

# Kwong Fong Industries Corporation

## Procedures of Director Election

Revised and approved July 1, 2021

- Article 1 In order to elect directors fairly, justly and openly, these Procedures are set in accordance with Article 21 and Article 41 of the Company's "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".
- Article 2 where other laws or regulations apply, the election of directors shall follow these Procedures.
- Article 3 The select of the Company's director shall take the overall deployment of the board of directors into consideration. The composition of the board members shall take diversification into consideration, and diversified policies shall be defined based on the needs for the board's operation, operating type and development, including but not limited to the standards oriented toward the following two major directions:
1. Basic qualification and value: gender, age, nationality and culture, et al.
  2. Professional knowledge and skill: professional background (e.g. law, accounting, industry, finance, marketing or technology), knowhow and industry experience, et al.
- The Board members shall possess the knowledge, skill and literacy required to implement the job, and the required abilities are listed as follows:
1. The ability of operational judgment.
  2. The ability of accounting and financial analysis.
  3. The ability of operational management.
  4. The ability of crisis management.
  5. Knowledge of the industry.
  6. International market viewpoint.
  7. Leadership.
  8. The ability of decision-making.
- There shall be no more than half of the numbers of directors with the relationship of spouse or two degrees of kinship.
- The Company's board of directors shall consider adjusting the composition of the board members according to the performance appraisal result.
- Article 4 The Company's independent directors shall meet the qualifications referred to in Article 2, Article 3, and Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

Election of the Company's independent directors shall comply with Article 5, Article 6, Article 7, Article 8 and Article 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 34 of the Company's "Corporate Governance Principles."

Article 5 The election of the Company's directors (including independent directors) shall comply with the procedure of the nomination system regulated in Article 192-1 of the Company Act.

Where directors are discharged from a position for any reason that leads the number of directors to less than five persons, the Company shall hold a by election in the most recent shareholders meeting. Where the vacancy of directors reaches one third of the seats regulated by charters, the Company shall hold an interim shareholders meeting for by-election within 60 days of the occurrence of the fact.

Where the number of independent directors falls short of the regulations of the proviso of Paragraph 1 of Article 14-2 of Securities and Exchange Act, the Company shall hold a by election in the most recent shareholders meeting; where all independent directors discharge from the position, the Company shall hold an interim shareholders meeting for by-election within 60 days of occurrence of the fact.

Article 6 The Company's election of directors shall adopt the cumulative voting system. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or distribute among multiple candidates.

Article 7 The Company's board of directors shall prepare the number of ballots equal to the number of directors to be elected and shall fill in the number of votes to be distributed to the attending members in a general meeting. The attendance certificate number identified in the ballot may be in lieu of the voter's name.

Article 8 Pursuant to the number of directors referred to herein, the Company calculates voting rights for independent and non-independent directors separately, and the candidates to whom the ballots cast represent a prevailing number of votes shall be elected based on the result of the election as independent directors or nonindependent directors, respectively in descending order. If two or more candidates receive an equal number of votes, a draw shall take place between these candidates to determine who shall be elected. Where a candidate is not present, the chairman shall draw on behalf of the candidate.

Article 9 Prior to the commencement of an election, the chairperson shall appoint several ballot examiners and ballot counters to perform related duties. However, the ballot examiners shall have the status of shareholders. The Company shall prepare a ballot box for the election of directors to be inspected by the ballot examiners prior to the casting of ballots.

Article 10 The ballot shall be null and void upon occurrence of one of the following:

1. Ballots that are not prepared by the persons with the right to convene.
2. Blank ballots which are cast into the ballot box.
3. Scribbled and unidentifiable writing or writing which has been altered.
4. The name of the candidate as specified does not match the names on the list of director candidates after checking.
5. Writing other than the number of votes assigned.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the chairperson or an individual designated by the chairperson shall announce the voting result on the site, including the name list of persons elected as directors and votes won by them respectively, and the name list of persons not elected as directors and the number of voting rights obtained by them.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year.

Where shareholders file a lawsuit according to Article 189 of the Company Act, said ballots shall be kept until the resolution of the litigation.

Article 12 These Procedures shall be implemented after the shareholders' meeting grants approval. The same shall apply when the Procedures are amended.