

Kwong Fong Industries Corporation  
Risk Management Policies and Procedures

Article 1 (Purpose)

In order to establish the Company's risk management standards and ensure the integrity, effectiveness, and reasonableness of risk management, this Policy is specially formulated.

Article 2 (Risk Management Policy)

In order to ensure the integrity, effectiveness and reasonableness of risk management, the Company's risk management policies are as follows:

- A. The company's operation and management should be risk-aware to ensure the continuous operation of the enterprise.
- B. Business owners and responsible entities should formulate appropriate risk management operating procedures, and continuously review and implement them to ensure effective control of all types of risks they undertake.

Article 3 (Scope of application)

These rules apply to all levels of risk management of the Company.

Article 4 (Risk Management Organizational Structure and Responsibilities)

- A. The chairman of the board of directors is the top supervisor of risk management, and the general manager and the heads of each unit serve as the first-level risk management personnel.
- B. The Level 1 Risk Management Officer is responsible for identifying risks, formulating countermeasures, and reporting the results to the Chairman.
- C. Depending on the difference in the content of the risk, the chairman of the board of directors may convene a meeting to review the various countermeasures according to its importance, and set up a relevant response team if necessary.
- D. The audit unit shall check the implementation of various important controls in accordance with the audit plan, and submit an audit report to the Audit Committee and the Board of Directors.

Article 5 (Risk Management Procedures)

The Company's risk management is adjusted in a timely manner through risk identification, risk response, risk monitoring and other management processes, as well as changes in business and business activities.

- A. Risk identification: including but not limited to the company's operational risks, financial risks, investment risks, management risks, information security risks, legal risks and other identifiable risks.

- B. Risk response: Provide a description of the current situation or countermeasures for the identified risks, and confirm whether the risks have been within the scope of the company's tolerance.
- C. Risk Monitoring: Confirm whether the identified risks have an effective management plan, and evaluate whether they are included in the annual audit plan of the audit unit to monitor the implementation.

Article 6 (Information and communication)

Except as otherwise provided in these Procedures, the Company's risk management procedures shall be handled in accordance with the Company's internal control regulations and the relevant policies and procedures of the competent authorities.

Article 7 (Approval and revision)

After this procedure has been reviewed and approved by the Audit Committee, it shall be submitted to the Board of Directors for approval and implementation, and the same shall apply when amended.

Approved on November 11, 2022