

Rules for Performance Evaluation of Board of Directors

Article 1 Purpose and Basis

To implement corporate governance and enhance Giant Heavy Machinery Service Corporation's (hereinafter referred to as this Corporation) 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/TPEX Listed Companies for compliance.

Article 2 Compliance with Standards

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

Article 3 Evaluation Period and Interval

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.

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

Article 4 Evaluation Scope and Method

This Corporation'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 Execution Unit for Evaluation

The unit conducting internal evaluations of this Corporation'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.

Article 6 Evaluation Procedure

The procedures for this Corporation's board performance evaluation are as follows:

At the end of each 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, and the Questionnaire of Self-Performance Evaluation of Board Members in Annex 2 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 Institutions and Experts

When appointing an external evaluation institution or panel of external experts and scholars to conduct evaluations of board performance, this Corporation 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 Criteria

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

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

Article 9 Utilization of Evaluation Results

When electing or nominating members of the board of directors, this Corporation 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 Annual Report Information Disclosure

This Corporation 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, this Corporation 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 11 Disclosure Method

The performance evaluation regulations established by this Corporation 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 Enforcement

These Rules shall be implemented upon approval by the board of directors, and any amendments shall be subject to the same approval process.