

Kwong Fong Industries Corporation  
Rules and Procedures of Board Meetings

Amendments approved on March 29, 2021

- Article 1 The Rules and Procedures of Board Meetings are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, in order to establish a sound corporate governance system for the board of directors.
- Article 2 A public company shall adopt rules of procedure for meetings of its board of directors; the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.
- Article 3 A board of directors shall meet at least quarterly.
- The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.
- The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.
- All matters set out in the subparagraphs of Article 12, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.
- Article 4 The board of directors of a company shall appoint the Finance Department agenda working group.
- The agenda working group shall prepare agenda items for board of directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.
- A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 5 When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.
- All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is

deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.

A proxy under paragraph 2 may accept a proxy from one person only.

Article 6 A board of directors meeting shall be held at the location and during the business hours of the company, or at a place and time convenient to all directors and suitable for holding such a meeting.

Article 7 Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the chairperson shall designate a director of the board to represent him. If the chairperson does not make such a designation, the directors shall nominate among themselves one director to exercise the powers of the chairperson.

Article 8 When the Board of Directors of the Company convenes, the management department (or the deliberative unit designated by the Board of Directors) shall prepare relevant materials for the directors attending the meeting to consult at any time.

When holding a meeting of the board of directors, the board may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.

When necessary, the chairperson may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met

after two such delays, the chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2.

The term "all board directors " as used in the preceding paragraph and in Article 16 paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.

Article 9 A company shall record on audio or video tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the company.

Article 10 Agenda items for regular board of directors meetings of the Company shall include at least the following:

1. Reports:

- A. Minutes of the last meeting and actions arising.
- B. Reporting on important financial and business matters.
- C. Reporting on internal audit activities.
- D. Other important matters to be reported.

2. Discussions:

- A. Items discussed and continued from the last meeting.
- B. Items for discussion at this meeting.

3. Extraordinary motions.

Article 11 A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case apply the provisions of Article 8 Paragraph 5.

Article 12 A company shall submit the following items for discussion by the board of

directors:

1. Corporate business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" above shall be calculated instead as 2.5 percent of shareholder equity.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the

board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 13 When the chair at a board of directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a board of directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. When the chairperson asks and there is an objection, the proposal shall be put to a vote.

The manner of voting shall be to be chosen by the President in accordance with the following provisions, but in the event of any objection from the participants, a majority shall be sought:

1. Voting by show of hands or voting machine.
2. Roll-call voting.
3. Voting.
4. Voting at the Company's own discretion.

The term "all directors present in attendance" mentioned in the preceding two paragraphs does not include directors who are not allowed to exercise their voting rights in accordance with the provisions of Paragraph 1 of Article 15.

Article 14 Except where otherwise specified by the Securities and Exchange Act or the Company Act, voting on board resolutions shall take place when more than one half of the directors of the board are in attendance, and shall require the approval of a majority of the directors present to pass.

When a proposal before the board has an amendment or alternative, the chairperson shall determine the order of voting with the original proposal. However, if one of the versions of the proposal has already passed, the others shall be seen as having been rejected, and the board shall not proceed with voting on them.

If it is necessary to appoint scrutineers and tellers for the voting of the proposals, they shall be designated by the chairman, but the scrutineers shall be in the capacity of directors.

The voting results on proposals shall be reported on the spot, and shall be made

into records.

Article 15 If a director or a juristic person represented by the director is a stakeholder with respect to any motion in a board meeting, the director shall state the important contents of the stakes at the meeting. When the stakes are likely to prejudice the interests of the Company, the director may not participate in the discussion and voting on that motion and shall enter recusal during the discussion and voting. The director shall also not act on behalf of other directors to exercise their voting rights. A director's spouse, his or her collateral relatives by blood within two generations, or companies with a controlling affiliation with the director, who have an interest in the meeting matter mentioned in the preceding paragraph shall be deemed that the director him- or herself has a stake in the matter.

The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 4 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.

Article 16 The deliberations of the board of directors of the Company shall be recorded in the proceedings, which shall record the following matters in detail:

1. Term (or year), time, and place of the meeting.
2. Chairperson's name.
3. Attendance of the directors, including names and numbers of the directors who are present at the meeting, on leave, or absent from the meeting.
4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of the minutes taker.
6. Matters reported on.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, paragraph 4.
8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an

explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.

9. Other matters required to be recorded.

The board meeting attendance book is part of the minutes of the proceedings and shall be properly kept during the existence of the Company.

Minutes of the proceedings shall be signed or sealed by the chairperson and the minutes taker of the meeting, and copies thereof shall be distributed to all directors within twenty (20) days of the meeting. The minutes shall be deemed important files of the Company and be properly kept during the existence of the Company.

Preparation and distribution of the minutes of the proceedings in Paragraph 1 may be done electronically.

Article 17 Except for the matters that should be discussed by the Board of Directors of the Company in Paragraph 1 of Article 12, during the recessing period of the Board of Directors, the Board of Directors of the Company may authorize the Chairman of the Board to exercise the functions and powers of the Board of Directors in accordance with the law or the Articles of Association of the Company, and the authorization content is as follows:

1. According to the company's approval authority table.
2. In accordance with the company's management rules, regulations and measures.
3. Appointment of directors and supervisors of the reinvestment company.
4. Approval of the base date of capital increase or reduction and the base date of cash dividend distribution.

Article 18 These Rules and Procedures, and any amendments to them, shall be implemented upon approval by the board of directors of the Company and shall be submitted to the Shareholders' Meeting.