

# Kwong Fong Industries Corporation

## Rules for Performance Evaluation of the Board of Directors

- Article 1 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, these regulations is established pursuant to Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.
- Article 2 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 regulations.
- Article 3 The Company's Board of Directors shall conduct an internal board performance evaluation every year according to the evaluation procedures. Internal and external board performance evaluations shall be completed before the end of the first quarter of the following year.
- Article 4 The Company's board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees. Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and other appropriate methods.
- Article 5 The unit conducting internal evaluations of the Company's Board of Directors shall have an adequate understanding of the operation of the unit subject to evaluation and shall play a fair, impartial and independent role.
- Article 6 The procedures for the Company's board performance evaluation are as follows:
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.
  3. Select the units appropriate to conduct the evaluations.
  4. The units performing evaluations will collect 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, to be completed. Record the evaluation results in a report, and submit the report to the Board of Directors for discussion and improvement.
- Article 7 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.
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.
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.
5. Internal control.

The indexes of board performance evaluation shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company, subject to regular reviews and constructive comments of the remuneration committee.

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 8 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.
- Article 9 The performance evaluation regulations established by the Company shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website at all times, to be made available for consultation.
- Article 10 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.

Established on November 12, 2020  
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