

KMC(Kuei Meng) International Inc.
Minutes of 2021 Annual General Shareholders' Meeting
(Translation)

Time: 09:00 a.m., July 1, 2021

Place: No.41, Zhongshan Rd., Xinhua District, Tainan City 712, Taiwan.

Attendance: All shares represented by shareholders present are 100,985,335 shares (including 81,627,364 shares the voting rights of which are exercised by the electronic means), or 80.14% of the total 126,000,000 outstanding shares, which has formed a quorum in accordance with Article 174 of the provisions of the Company Act.

Chairperson: Wu, Ying-Chin, the Chairman of the Board of Directors

Recorder: Chen, Yung-Jen

Directors present: Director Wu, Jui-Chang, Director Kao, Ting-Nan, Independent Director, Wang, Ming-Lung

The aggregate shareholding of the attendance has formed a quorum. The Chairman called the meeting to order.

I. Chairman Remarks

II. Report Matters

1. 2020 Distribution of Employees' and Directors' Remuneration.

Explanation:

- (1) The Board of Directors approved 2020 employees' profit sharing bonus and directors' compensation on March 15, 2021. The employees' profit sharing bonus and directors' compensation are to be distributed in cash.
- (2) 2020 employees' total profit sharing bonus is NT\$10,606,000, and 2020 directors' compensation is NT\$8,400,000.

2. 2020 Business Report.

Explanation: The 2020 Business Report is attached as page 5-9, Attachment I.

3. Audit Committee's review report.

Explanation:

The Audit Committee's review report is attached as page 10, Attachment II.

4. Report on reasons and related matters for the company's 2020 Third issuance of secured convertible corporate bond.

Explanation:

- (1) The issuance is based on article 246 of R.O.C. Company Law.
- (2) On October 30, 2020, the Company completed the third issuance of domestic secured convertible corporate bond in order to repay the bank loans. The corporate bond was issued with total amount of NT\$1 billion and each of which was NT\$100,000. The coupon rate was 0% and period will be 3 years. The related matters please refer to page 11, Attachment III.

III. Acknowledgement Matters

1. Proposal: Adoption of the 2020 Business Report and Financial Statements. (Proposed by the Board)

Explanation:

- (1) KMC's 2020 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Mr. Yang, Chao-Chin and Ms. Li, Chi-Chen of Deloitte & Touche.
- (2) The 2020 Business Report, Independent Auditors' Report and the aforementioned Financial Statements were reviewed by Audit Committee.
- (3) Please refer to page 5-9, 10, 12-21, Attachment I, II, IV.

Resolution: The voting results are as followed:
100,985,335 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes: 96,113,461 shares (including 76,872,338 shares the voting rights of which are exercised by the electronic means)	95.17%
Dissentient votes: 1,340 shares (including 1,340 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes: 0 shares	0.00%
Abstained votes: 4,870,534 shares (including 4,753,686 shares the voting rights of which are exercised by the electronic means)	4.82%

The proposal has been adopted by voting without any modification.

2. Proposal: Adoption of the Proposal for Distribution of 2020 Profits. (Proposed by the Board)

Explanation:

- (1) The Board has adopted a Proposal for Distribution of 2020 Profits in accordance with the Company Act and Articles of Incorporation. Please refer to page 22, Attachment V.
- (2) The Company intends to issue a cash dividend of NT\$7.2 per share; the surplus distribution amounts to NT\$907,200,000 for shareholders' cash dividend. The cash dividend distribution will be calculated to the nearest NT dollar, rounding off the decimals, and the remainder will be recognized as "Other Non-Operating Income" of the Company.
- (3) Upon the approval of cash dividend by the current shareholders' meeting, the Chairman had been authorized by the Board to determine matters related to ex-dividend date and payment date for the cash dividend distribution. Besides, if the number of total shares outstanding change, prior to the ex-dividend date for the distribution, such that the ratio of the cash dividends is affected, the Chairman of the Board will deal relevant matters.

Resolution: The voting results are as followed:
100,985,335 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes: 96,475,286 shares (including 77,234,163 shares the voting rights of which are exercised by the electronic means)	95.53%
Dissentient votes: 1,415 shares (including 1,415 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes: 0 shares	0.00%
Abstained votes: 4,508,634 shares (including 4,391,786 shares the voting rights of which are exercised by the electronic means)	4.46%

The proposal has been adopted by voting without any modification.

IV. Proposals and Discussions

1. Proposal: Amendment to the Articles of Incorporation. (Proposed by the Board)

Explanation:

- (1) In order to comply with Article 162 of the Company Law and also due to the company's business needs, the company amend the Articles of Incorporation.
- (2) Please refer to page 23-25, Attachment VI for a comparison of the contents before and after amendment.

Resolution: The voting results are as followed:
100,985,335 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes: 87,166,585 shares (including 67,925,462 shares the voting rights of which are exercised by the electronic means)	86.31%
Dissentient votes: 8,609,116 shares (including 8,609,116 shares the voting rights of which are exercised by the electronic means)	8.52%
Invalid votes: 0 shares	0.00%
Abstained votes: 5,209,634 shares (including 5,092,786 shares the voting rights of which are exercised by the electronic means)	5.15%

The proposal has been adopted by voting without any modification.

2. Proposal: Amendment to Operational Procedures for Acquisition and Disposal of Assets. (Proposed by the Board)

Explanation:

- (1) In order to reinforce the evaluation and risk management of derivatives transactions, the company amend the Operational Procedures for Acquisition and Disposal of Assets.
- (2) Please refer to page 26-27, Attachment VII for a comparison of the contents before and after amendment.

Resolution: The voting results are as followed:
100,985,335 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes: 95,774,334 shares (including 76,533,211 shares the voting rights of which are exercised by the electronic means)	94.83%
Dissentient votes: 1,392 shares (including 1,392 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes: 0 shares	0.00%
Abstained votes: 5,209,609 shares (including 5,092,761 shares the voting rights of which are exercised by the electronic means)	5.15%

The proposal has been adopted by voting without any modification.

V. Other Business and Special Motion: None

VI. Adjournment: 09:20 a.m., July 1, 2021

(This meeting minutes was recorded in accordance with Article 183 of the provisions of the Company Act. The meeting audio recording still prevails regarding the meeting content, proceedings and shareholders' statements.)

Attachment

Attachment I

Attachment I 2020 Business Report

KMC (Kuei Meng) International Inc. 2020 Business Report

Dear Shareholders,

Impacted by COVID-19, 2020 was a year full of unprecedented challenges that put the whole world upside down. Thanks to our employees and the management team, we overcame obstacles and generated record-high performance. In 2020, our operating revenue reached NT\$6.13 billion, a YoY growth of 17%. Net profit after tax reached NT\$1.51 billion, a YoY growth of 50%. EPS was NT\$12, which delivered a second consecutive year of record.

At the beginning of 2020, the shortage of supply appeared in the bicycle industry. With various pandemic prevention measures implemented, the bicycle supply chain suspended for nearly two months while the demand remained stable. Since the inventory was insufficient, the shortage of supply appeared. Meanwhile, the epidemic changed the way that people commute, exercise and recreate. The governments also encouraged people to ride a bicycle, and offered subsidies for buying bicycle components. These all boosted the demand for bicycles. In face of the increasing demand for bicycles around the globe, KMC increased its productivity by 10%, delivering outstanding performance with global deployment and flexible productivity adjustment. In addition, the operation of non-bicycle businesses also rebounded from the third quarter of 2020.

In recent years, KMC released the specialized e-bike chain and chainring to fulfill the high torque and high durability requirements of the e-bikes. The specialized chain and chainring set based on the concept of "Chain Mate" provided e-bikes a comprehensive and highly compatible solution. It is expected that KMC will take a crucial role as the market of e-bikes grows.

I. Business results of 2020:

1. The implementation results of business plan:

In 2020, KMC's consolidated revenue was NT\$6.13 billion, a 17% growth compared to 2019. The consolidated operating net profit was NT\$2.82 billion which increased 31.5% from the 2019 level. The gross margin was 46%. The consolidated net profit after tax was NT\$1.51 billion, a YoY growth of 50.3%. Earnings per share were NT\$12.

As a dedicated advocator of green transportation, KMC continued to promote ESG. In the Sustainalytics's ESG ratings, KMC was ranked top 1 in the bicycle industry, and the top 9% in the global ratings. In 2012, KMC became the first chain manufacturer in the world to obtain carbon footprint verification. In terms of social welfare, KMC carried out activities based on six major themes, initiated by three foundations. In terms of corporate governance, KMC strengthened its

Board diversity, and treated every shareholder equally. In 2020, KMC was honored to be nominated as the company with the best IR team by IR Magazine. In the future, KMC will continue to promote ESG based on the principles of “sustainable environment”, “green supply”, “common welfare”, “equal sharing” and “ethical management”.

The year of 2020 Budget Implementation Status:

Unit: NT\$ thousands

Item	Actual amount	Budget amount	Achieved rate %
Operating revenue	6,130,483	5,500,000	111%
Gross profit	2,819,482	2,300,000	123%
Operating profit	1,974,277	1,350,000	146%
Net profit after tax	1,514,646	1,100,000	138%

Financial and Profitability analysis:

Unit: NT\$ thousands

Item	2020	2019	The percentage changed
Operating revenue	6,130,483	5,239,635	17.0%
Gross profit	2,819,482	2,143,280	31.5%
Operating profit	1,974,277	1,253,552	57.5%
Net profit after tax	1,514,646	1,007,490	50.3%
Gross profit margin	46.0%	40.9%	
Operating margin	32.2%	23.9%	
Net margin	24.7%	19.2%	
EPS in NT\$	12.02	8.00	

2. Research and Development Status:

Adhering to the attitude of “professionalism” and “continued dedication”, KMC has continued to invest in research and development on bicycle and non-bicycle components, and carried out in-depth study and innovation as well as development of high-precision product. The spirit of focusing on R&D and innovation has always been the key to the sustainable growth of KMC. Our R&D team follows the product development trend of each business segment and enhances the added value of our products. By integrating innovative technology and new materials, KMC will create better next-generation products.

In 2020, the R&D efforts of KMC on bike components are summarized as follows:

- A. In response to the rapid growth of e-bikes, KMC developed a specialized e-bike chain that works perfectly with various powerful mid drive motor. Our R&D team leveraged the cutting edge technology to reduce the chain elongation and improve its durability. Meanwhile, this technology enables our chain to have 2 to 4 times longer life span than traditional bicycle chain.

B. Today, the main trend for transmission systems is moving toward higher speeds, no matter it is for traditional transmission system or e-bike transmission system. However, the higher speed requires more plates in the same space and the chain needs to be thinner. As the chain becomes thinner, it also needs to maintain the same or even better strength, resilience and functionality. Therefore, new materials need to be developed to meet the demand for chain. KMC has begun to cooperate with metal material suppliers to jointly develop new materials to achieve thinner but stronger chain. With its long-established precision stamping capability and heat treatment technology, KMC would be able to produce next-generation, super high-end chains and transmission components.

II. Summary of 2021 Business Plan:

1. Business principles and important policies of production and marketing:

Due to the COVID-19, the supply side changed in various industries. Instant supply used to be the principle of the overall supply chain. Yet due to the pandemic, the supply chain couldn't function normally. KMC has already established a comprehensive production and sales network around the world, demonstrating its edge on multiple operations under the influence of the epidemic. The real-time supply established by KMC is no longer based on the lowest cost of the production. We focus more on the demand of the target market, flexible multi-site manufacturing and immediate customer service. In 2021, we will continue to improve our distribution channel to respond to the changes in the global bike industry and other businesses. Additionally, we will also dedicate to improving our product portfolio, increasing the market share in after sales market and high-end product, strengthening the core abilities in technology and equipment development in order to improve our operational momentum.

From 2018, KMC has entered the top 35 of the “Best Global Brand” for three consecutive years and won the “Best Potential Brand of Taiwan”. KMC will continue its outstanding performance and aim at brand globalization, becoming the most influential international brand through global development and branding power.

As for production policy, apart from stably increasing the advanced production capacity to meet the clients' needs, KMC also offered faster and more instant sales support to our customers. Meanwhile, in response to the global trade protectionism, KMC reinforced its short supply chain ability with multiple production bases to ensure KMC maintains the edge that surpasses other rivals. Also, we will put our efforts on sustainability and green policy. By establishing green factories, utilizing green packaging materials, investigating carbon emission, and optimizing the production process, KMC has adopted the green concept into our product and manufacturing process to realize the goal of carbon reduction.

2. Sales volume forecast and the accordance of fact

Bicycle , motorcycle, automobile and GDO market has shown steady growth for many year; however, the sales volume forecast will be evaluated and properly adjusted according to the current industrial environment, market supply and demand and the business exploration ability.

III. Company's development strategy in the future:

KMC has set the goal of "becoming the most valuable chain brand"; therefore, constantly insisting on refinement of product design and innovative manufacturing process is the way to provide consumers and clients with the chain products featuring the highest quality and the best compatible transmission systems. KMC will oriented towards "Professionalism with Hearty Choice"

In 2021, KMC will focus on three aspects of development in automotive parts and components. First of all, it will align with the development trend of electric bikes and increase its stake in the diversification of parts and components for electric bikes. Secondly, KMC seeks to increase its share in the repair market of Europe and USA. As the e-bike and high-end bike are penetrating, the lucrative profit in the repair market will be the prime force driving for profit growth for KMC. Thirdly, it is the chains for high-end sport vehicles. A number of manufacturers will launch ultra-high performance system in new models, which is expected to bring about another wave of upgrade and replacement for new vehicles, and in turn drive the demand for high-end chains. In the operation beyond bicycle chain, KMC will adopt multi-site operation and strengthen its operation in the repair operation in ASEAN region in the area of parts and components for motorcycles. In the area of automotive timing system, KMC will speed up its paces in working in conjunction with major customers in the development of automotive timing system and different parts and components. As for the garage door system, KMC will increase the number of projects of system parts for joint development with customers.

IV. Being Influenced by external environment, regulatory environment and overall business environment

As well as getting along with the rising of global urbanization level, those issues getting more serious including environmental protection, traffic, public health, the governments worldwide have gradually included bicycle as the best option of green vehicle. Countries have been calling people to care for the environment with real actions, reducing the impacts on the Earth, improving our environment, and preventing the damages to the environment. In 2021, the US addressed the issue of carbon emission by holding the online climate summit. 40 leaders worldwide including China leader Xi Jinping, Russian leader Vladimir Putin, and Pop Francis joined the two-day meeting. The US announced that by 2030, its GHG emission will decrease 50% compared to 2005. By 2050, it will reach carbon neutrality. Japan also proposed that by 2030, its GHG emission will decrease 46% compared to 2013; Canada changed its target from 30% to 40 to 45% compared to 2005. China announced that by 2030 it will reach its carbon peak and by 2060, it will reach carbon neutrality. When a country or a region announces its goal of carbon neutrality, it implies that the policy, business models, energy transformation, and environmental regulations shall make changes accordingly. This will bring fundamental impact to alleviating climate change and natural disasters.

The current situation unveils a promising future for the bicycle industry. On one hand, people prefer personal transportation to public transportation to maintain social distance. On the other hand, according to CONEBI's research, the sales of electric bikes in the EU will surge from 4.6 million units in 2020 to 17 million units in 2030. It is anticipated that by 2028, the sales of electric bikes will surpass traditional bikes, which demonstrates a bright future for e-bikes. At the beginning of 2020, the EU set the achievement time of carbon neutrality in 2050. This means a positive and lucrative development for the bike industry. No matter it's environmental awareness, urban transportation, or public health safety, bicycle is undoubtedly the best and the simplest solution.

Looking back in 2020, we saw rapid changes in the external environment and the overall economy. KMC made a breakthrough by turning all the unfavorable factors into strong momentum to push the company forward. We will take practical and prudent attitude to respond to any changes in the future. Your unwavering support and the anticipation from the public have been embedded in our hearts. We will put more efforts in the company operation to generate fruitful result as the returns to shareholders' supports.

I'd like to express my sincere gratitude for your support!

KMC (Kuei Meng) International Inc.
Chairman: Wu, Ying-chin

Attachment II

Attachment II Audit Committee's Review Report

KMC(Kuei Meng) International Inc. Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and the proposal of distribution of earnings. The financial statements including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows) and consolidated financial statements. In addition, the board of directors appointed Chao Chin Yang and Chi Chen Li of Deloitte & Touche to audit KMC's financial statements and has issued an audit report relating to the financial statements.

The Audit Committee is responsible for supervising the company's financial reporting process.

The Company's independent auditors have communicated the following matters with the Audit Committee on their audits of the Company's financial statements:

1. There are no major findings in the audit scope and timing planned by the independent auditors.
2. The independent auditors provided the personnel of the accounting firm who subject to independence regulations to the audit committee that have complied with the statement of independence in the professional ethics of accountants, and there is no other relationships or matters that may be considered to affect the independence of accountants.
3. The independent auditor communicate with the audit committee on key audit matters, and the key audit matters that must be communicated in the audit report have been included in the audit report.

The Company's 2020 Financial Statements, Business Report and the proposal of distribution of earnings which had been resolved by the Board of Directors have been reviewed by the Audit Committee and found that they are in compliance with relevant laws and regulations. According to relevant requirements of the Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law, we hereby submit this report.

KMC(Kuei Meng) International Inc.

Chairman of the Audit Committee

Mr. Wang, Ming-Lung

March 15, 2021

Attachment III

Attachment III Information on the third domestic secured convertible corporate bond

Types of company debt	The third domestic secured convertible corporate bond
Issue (handle) Date	2020.10.30
Denomination	NTD 100,000
Issuance and trading location	Securities counter trading center (listed on the OTC)
Issue price	Issued at 107.5% of the face value
Total	NTD 1,000,000,000
Interest rate	Annual coupon rate 0%
Period	Three-year period, maturity date : 2023.10.30
Repayment method	Unless the bondholders are converted into common stocks of the company in accordance with Article 10 of KMC'S Third Domestic Secured Convertible Corporate Bond Issuance and Convertible Measures, or the company redeemed them in advance in accordance with Article 18 of KMC'S Third Domestic Secured Convertible Corporate Bond Issuance and Convertible Measures, or this convertible corporate bond is bought and cancelled by the business offices of securities firms, this convertible corporate bond will be repaid in cash at the maturity of the bond in a lump sum according to the denomination of the bond
Outstanding principal repayment	NTD 1,000,000,000
Implementation status	As of April 30, 2021, the unconverted balance is NTD 1,000,000,000.

Attachment IV

Attachment IV Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
KMC (KUEI MENG) International Inc.

Opinion

We have audited the accompanying consolidated financial statements of KMC (KUEI MENG) International Inc. and its subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan, the Republic of China (ROC).

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is as follows:

Revenue recognition

The Group sells its products in Asia, the Americas and Europe. Sales revenue is significant to the consolidated financial statements and is presumed risk account under the Regulations Governing Auditing and Attestation of Financial Statements; thus, we deemed the validity and occurrence of sales of specific customers whose gross margin rate has significant growth than last year to be key audit matter.

The main audit procedures we performed in response to the key audit matter described above were as follows:

1. We understood and tested the operating effectiveness of internal controls and operation procedures in sales and payment collection cycle.
2. We selected a moderate number of samples from sales revenue and inspected delivery documents, documents of customs and relevant documents of collections to tested the authenticity of the sales.

Other Matter

We have also audited the parent company only financial statements of KMC (KUEI MENG) International Inc. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by FSC of Taiwan, the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chao-Chin Yang and Chi-Chen Li.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2021.

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,991,392	19	\$ 1,765,933	18
Financial Assets at fair value through profit or loss-current (Notes 4, 7 and 21)	1,100	-	-	-
Financial assets at amortized cost - current (Notes 4, 8 and 9)	271,263	2	59,396	1
Notes receivable (Notes 4, 10 and 28)	88,294	1	107,758	1
Notes receivable from related parties (Notes 4, 10, 28 and 35)	16,110	-	-	-
Accounts receivable (Notes 4, 10 and 28)	1,137,324	11	870,226	9
Accounts receivable from related parties (Notes 4, 10, 28 and 35)	62,872	-	52,471	-
Other receivables (Note 35)	29,970	-	35,606	-
Current tax assets (Notes 4 and 30)	17,043	-	20,768	-
Inventories (Notes 4 and 11)	819,819	8	880,476	9
Prepayments (Note 13)	291,313	3	216,037	2
Other current assets (Note 13)	74,171	1	64,404	1
Total current assets	4,800,671	45	4,073,075	41
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 14)	12,793	-	12,764	-
Property, plant and equipment (Notes 4, 15 and 35)	3,114,632	29	3,072,048	31
Right-of-use assets (Notes 4, 16 and 35)	897,719	8	908,305	9
Investment properties (Notes 4 and 17)	126,140	1	133,458	1
Goodwill (Notes 4 and 19)	1,340,187	13	1,339,550	13
Other intangible assets (Notes 4 and 20)	223,003	2	273,515	3
Deferred tax assets (Notes 4 and 30)	59,182	1	85,605	1
Other financial assets - non-current (Note 12)	3,244	-	3,244	-
Other non-current assets (Note 13)	82,710	1	59,608	1
Total non-current assets	5,859,610	55	5,888,097	59
TOTAL	\$ 10,660,281	100	\$ 9,961,172	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 22)	\$ 604,368	6	\$ 898,177	9
Short-term bills payable (Notes 4 and 22)	119,834	1	99,955	1
Financial Liabilities at fair value through profit or loss - current (Notes 4 and 7)	58	-	-	-
Notes payable (Note 23)	944	-	944	-
Accounts payable (Note 23)	425,423	4	300,948	3
Accounts payable to related parties (Notes 23 and 35)	49,602	-	35,725	-
Other payables (Note 24)	292,810	3	283,846	3
Current tax liabilities (Notes 4 and 30)	299,448	3	143,778	2
Lease liabilities - current (Notes 4, 16 and 35)	3,110	-	2,828	-
Current portion of long-term borrowings (Notes 4 and 22)	-	-	1,270,000	13
Deferred revenue - current (Notes 4 and 25)	7,178	-	7,060	-
Other current liabilities (Notes 24 and 28)	94,418	1	37,993	-
Total current liabilities	1,897,193	18	3,081,254	31
NON-CURRENT LIABILITIES				
Bonds Payable (Notes 4 and 21)	979,427	9	-	-
Long-term borrowings (Notes 4 and 22)	859,419	8	1,085,000	11
Deferred tax liabilities (Notes 4 and 30)	469,048	4	472,527	5
Lease liabilities - non-current (Notes 4, 16 and 35)	4,500	-	1,791	-
Deferred revenue - non-current (Notes 4 and 25)	-	-	7,060	-
Net defined benefit liabilities - non-current (Notes 4 and 26)	45,409	1	32,926	-
Other non-current liabilities	2,287	-	2,131	-
Total non-current liabilities	2,360,090	22	1,601,435	16
Total liabilities	4,257,283	40	4,682,689	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)				
Capital stock - common stock	1,260,000	12	1,260,000	13
Capital surplus	1,633,538	15	1,541,021	15
Retained earnings				
Legal reserve	550,646	5	449,234	4
Special reserve	810,893	8	571,153	6
Unappropriated earnings	2,864,157	27	2,267,714	23
Total retained earnings	4,225,696	40	3,288,101	33
Other equity	(716,465)	(7)	(810,893)	(8)
Total equity attributable to owners of the Company	6,402,769	60	5,278,229	53
NON - CONTROLLING INTERESTS	229	-	254	-
Total equity	6,402,998	60	5,278,483	53
TOTAL	\$ 10,660,281	100	\$ 9,961,172	100

The accompanying notes are an integral part of the consolidated financial statements.

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 28, 35 and 40)	\$ 6,130,483	100	\$ 5,239,635	100
OPERATING COSTS (Notes 11, 29 and 35)	<u>3,311,001</u>	<u>54</u>	<u>3,096,355</u>	<u>59</u>
GROSS PROFIT	<u>2,819,482</u>	<u>46</u>	<u>2,143,280</u>	<u>41</u>
OPERATING EXPENSES (Notes 29 and 35)				
Selling and marketing expenses	368,905	6	389,771	7
General and administrative expenses	430,451	7	450,905	9
Research and development expenses	48,815	1	34,104	1
Expected credit loss (gain)	<u>(8,312)</u>	<u>-</u>	<u>9,049</u>	<u>-</u>
Total operating expenses	<u>839,859</u>	<u>14</u>	<u>883,829</u>	<u>17</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 29 and 35)	<u>(5,346)</u>	<u>-</u>	<u>(5,899)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>1,974,277</u>	<u>32</u>	<u>1,253,552</u>	<u>24</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 14, 21, 25, 29 and 35)				
Interest income	24,641	-	24,949	1
Other income	72,855	1	67,697	1
Other gains and losses	(64,763)	(1)	(18,516)	-
Share of profit of associates	492	-	624	-
Finance cost	<u>(28,097)</u>	<u>-</u>	<u>(35,354)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>5,128</u>	<u>-</u>	<u>39,400</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,979,405	32	1,292,952	25
INCOME TAX EXPENSE (Notes 4 and 30)	<u>464,759</u>	<u>7</u>	<u>285,462</u>	<u>6</u>
NET PROFIT	<u>1,514,646</u>	<u>25</u>	<u>1,007,490</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 26)	(12,574)	-	8,291	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss (Note 30)	<u>2,515</u>	<u>-</u>	<u>(1,658)</u>	<u>-</u>

(Continued)

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
	<u>(10,059)</u>	<u>-</u>	<u>6,633</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 27)	94,411	1	(239,199)	(4)
Income tax expense relating to items that may be reclassified subsequently to profit or loss (Notes 27 and 30)	<u>-</u>	<u>-</u>	<u>(535)</u>	<u>-</u>
	<u>94,411</u>	<u>1</u>	<u>(239,734)</u>	<u>(4)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>84,352</u>	<u>1</u>	<u>(233,101)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,598,998</u>	<u>26</u>	<u>\$ 774,389</u>	<u>15</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,514,654	25	\$ 1,007,486	19
Non-controlling interests	<u>(8)</u>	<u>-</u>	<u>4</u>	<u>-</u>
	<u>\$ 1,514,646</u>	<u>25</u>	<u>\$ 1,007,490</u>	<u>19</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,599,023	26	\$ 774,379	15
Non-controlling interests	<u>(25)</u>	<u>-</u>	<u>10</u>	<u>-</u>
	<u>\$ 1,598,998</u>	<u>26</u>	<u>\$ 774,389</u>	<u>15</u>
EARNINGS PER SHARE (Note 31)				
Basic	<u>\$ 12.02</u>		<u>\$ 8.00</u>	
Diluted	<u>\$ 11.94</u>		<u>\$ 7.99</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company						Total	Non-controlling Interests	Total Equity
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations			
BALANCE, JANUARY 1, 2019	\$ 1,260,000	\$ 1,541,021	\$ 354,469	\$ 448,150	\$ 2,038,363	\$ (571,153)	\$ 5,070,850	\$ 244	\$ 5,071,094
Appropriation of the 2018 earnings (Note 27)									
Legal reserve	-	-	94,765	-	(94,765)	-	-	-	-
Special reserve	-	-	-	123,003	(123,003)	-	-	-	-
Cash dividends distributed by the Company - NT\$ 4.5 per share	-	-	-	-	(567,000)	-	(567,000)	-	(567,000)
Net profit for the year ended December 31, 2019	-	-	-	-	1,007,486	-	1,007,486	4	1,007,490
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	6,633	(239,740)	(233,107)	6	(233,101)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,014,119	(239,740)	774,379	10	774,389
BALANCE, DECEMBER 31, 2019	1,260,000	1,541,021	449,234	571,153	2,267,714	(810,893)	5,278,229	254	5,278,483
Appropriation of the 2019 earnings (Note 27)									
Legal reserve	-	-	101,412	-	(101,412)	-	-	-	-
Special reserve	-	-	-	239,740	(239,740)	-	-	-	-
Cash dividends distributed by the Company - NT\$ 4.5 per share	-	-	-	-	(567,000)	-	(567,000)	-	(567,000)
Equity component of convertible bonds issued by the company (Note 27)	-	92,517	-	-	-	-	92,517	-	92,517
Net profit for the year ended December 31, 2020	-	-	-	-	1,514,654	-	1,514,654	(8)	1,514,646
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(10,059)	94,428	84,369	(17)	84,352
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,504,595	94,428	1,599,023	(25)	1,598,998
BALANCE, DECEMBER 31, 2020	\$ 1,260,000	\$ 1,633,538	\$ 550,646	\$ 810,893	\$ 2,864,157	\$ (716,465)	\$ 6,402,769	\$ 229	\$ 6,402,998

The accompanying notes are an integral part of the consolidated financial statements.

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,979,405	\$ 1,292,952
Adjustments for:		
Depreciation expenses	299,793	292,281
Amortization expenses	56,211	52,170
Expected credit loss recognized (reserved) on accounts receivable	(8,312)	9,049
Finance costs	28,097	35,354
Interest income	(24,641)	(24,949)
Share of profit of associates	(492)	(624)
Loss on disposal of property, plant and equipment	5,346	5,899
Unrealized loss on foreign currency exchange	8,871	12,646
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(100)	-
Notes receivable	3,354	15,384
Accounts receivable	(260,503)	46,908
Accounts receivable from related parties	(10,145)	3,739
Other receivables	10,249	(1,154)
Inventories	69,408	233,921
Prepayments	(75,276)	(104,568)
Other current assets	(9,767)	(4,869)
Financial liabilities mandatorily classified as at fair value through profit or loss	58	-
Notes payable	-	(5,563)
Accounts payable	124,455	(36,139)
Accounts payable to related parties	9,255	(1,559)
Other payables	18,803	(52,127)
Deferred revenue	(7,022)	14,668
Other current liabilities	56,425	6,681
Net defined benefit liability	<u>12,483</u>	<u>(7,833)</u>
Cash generated from operations	2,285,955	1,782,267
Income tax paid	<u>(284,816)</u>	<u>(316,384)</u>
Net cash generated from operating activities	<u>2,001,139</u>	<u>1,465,883</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(211,867)	(50,842)
Acquisition of subsidiaries	-	(347,046)
Acquisition of property, plant and equipment	(312,481)	(305,162)
Proceeds from disposal of property, plant and equipment	3,010	13,467
Increase in prepayments for equipment	(5,705)	-
Increase in refundable deposits	(1,186)	(1,739)
Decrease in refundable deposits	4,488	2,095
Acquisition of other intangible assets	(2,888)	(4,240)
Acquisition of investment properties	-	(2,612)

(Continued)

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in other non-current assets	1,829	129
Interest received	<u>20,490</u>	<u>22,949</u>
Net cash used in investing activities	<u>(504,310)</u>	<u>(673,001)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	7,917,564	11,087,120
Repayments of short-term borrowings	(8,211,426)	(11,923,642)
Proceeds from short-term bills payable	920,000	3,250,000
Repayments of short-term bills payable	(901,125)	(3,152,401)
Proceeds from issuance of convertible bonds	1,074,972	-
Proceeds from long-term borrowings	7,423,592	5,150,000
Repayments of long-term borrowings	(8,919,000)	(4,795,000)
Proceeds from guarantee deposits received	129	-
Refund of guarantee deposits received	-	(281)
Repayment of the principal portion of lease liabilities	(3,344)	(3,251)
Cash dividends	(567,000)	(567,000)
Interest paid	<u>(27,429)</u>	<u>(33,004)</u>
Net cash used in financing activities	<u>(1,293,067)</u>	<u>(987,459)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>21,697</u>	<u>(112,919)</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	225,459	(307,496)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,765,933</u>	<u>2,073,429</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,991,392</u>	<u>\$ 1,765,933</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

Attachment V

Attachment V 2020 Profit Distribution Table

KMC (Kuei Meng) International Inc. 2020 Profit Distribution Table

Unit: NT\$

Items	Amount
Accumulated un-appropriated earnings at the beginning of the period	1,359,562,093
Retained earnings adjustment for the beginning of the period	(10,059,355)
Adjusted Accumulated un-appropriated earnings at the beginning of the period	1,349,502,738
2020 Net Profit	1,514,653,960
Less: appropriated as legal reserve (10%)	(150,459,461)
Plus: reversal of special reserve	94,428,222
Earnings available for appropriation at the end of 2020	2,808,125,459
Allocation Items	
Cash Dividends to Shareholders(NT\$7.2 per share)	(907,200,000)
Un-appropriated Earnings	1,900,925,459

Attachment VI

Attachment VI The comparison of the contents before and after amendment for the Articles of Incorporation.

Before Amendment	After Amendment
<p>Article 6: The share certificates of the Corporation shall all be name-bearing share certificates, bearing with the signatures or seals by at least three Directors and issued in accordance with Company Act. After the Corporation has officially listed on stock exchange, the Corporation may issue shares without printing share certificates.</p>	<p>Article 6 <u>The company's stocks are all registered, signed or stamped by the representative of the company's directors, and issued after obtaining a visa according to law. After the company's public offering, stocks may be issued without a physical entity, and other securities are the same, but they should be registered with the securities centralized custodial institution.</u></p>
<p>Article 6, Session 1: The Corporation may merge the share certificates specified with large quantities under the request made by Taiwan Depository & Clearing Corporation.</p>	<p>Article 6, Session 1: Delete</p>
<p>Article 21, Section 1: In case there is surplus in the fiscal year, after paying taxes in accordance with the laws and offset the losses, the Corporation shall set aside 10% as legal capital reserves. In case the statutory reserves have equaled the total paid-in capital of the Corporation, no allocation shall be made. Then, set aside special capital reserve in accordance with relevant laws or regulations; in case there are earnings left over, the Board of Directors shall propose the plan of distribution of surplus to the shareholder's meeting for approval. The industrial development of the Corporation is undergoing the business expansion phase and in great demand for funds; consequently, the distribution of surplus should be made in accordance with Company Act and the Corporation's articles of incorporation subject to the management of Corporation's capital and the business performance before determining the method of stock dividend. The principle of stock dividend shall follow the stability and balance policy, and the method of stock dividend (cash dividend or stock dividend) and the amount</p>	<p>Article 21, Section 1: <u>The distribution of earnings or the covering of losses may be made on a quarterly basis after the close of each quarter. When the earnings are to be distributed in cash, the distribution shall be approved by the Board of Directors in accordance with Article 228-1 and Paragraph V of Article 240 of the Company Law and reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for acceptance.</u> <u>The Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings, the Corporation shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Corporation, then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.</u> The industrial development of the Corporation is undergoing the business</p>

Before Amendment	After Amendment
<p>will be proposed by the Board of Directors in accordance with the business results, financial status and the management of capital before adopted by the annual regular shareholders meeting. In accordance with the dividend policy of the Corporation, the annual allocation of surplus to the shareholders shall not be less than 20%, the method of dividend can be made by cash or stock. While the cash dividend shall not be less than 20% of the total amount of cash and stock dividend.</p>	<p>expansion phase and in great demand for funds; consequently, the distribution of surplus should be made in accordance with Company Act and the Corporation's articles of incorporation subject to the management of Corporation's capital and the business performance before determining the method of stock dividend. The principle of stock dividend shall follow the stability and balance policy, and the method of stock dividend (cash dividend or stock dividend) and the amount will be proposed by the Board of Directors in accordance with the business results, financial status and the management of capital before adopted by the annual regular shareholders meeting.</p> <p>In accordance with the dividend policy of the Corporation, the annual allocation of surplus to the shareholders shall not be less than 20%, the method of dividend can be made by cash or stock. While the cash dividend shall not be less than 20% of the total amount of cash and stock dividend.</p> <p><u>Distribute all or part of dividends and bonuses or statutory surplus reserve and capital reserve, if cash is distributed, authorize the board of directors to attend with more than two-thirds of the directors, and after more than half of the attending directors agree, and report Shareholders meeting.</u></p>
<p>Article 24 The Statute was established on February 20th, 1989. The first revised edition of the statute was made on October 12th, 1989. The second revised edition of the statute was made on November 11th, 1990. The third revised edition of the statute was made on December 9th, 1990. The fourth revised edition of the statute was made on June 15th, 1991. The fifth revised edition of the statute was made on July 4th, 1991. The sixth revised edition of the statute was made on June 12th, 1992. The seventh revised edition of the statute was made on June 4th, 1993. The eighth revised edition of the statute was made on April 15th, 1994. The ninth revised edition of the statute was made</p>	<p>Article 24 The Statute was established on February 20th, 1989. The first revised edition of the statute was made on October 12th, 1989. The second revised edition of the statute was made on November 11th, 1990. The third revised edition of the statute was made on December 9th, 1990. The fourth revised edition of the statute was made on June 15th, 1991. The fifth revised edition of the statute was made on July 4th, 1991. The sixth revised edition of the statute was made on June 12th, 1992. The seventh revised edition of the statute was made on June 4th, 1993. The eighth revised edition of the statute was made on April 15th, 1994. The ninth revised edition of the statute was</p>

Before Amendment	After Amendment
<p>on April 28th, 1995.</p> <p>The tenth revised edition of the statute was made on May 17th, 1996.</p> <p>The eleventh revised edition of the statute was made on June 12th, 1997.</p> <p>The twelfth revised edition of the statute was made on May 14th, 1998.</p> <p>The thirteenth revised edition of the statute was made on May 26th, 2000.</p> <p>The fourteenth revised edition of the statute was made on June 20th, 2002.</p> <p>The fifteenth revised edition of the statute was made on June 25th, 2004.</p> <p>The sixteenth revised edition of the statute was made on May 3rd, 2007.</p> <p>The seventeenth revised edition of the statute was made on June 22nd, 2009.</p> <p>The eighteenth revised edition of the statute was made on June 4th, 2010.</p> <p>The nineteenth revised edition of the statute was made on October 4th, 2011.</p> <p>The twentieth revised edition of the statute was made on June 21st, 2012.</p> <p>The twenty-first revised edition of the statute was made on June 25th, 2013.</p> <p>The twenty-second revised edition of the statute was made on June 24th, 2014.</p> <p>The twenty-third revised edition of the statute was made on June 24th, 2016.</p> <p>The twenty-fourth revised edition of the statute was made on June 23rd, 2017.</p> <p>The twenty-fifth revised edition of the statute was made on June 20rd, 2019</p> <p>The twenty-sixth revised edition of the statute was made on June 24rd, 2020</p>	<p>made on April 28th, 1995.</p> <p>The tenth revised edition of the statute was made on May 17th, 1996.</p> <p>The eleventh revised edition of the statute was made on June 12th, 1997.</p> <p>The twelfth revised edition of the statute was made on May 14th, 1998.</p> <p>The thirteenth revised edition of the statute was made on May 26th, 2000.</p> <p>The fourteenth revised edition of the statute was made on June 20th, 2002.</p> <p>The fifteenth revised edition of the statute was made on June 25th, 2004.</p> <p>The sixteenth revised edition of the statute was made on May 3rd, 2007.</p> <p>The seventeenth revised edition of the statute was made on June 22nd, 2009.</p> <p>The eighteenth revised edition of the statute was made on June 4th, 2010.</p> <p>The nineteenth revised edition of the statute was made on October 4th, 2011.</p> <p>The twentieth revised edition of the statute was made on June 21st, 2012.</p> <p>The twenty-first revised edition of the statute was made on June 25th, 2013.</p> <p>The twenty-second revised edition of the statute was made on June 24th, 2014.</p> <p>The twenty-third revised edition of the statute was made on June 24th, 2016.</p> <p>The twenty-fourth revised edition of the statute was made on June 23rd, 2017.</p> <p>The twenty-fifth revised edition of the statute was made on June 20rd, 2019</p> <p>The twenty-sixth revised edition of the statute was made on June 24rd, 2020</p> <p><u>The twenty-seven revised edition of the statute was made on July 1st, 2021</u></p>

Attachment VII

Attachment VII The comparison of the contents before and after amendment for the Operational procedures for Acquisition and Disposal of Assets.

Before Amendment	After Amendment
<p>Article 18 Trading principle and approach</p> <ol style="list-style-type: none"> 1. When the Company engage in derivatives trading, the type of derivatives are used for hedging purpose only, which includes foreign exchange forward and foreign exchange option. 2. Operating or hedging strategies: The foreign exchange derivatives transactions mentioned in the preceding paragraph is used for reducing the foreign exchange risk during operating and fund dispatching. The Company shall not engage in trades on any other derivatives for trading purpose. And the currency of the position held shall be the same as the one used actually in the Company’s import/export transactions. 3. Authorization: Finance treasury management: Responsible for foreign exchange management system, for example: collect market information about foreign exchange; evaluate trend and risk and familiar with financial instruments and transaction skill. Besides, accepting the instructions from financial officer, being authorized to manage the foreign exchange positions and preventing risk in accordance with Company’s policy then submitting the report of hedged and non-hedged position on Board meeting periodically. General accounting department: Responsible for the transaction confirmation, settlement and enter the transaction into the account book. Audit department: To measure, monitor and control the risk of transactions in financial department and report to the Board of Directors in the event of a material deficiency. 4. Performance evaluation: When engaging in derivatives transactions, the Company shall daily record the transactions in detail in order to control the performance, and shall also settle exchange gains and losses monthly, quarterly, half yearly and yearly. 	<p>Article 18 Trading principle and approach</p> <ol style="list-style-type: none"> 1. When the Company engage in derivatives trading, the type of derivatives are used for hedging purpose only, which includes foreign exchange forward and foreign exchange option. 2. Operating or hedging strategies: The foreign exchange derivatives transactions mentioned in the preceding paragraph is used for reducing the foreign exchange risk during operating and fund dispatching. The Company shall not engage in trades on any other derivatives for trading purpose. And the currency of the position held shall be the same as the one used actually in the Company’s import/export transactions. 3. Authorization: Finance treasury management: Responsible for foreign exchange management system, for example: collect market information about foreign exchange; evaluate trend and risk and familiar with financial instruments and transaction skill. Besides, accepting the instructions from financial officer, being authorized to manage the foreign exchange positions and preventing risk in accordance with Company’s policy then submitting the report of hedged and non-hedged position on Board meeting periodically. General accounting department: Responsible for the transaction confirmation, settlement and enter the transaction into the account book. Audit department: To measure, monitor and control the risk of transactions in financial department and report to the Board of Directors in the event of a material deficiency. 4. Performance evaluation: When engaging in derivatives transactions, the Company shall daily record the transactions in detail in order to control the performance, and shall also settle exchange gains and losses monthly, quarterly, half yearly and yearly.

Before Amendment	After Amendment
<p>5. Transaction contract dollar amount:</p> <p>(1) Transactions to avoid exchange risk: The total amount of the contracts shall not exceed the aggregate amount of import and export in the current year.</p> <p>(2) Transactions to avoid interest rate risk: The total amount of the contracts shall not exceed the amount of total debt.</p> <p>(3) Transactions to avoid the exchange rate and interest rate risk arising from projects: The total amount of the contracts shall not exceed the aggregate amount of the project budget.</p> <p>6. Maximum loss limit: The maximum loss limit for all contracts is US\$100,000.</p>	<p>5. Transaction contract dollar amount:</p> <p>(4) Transactions to avoid exchange risk: The total amount of the contracts shall not exceed the aggregate amount of import and export in the current year.</p> <p>(5) Transactions to avoid interest rate risk: The total amount of the contracts shall not exceed the amount of total debt.</p> <p>(6) Transactions to avoid the exchange rate and interest rate risk arising from projects: The total amount of the contracts shall not exceed the aggregate amount of the project budget.</p> <p>6. <u>Maximum loss limit:</u> <u>For hedging transactions, the upper limit of losses is 20% of the contract amount for all contracts in aggregate or for any individual contract.</u></p>