifications of a licensed attorney or certified public accountant, or have served for at least three years in a managerial position related to legal affairs, regulatory compliance, internal audit, finance, shareholder services, or corporate governance at a securities, financial, or futures institution or a public company, as required by the competent authority or stock exchange.

Corporate governance affairs shall include at least the following matters:

1. Handling Board and shareholders' meeting matters.
2. Preparing meeting minutes.
3. Assisting directors with onboarding and training.
4. Providing necessary information to directors.
5. Assisting directors with legal compliance.
6. Reporting Independent Director qualification reviews to the Board.
7. Handling director changes.
8. Other matters stipulated in the Articles of Incorporation or contracts

Chapter II Protection of Shareholders' Rights and Interests

Article 4 Protection of Shareholders' Rights and Interests

The Company's corporate governance system shall protect shareholders' rights and ensure fair treatment of all shareholders.

The Company shall ensure shareholders are informed of, participate in, and decide on significant company matters.

Article 5 Convening Shareholders' Meetings and Establishing Rules of Procedure

The Company shall convene shareholders' meetings and establish rules of procedure in accordance with the Company Act and relevant laws and regulations. Matters requiring shareholders' approval shall be handled in accordance with such rules. Resolutions of shareholders' meetings shall comply with applicable laws and regulations and the Articles of Incorporation.

Article 6 Proper Arrangement of Shareholders' Meeting Agenda and Procedures

The Board shall properly arrange shareholders' meeting agendas, procedures, and establish rules for shareholder nominations and proposals. Proposals submitted in accordance with the law shall be handled appropriately.

Shareholders' meetings shall be held at accessible venues and may include virtual participation. Sufficient time shall be allocated for discussion, with appropriate

personnel managing registration. The Company shall not impose unnecessary supporting documents on shareholders.

For Board-convened meetings, the Chairperson shall preside in person. A majority of directors (including at least one Independent Director) and the Audit Committee convener shall attend. Attendance shall be recorded in the meeting minutes.

Article 7 Encouraging Shareholder Participation in Corporate Governance

The Company shall encourage shareholder participation in corporate governance and may appoint a professional shareholder services agent to handle shareholders' meeting affairs.

The Company should adopt electronic voting and disclose annual reports, financial reports, meeting notices, and related materials in both Chinese and English through electronic platforms to facilitate shareholders' exercise of rights.

The Company should avoid extraordinary motions and amendments to original proposals at shareholders' meetings.

Voting shall be conducted item by item, and voting results shall be uploaded to the Market Observation Post System (MOPS) on the same day of the meeting.

Article 8 Minutes of Shareholders' Meetings

The Company shall prepare minutes of shareholders' meetings in accordance with applicable laws and regulations, recording the date, venue, chairperson, resolutions, proceedings, and voting results. Director elections shall state the voting method and votes received by elected directors.

Minutes shall be permanently retained and disclosed on the Company's website.

Article 9 Compliance with Rules of Procedure by the Chairperson

The chairperson of a shareholders' meeting shall comply with the Company's rules of procedure and shall not adjourn the meeting arbitrarily.

If the chairperson improperly adjourns the meeting, other Board members should assist shareholders in electing a new chairperson by a majority vote to continue the meeting in accordance with the law.

Article 10 Protection of Shareholders' Right to Information

The Company shall protect shareholders' right to information by timely disclosing financial, operational, insider shareholding, and corporate governance information through MOPS or the Company's website, with simultaneous Chinese and English disclosure where appropriate.

The Company shall prohibit insiders from trading securities using non-public

information, including blackout periods of 30 days before annual financial reports and 15 days before quarterly financial reports for directors.

Article 11 Shareholders' Right to Share Profits

Shareholders have the right to share Company profits and inspect Board and Audit Committee reports under the Company Act.

Shareholders may apply to the court to appoint an inspector to review the Company's operations, accounts, assets, and records.

The Board, Audit Committee, and management shall fully cooperate with such inspections.

Article 12 Major Financial and Business Actions

Major financial actions, including asset transactions, loans, and guarantees, shall comply with applicable laws and approved procedures.

Mergers, acquisitions, and tender offers shall ensure fairness, proper disclosure, and financial soundness.

Personnel handling such matters shall observe conflict of interest and recusal requirements.

Article 13 Handling of Shareholder Suggestions and Disputes

The Company should designate personnel to handle shareholder suggestions, inquiries, disputes, and related litigation matters.

The Company should establish internal procedures, retain records, and include such matters in its internal control system.

Article 13-1 Establishment of Shareholder Communication Mechanisms

The Board shall establish shareholder engagement mechanisms to enhance mutual understanding of the Company's goals.

Article 13-2 Communication with Shareholders

The Board shall communicate efficiently with shareholders, understand their concerns with management and Independent Directors, explain Company policies, and seek shareholder support.

Article 14 Establishment of Firewalls

The Company shall clearly define responsibilities for personnel, assets, and financial matters between the Company and its affiliates, conduct risk assessments, and establish appropriate firewall mechanisms.

Article 15 Concurrent Positions and Non-Competition

Unless otherwise permitted by law, Company managers shall not concurrently serve as managers of affiliated enterprises.

Directors engaging in competing activities shall disclose material details to the shareholders' meeting and obtain approval.

Article 16 Financial and Accounting Management

The Company shall establish sound financial, business, and accounting systems and implement appropriate risk controls with affiliated enterprises.

Article 17 Fair Dealings with Affiliated Enterprises

Transactions with affiliated enterprises, related parties, and shareholders shall be conducted on fair and reasonable terms, with improper transfer of benefits strictly prohibited.

Article 18 Duties of Controlling Shareholders

Controlling institutional shareholders shall:

1. Act in good faith and avoid harming the Company or other shareholders.
2. Exercise voting rights in compliance with laws and fiduciary duties.
3. Follow legal and Company procedures when nominating directors.
4. Not improperly interfere with Company operations.
5. Avoid unfair competition practices.
6. Appoint qualified representatives.

Article 19 Major Shareholders

The Company shall maintain a list of major shareholders and ultimate controllers.

The Company shall disclose significant shareholding changes, pledges, or other material events involving shareholders holding more than 10% of shares.

Major shareholders are those holding 5% or more of shares or ranking among the top ten shareholders.

Chapter III Strengthening the Functions of the Board of Directors

Article 20 Required Competencies of the Board

The Board of Directors shall guide Company strategy, supervise management, and be accountable to the Company and shareholders. The Board shall exercise its duties in accordance with applicable laws, the Articles of Incorporation, and shareholders' resolutions.

The Board shall consist of at least five directors, with an appropriate structure based on operational needs and shareholding conditions.

Board composition shall consider diversity. Directors concurrently serving as managers should not exceed one-third of Board seats. Diversity policies should include, but are not limited to:

1. Basic attributes and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: legal, accounting, industry, finance, marketing, technology, and related experience.

Board members shall possess the knowledge, skills, and qualifications necessary to perform their duties. The Board as a whole should possess capabilities in:

1. Operational judgment.
2. Accounting and financial analysis.
3. Business management.
4. Crisis management.
5. Industry knowledge.
6. International market perspective.
7. Leadership.
8. Decision-making.

Article 21 Fair and Open Election of Directors

The Company shall adopt fair and transparent procedures for electing directors and implement cumulative voting in accordance with the Company Act.

Unless approved by the competent authority, more than half of the directors may not be spouses or second-degree relatives.

If the number of directors falls below five, a by-election shall be held at the next shareholders' meeting. If vacancies reach one-third of Board seats, the Company shall convene a special shareholders' meeting within 60 days.

Directors' shareholdings and any changes thereto shall comply with regulations and be properly disclosed.

Article 22 Candidate Nomination System for Directors

The Company shall specify in its Articles of Incorporation that directors shall be elected under the candidate nomination system in accordance with applicable regulations. Candidate qualifications and disqualifications under Article 30 of the Company Act shall be carefully reviewed and handled in accordance with Article 192-1 of the Company Act.

Article 23 Clear Division of Responsibilities

Responsibilities of the Chairperson, President/General Manager, and functional committees shall be clearly defined. The Chairperson and President/General

Manager should not be the same person.

The Company shall appoint at least two Independent Directors, representing no less than one-fifth of Board seats, in accordance with the Articles of Incorporation.

Independent Directors shall possess professional qualifications, maintain independence, and comply with applicable laws regarding shareholding, concurrent positions, and nomination procedures. They should not concurrently serve as directors or supervisors of more than five listed companies.

Article 24 Establishment of Independent Directors

The Company shall appoint at least two Independent Directors, representing no less than one-fifth of Board seats, in accordance with the Articles of Incorporation.

Independent Directors shall possess professional qualifications, maintain independence, and comply with applicable regulations on shareholding and concurrent positions. They should not serve as directors or supervisors of more than five listed companies and shall have no direct or indirect conflict of interest with the Company.

Where Independent Director candidates are mutually nominated between the Company (or its affiliates) and other companies (or their affiliates), such relationships and the candidate's qualifications shall be disclosed.

Independent Directors and non-independent directors shall not change their status during their term of office.

Qualifications, independence requirements, shareholding restrictions, nomination procedures, and other related matters shall comply with applicable laws and regulations.

Article 25 Matters Requiring Board Approval

The following matters shall be submitted to the Board of Directors for approval in accordance with the Securities and Exchange Act. Any objection or reservation expressed by an Independent Director shall be recorded in the meeting minutes:

1. Adoption or amendment of the internal control system.
2. Adoption or amendment of procedures for major financial and business activities.
3. Matters involving directors' conflicts of interest.
4. Material asset or derivatives transactions.
5. Material loans, endorsements, or guarantees.
6. Public offering, issuance, or private placement of equity securities.
7. Appointment, dismissal, or remuneration of the certified public accountant.
8. Appointment or dismissal of financial, accounting, or internal audit officers.

9. Other material matters required by the competent authority.

Article 26 Duties of Independent Directors

The Company shall define the duties of Independent Directors and provide necessary resources for their duties. No person may obstruct their performance.

Directors' remuneration shall reflect performance, long-term operations, and business risks. Independent Directors may receive different remuneration from general directors.

Article 27 Functional Committees

The Board of Directors may establish functional committees, including Audit, Remuneration, Nomination, Risk Management, Sustainability, Environmental Protection, Corporate Social Responsibility, or other committees, taking into consideration the Company's scale, business nature, and Board size, in order to strengthen supervisory and management functions.

Functional committees shall be accountable to the Board and submit proposals to the Board for approval, except where the Audit Committee exercises the powers of supervisors in accordance with applicable laws and regulations.

Each functional committee shall adopt an organizational charter approved by the Board, specifying matters including committee composition, term of office, duties and powers, rules of procedure, and resources to be provided by the Company for the exercise of its functions.

Article 28 Audit Committee

The Company shall establish an Audit Committee composed entirely of Independent Directors, with no fewer than three members, including one convener and at least one member with accounting or financial expertise.

The powers and operation of the Audit Committee shall comply with applicable laws and regulations.

Article 29 Remuneration Committee

The Company shall establish a Remuneration Committee, with a majority of members preferably being Independent Directors, in accordance with applicable regulations.

Article 30 Whistleblower System

The Company should establish and disclose internal and external whistleblowing channels and implement whistleblower protection mechanisms.

Whistleblower information shall be protected with appropriate confidentiality and access controls, and relevant procedures shall be included in the internal control system.

Article 31 Enhancement of Financial Reporting Quality

The Company shall appoint a deputy accounting officer and ensure accounting personnel receive ongoing professional training.

Independent certified public accountants shall regularly audit the Company's financial condition and internal controls, with communication mechanisms established between auditors and the Audit Committee or Independent Directors. The Company shall periodically assess the independence and suitability of external auditors and evaluate replacement when necessary.

Article 32 Provision of Legal Services

The Company should retain qualified legal counsel to provide legal advice and assist the Board and management in strengthening legal compliance and corporate governance.

Where directors or management are involved in litigation or disputes with shareholders in the course of performing their duties, the Company shall provide necessary legal assistance.

The Audit Committee or Independent Directors may engage attorneys, accountants, or other professionals for audits or advisory services related to their duties, with expenses borne by the Company.

Article 33 Convening of Board Meetings

The Board shall meet at least quarterly and may convene meetings when necessary. Meeting notices shall be sent to directors at least seven days in advance with sufficient materials. Directors may request additional information or postponement if materials are inadequate.

The Company shall adopt Board meeting procedures in accordance with applicable regulations.

Article 34 Directors' Duty of Self-Discipline

Directors shall exercise self-discipline and disclose any material interest in Board proposals. Where such interest may harm the Company, the director shall refrain from discussion and voting and may not vote on behalf of another director.

Recusal requirements shall be specified in the rules of procedure for Board meetings

Article 35 Independent Directors and the Board

Independent Directors must personally attend Board meetings for matters under Article 14-3 of the Securities and Exchange Act. Any objection or reservation shall be recorded in the minutes.

The following matters shall be disclosed on MOPS by the next business day after the Board meeting:

1. Objections or reservations by Independent Directors.
2. Matters not approved by the Audit Committee but approved by more than two-thirds of all directors.

Management, accountants, legal counsel, or other professionals may be invited to attend Board meetings when necessary, but shall leave during discussion and voting.

Article 36 Minutes of Board Meetings

Board meetings and resolutions shall be properly recorded in accordance with applicable regulations.

Minutes shall be signed by the chairperson and recorder, distributed to directors within 20 days, and permanently retained. Records may be prepared and stored electronically.

Board meetings shall be audio or video recorded and retained for at least five years; recordings of video conference meetings shall be permanently retained.

Directors who formally object to unlawful resolutions causing Company damage shall be exempt from liability.

Article 37 Matters Requiring Board Discussion

The following matters shall be submitted to the Board of Directors for discussion:

1. Business plans.
2. Annual and semi-annual financial reports.
3. Adoption or amendment of the internal control system and evaluation of its effectiveness.
4. Adoption or amendment of procedures for major financial and business activities.
5. Public offering, issuance, or private placement of equity securities.
6. Performance evaluation and remuneration standards for managers.
7. Directors' remuneration structure and system.
8. Appointment or dismissal of financial, accounting, or internal audit officers.
9. Donations to related parties or material donations to non-related parties.
10. Other material matters required by laws, regulations, the Articles of Incorporation, or competent authorities.

Any delegation of Board authority during recess periods shall be specific and clearly defined, and blanket authorization is prohibited.

Article 38 Implementation and Follow-up of Board Resolutions

The Company shall assign Board resolutions for implementation and conduct follow-up reviews.

The Board shall monitor progress and receive reports to ensure effective execution.

Article 39 Duties and Performance Evaluation of Directors

Directors shall faithfully perform their duties with the care of a prudent manager and exercise their powers with due diligence and self-discipline.

The Company should establish Board performance evaluation policies and procedures, and conduct annual evaluations of the Board, individual directors, and functional committees through self-evaluation, peer review, or external professional assessment.

Evaluation criteria for the Board may include:

1. Participation in Company operations.
2. Enhancement of Board decision-making quality.
3. Board composition and structure.
4. Director election and continuing education.
5. Internal control.

Evaluation criteria for individual directors may include:

1. Understanding of Company goals and duties.
2. Recognition of director responsibilities.
3. Participation in Company operations.
4. Internal communication and coordination.
5. Professional expertise and continuing education.
6. Internal control.

Evaluation criteria for functional committees may include:

1. Participation in Company operations.
2. Understanding of committee duties.
3. Enhancement of decision-making quality.
4. Committee composition and member selection.
5. Internal control.

Evaluation results should be reported to the Board and used as reference for directors' remuneration and renomination.

Article 40 Succession Planning for Management

The Company should establish and regularly review management succession plans to ensure sustainable operations.

Article 41 Requests to Suspend Board Resolutions

If a Board resolution violates laws or the Articles of Incorporation, and eligible shareholders or Independent Directors request suspension, the Board shall promptly take appropriate action.

Directors who become aware of potential material harm to the Company shall immediately report to the Audit Committee or its Independent Directors.

Article 42 Directors' Liability Insurance

The Company shall maintain liability insurance for directors during their term of office.

Key insurance terms, including coverage and premium, shall be reported to the next Board meeting after purchase or renewal.

Article 43 Continuing Education for Board Members

Board members should participate in continuing education programs on governance and professional subjects during their term.

The Company should encourage employees to strengthen their professional and legal knowledge.

Chapter IV Enhancing the Functions of the Audit Committee

Article 44 Establishment of the Audit Committee

The Company shall establish an Audit Committee composed entirely of Independent Directors.

Article 45 Responsibilities of the Audit Committee

The Audit Committee shall be familiar with relevant laws and regulations, understand the rights, duties, and responsibilities of directors, and oversee the functions and operations of each department to identify abnormal conditions in a timely manner.

Article 46 Supervisory Duties of the Audit Committee

The Audit Committee shall oversee Company operations, directors and management, and internal controls to reduce risks.

Where directors engage in transactions with the Company, the Independent Directors of the Audit Committee shall represent the Company.

Article 47 Audit Committee Investigations

The Audit Committee may investigate the Company's business and financial conditions at any time, and relevant departments shall provide necessary documents and information.

The Audit Committee may engage attorneys or certified public accountants to assist in audits or reviews, subject to confidentiality obligations.

The Board and management shall cooperate with the Audit Committee and shall not evade, obstruct, or refuse inspections.

The Company shall provide necessary assistance and bear reasonable expenses incurred by the Audit Committee.

Article 48 Communication with the Audit Committee

The Company shall establish communication channels with the Audit Committee for reporting misconduct or irregularities.

The Audit Committee shall take appropriate action when misconduct is identified and review the reasons for the resignation or replacement of key personnel or auditors.

If the Audit Committee neglects its duties and causes damage to the Company, it shall be liable for compensation.

Chapter V Respecting Stakeholders' Rights and Interests

Article 49 Communication with Stakeholders

The Company shall maintain communication with stakeholders and protect their legitimate rights and interests. Where such rights are harmed, the Company shall handle the matter in good faith.

Article 50 Information Disclosure to Creditors

The Company shall provide sufficient information to banks and creditors and respond appropriately when their legitimate rights are harmed.

Article 51 Employee Communication Channels

The Company shall establish employee communication channels and encourage direct communication with management or directors.

Article 52 Corporate Social Responsibility

The Company shall pursue sustainable operations while respecting consumer rights, environmental protection, public welfare, and corporate social responsibility.

Article 52-1 Intellectual Property Management System

The Board shall oversee the Company's intellectual property management under a PDCA approach.

1. Establish intellectual property policies, objectives, and systems aligned with business strategy.
2. Establish and maintain systems for the acquisition, protection, maintenance, and utilization of intellectual property.
3. Provide sufficient resources for effective implementation and operation.
4. Identify and respond to intellectual property risks and opportunities.
5. Implement continuous improvement mechanisms to ensure effectiveness of the intellectual property management system.

Chapter VI Enhancing Information Transparency

Article 53 Information Disclosure and Online Reporting System

Information disclosure is a key responsibility of the Company. The Company shall comply with applicable laws, regulations, and stock exchange requirements, and timely disclose quarterly, annual, and monthly operating information.

The Company shall maintain an online disclosure system, designate responsible personnel, and implement a spokesperson system to ensure timely and accurate disclosure of material information.

Article 54 Spokesperson System

The Company shall appoint a spokesperson and one or more deputy spokespersons for external communications and material information disclosure.

They shall be familiar with the Company's financial and business operations and authorized to coordinate relevant information.

The Company shall establish standardized spokesperson procedures and require confidentiality of financial and business information.

Any change of spokesperson or deputy spokesperson shall be promptly disclosed.

Article 55 Corporate Governance Website

The Company shall maintain a website disclosing financial, business, and corporate governance information for shareholders and stakeholders, and should provide English versions where appropriate.

Designated personnel shall maintain the website and ensure information is accurate, complete, and promptly updated.

Article 56 Investor Conferences

The Company shall hold investor conferences in compliance with stock exchange and competent authority regulations, with audio or video recordings retained.

Information disclosed at such conferences shall be uploaded to MOPS and made available on the Company's website or other appropriate channels.

Article 57 Disclosure of Corporate Governance Information

The Company shall disclose and regularly update corporate governance information on its website.

1. Board of Directors: Board member profiles, duties and responsibilities, and Board diversity policies and implementation.
2. Functional Committees: Profiles, duties, and responsibilities of committee members.
3. Corporate Governance Policies and Rules: Including the Articles of Incorporation, Board meeting procedures, and functional committee charters.
4. Other Material Corporate Governance Information: Including information relating to the Corporate Governance Officer.

Chapter VII Supplementary Provisions

Article 58 Continuous Improvement

The Company shall monitor corporate governance developments and improve its governance practices accordingly.

Article 59 Implementation

These Rules shall be implemented upon approval by the Board of Directors, and the same shall apply to any amendments.

Established on November 11, 2015.

First amendment on February 23, 2017.

Second amendment on November 7, 2019.

Third amendment on May 6, 2020.

Fourth amendment on November 11, 2020.

Fifth amendment on March 14, 2023.

Sixth amendment on August 1, 2023.

Seventh amendment on April 29, 2024.