

Fu Chun Shin Machinery Manufacture Co., Ltd.

Rules for Performance Evaluation of Board of Directors

Article 1: Purpose and 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, these Procedures are established pursuant to Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.

Article 2: Rules to Be Followed

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 these Procedures.

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 Board of Directors of the Company shall conduct at least one internal performance evaluation of the Board each year based on the evaluation procedures and indicators set forth in Articles 6 and 8. The evaluation period shall be conducted at the end of each fiscal year for the evaluation of that year's performance.

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

Article 4: Evaluation Scope and Method

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, or other appropriate methods.

Article 5: Execution Unit of the 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. The preceding execution unit shall be appointed by the Board of Directors.

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 other appropriate methods, etc.
3. Establish the execution unit of the evaluation.
4. At the end of each fiscal year, 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-Performance Evaluation of the Board in Annex 1, the Questionnaire of Self-Performance Evaluation of Board Members in Annex 2, and the Questionnaire of Self-Performance Evaluation of the Functional Committee in Annex 3 to be completed. The unit responsible for evaluation or the secretariat of the board will then collect all 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 Organizations or Experts

The Company may engage external evaluation agencies or external expert teams to conduct the Board performance evaluation. The aforementioned evaluation agencies or expert teams shall comply with the following requirements:

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 include at least three experts or scholars specializing 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 company's operations;
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;
5. Internal control.

The criteria for evaluating the performance of the board members, 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;
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.

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 evaluation.

Article 9: Disclosure in Annual Reports

The Company shall disclose in its annual report how the board performance evaluation has been conducted each year, including information covering at least evaluation cycle, evaluation period, scope of evaluation, evaluation method, and what is to be evaluated.

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 external evaluation institution, the experts and their team members, and their expertise, and the statement of independence by the external evaluation institution or experts, and describe the evaluation method, standards and suggestions on improvement to be made.

Article 10: Disclosure Method

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 11: Implementation

These Procedures shall be implemented after approval by the Compensation Committee and the Board of Directors. The same applies to any amendments.

These Procedures were established on December 27, 2019.
1st amendments hereto were made on December 29, 2020.