

Kwong Fong Industries Corporation

Implementation Status and Results for Performance Evaluation of the Board of Directors for 2023

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, based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, our company has established the "Rules for Performance Evaluation of Board of Directors" approved by the Board of Directors, which specifies that the Board of Directors should conduct an annual board performance evaluation.

1. Evaluation Period and Duration

The Board of Directors of the company shall conduct an annual performance evaluation of the board based on the evaluation procedures and indicators specified in the rules. The results of the board's performance evaluation should be completed before the end of the first quarter of the following year.

2. The Scope and Methods of Evaluation

Scope of assessment: Performance evaluation of the overall board of directors, individual board members, and functional committees.

Evaluation methods: Internal evaluation within the board, self-evaluation by board members, or other appropriate methods of performance evaluation.

3. The Procedure of Evaluation

Performing self-assessment surveys for board members respectively, using the Questionnaire of Self-Performance Evaluation of the Board, the Questionnaire of Self-Performance Evaluation of Board Members, and the Questionnaire of Self-Performance Evaluation of the Functional Committee.

4. Evaluation Criteria and Scoring Standards

The evaluation of the performance of the board of directors covers 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; and
- (5) Internal control.

The criteria for evaluating the performance of the board members covers 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; and
- (6) Internal control.

The criteria for evaluating the performance of the remuneration committee covers the following five aspects:

- (1) Participation in the operations of the company
- (2) Awareness of the duties of the remuneration committee
- (3) Improvement of quality of decisions made by the remuneration committee
- (4) Makeup of the remuneration committee and election of its members
- (5) Internal control

The criteria for evaluating the performance of the audit committee covers the following five aspects:

- (1) Participation in the operation of the company;
- (2) Awareness of the duties of the audit committee;
- (3) Improvement of quality of decisions made by the audit committee;
- (4) Makeup of the audit committee and election of its members and
- (5) Internal control.

Evaluation options: Strongly agree 5 points; Agree 4 points; Neutral 3 points; Disagree 2 points; Strongly disagree 1 point.

5. Evaluation Results for 2023

The company completed the performance evaluation of the 2022 board of directors, director members, remuneration committee and audit committee in January 2023. The performance evaluation results of the 2022 board of directors ranged between 5 points of "strongly agree" and 4 points of "agree". The operation of the evaluation indicators is mostly very positive, indicating that the overall operation of the board of directors is good, meets the requirements of corporate governance, and effectively strengthens the functions of the board of directors and safeguards the rights and interests of shareholders.

The evaluation results were reported during the board of directors meeting held on January 13, 2023.