

Kwong Fong Industries Corporation

Succession planning for board members and key management

■ Succession planning for board members

1. The election of directors of the Company is based on the "Articles of Association" and the nomination system of candidates, and the "Code of Corporate Governance Practice" and the "Procedures for the Selection of Directors" clearly stipulate that the composition of the Board of Directors shall consider diversity, and formulate a diversity policy based on the Company's own operations, operation patterns and development. Including but not limited to basic conditions and values, professional knowledge and skills, etc.
2. The structure of the Board of Directors of the Company shall be determined by taking into account the scale of the Company's operation and development and the shareholding of its major shareholders, taking into account the needs of practical operations.
3. The Company's ongoing Director Succession Planning (GBP) database is based on the following criteria :
 - (1) The personality traits of the board members should be honest, responsible, innovative and decision-making, consistent with the core values of the company, and professional knowledge and skills that contribute to the company's operation and management.
 - (2) The overall board of directors should have expertise, including business related industry experience, corporate strategy and management, accounting and taxation, finance, law, academic expertise and other professional capabilities.
 - (3) The Company has set out that the selection process for the list of director candidates must comply with the qualification review and relevant regulations.
4. In order to enhance the professionalism of the board members, we will keep pace with the times, take into account the changes in the company's internal and external environmental conditions and development needs at any time, and arrange at least 6 hours of refresher courses per person per year to assist the directors to continue to enrich their new knowledge, so as to maintain their core values and professional strengths and capabilities.
5. At the same time, the Company has also specified the "Board of Directors Performance Evaluation Method", which confirms the effective operation of the Board of Directors and evaluates the performance of directors through the measurement items of performance evaluation, including the control of the company's goals and tasks, responsibility cognition, operational participation, internal relationship management and communication, professional functions and further education, internal control and specific opinion expression, etc., so as to evaluate the performance of directors as a reference for future selection of directors.

■ Succession planning for key management positions

1. In addition to considering whether they have excellent professional and management capabilities, their values must be consistent with the company's, and their personality traits must be honest, honest, innovative and actionable.
2. In addition to professional competence and corporate governance-related courses, the training mechanism also arranges attendance at the board of directors and participation in regular internal important management meetings, supplemented by on-the-job training on project task management for practical training, and arranges at least 6~18 hours of refresher courses per person per year, so that the successor can improve his management ability and thinking through management course training and job experience, and complete the preparation for succession before the scheduled time for taking over the position.
3. The company conducts employee performance appraisal every year, and through daily observation and performance evaluation, we understand the areas that should be strengthened, personal development needs and company expectations, and use the appraisal results as a reference for future succession planning.