Ching Feng Home Fashions Co., Ltd.

Board of Directors self-evaluation or peer evaluation

Article 1 (Purpose and Legal Basis)

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, this template is established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies for compliance.

The Company shall establish regulations governing the board performance evaluation with reference to this template and other applicable rules, and may create different evaluation methods appropriate to individual units subject to evaluation.

Article 2 (Standards of Compliance)

The general evaluation cycles, evaluation periods, scope and method of evaluation, the unit conducting evaluations, evaluation procedures and other matters for compliance under the Company's regulations governing the board performance evaluation shall be subject to this template.

The board committee's charters shall be subject to review at least once a year as part of the Company's regulations governing performance evaluation for internal committees.

Article 3 (Evaluation Cycle and Period)

The Company's board of directors shall conduct an internal board performance evaluation every year according to the evaluation procedures and the evaluation indexes in Articles 6 and 8.

The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.

Internal and external board performance evaluations shall be completed before the end of the first quarter of the following year.

Article 4 (Scope and Methods of Evaluation)

The Company's board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees.

Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Article 5 (Executing Unit of Evaluation)

The unit conducting internal evaluations of the Company's board of directors shall have an adequate understanding of the operation of the unit subject to evaluation and shall play a fair, impartial and independent role.

Adjustments may be made to assign different units to perform evaluations of the functional committees in view of the slight difference in their operations, depending on the organizational structure of each company. The unit conducting evaluations shall be fair and impartial, and no individual or unit conducting evaluations shall have any direct interest in the operation of the units subject to evaluation. In cases where the company has a corporate governance committee or nomination committee made up of independent directors, it is advisable for these committees to serve as the unit performing the evaluations.

Article 6 (Evaluation Procedures)

The procedures for the Company's board performance evaluation are as follows:

1. Determine the units to be subject to evaluation, the period and the scope of evaluation in the current year, e.g. the board of directors as a whole, individual board members, each functional committee, etc.
2. Determine the method of evaluation, e.g. internal evaluation of the board, self-evaluation by the board members of themselves or peers, peer evaluation, and evaluation by an appointed external professional institution and experts, etc.
3. Select the units appropriate to conduct the evaluations.
4. The units performing evaluations will collect information about the activities of the board of directors and distribute self-evaluation questionnaires such as the Questionnaire of Self-Evaluation of Performance of the Board in Annex 1, the Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers) in Annex 2, and the Questionnaire of Self-Evaluation of Performance of the Functional Committee in Annex 3 to be completed. The finance department, which is responsible for the assessment, will collect all the information, give scores based on the evaluation indexes in Article 8, record the evaluation results in a report, and submit the report to the board of directors for discussion and improvement.

Article 7 (External Professional Institutions and Experts)

When appointing an external evaluation institution or panel of external experts and scholars to conduct evaluations of board performance, the Company shall comply with the following guidelines:

1. The external evaluation institution or panel of external experts and scholars shall be professional and independent.
2. The external evaluation institution shall be an institution or management consulting firm mainly engaging in the provision of services for educational and training programs for board of directors and improvement of corporate governance of enterprises.
3. The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance to conduct evaluations of board performance of the company and prepare external evaluation analysis reports.

Article 8 (Evaluation Indicators and Scoring Standards)

The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, 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 (on themselves or peers), should cover, at a minimum, 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 functional committees should cover, at a minimum, the following five aspects:

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

The indexes of board performance evaluation shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company, subject to regular reviews and constructive comments of the remuneration committee.

Scoring criteria may be modified and adjusted based on the company's needs. The weighted scoring method may be adopted based on the aspects of evaluatio

Article 9 (Utilization of Evaluation Results)

When electing or nominating members of the board of directors, the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance.

Article 10 (Information Disclosure in the Annual Report)

It is advisable that the Company disclose in its annual report whether regulations governing the board performance evaluation have been established as well as how the board performance evaluation has been conducted each year, with a description of the evaluation method provided.

In cases where an external institution or experts are appointed to conduct evaluations of board performance, the Company shall, in the annual report, disclose the names of the external evaluation institution, names of the experts, and specialties of the experts, and indicate if the external institution and experts have business dealings with the Company and if they are independent.

Article 11 (Methods of Disclosure)

The performance evaluation regulations established by the Company shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website at all times, to be made available for consultation.

Article 12 (Implementation)

The Company's regulations shall take effect after having been discussed and approved by the board of directors. Subsequent amendments thereto shall be effected in the same manner.

These Regulations were first applied and implemented on May 13, 2019.

These Regulations were amended on January 18, 2023.