

KMC(Kuei Meng) International Inc.
Minutes of 2023 Annual General Shareholders' Meeting
(Translation)

Time: 09:00 a.m., May 31st, 2023

Place: Zenda Suites C Hall (Address: No.2, Dasyue Rd., East District. Tainan City 70146, Taiwan.)

Type of the Meeting: Physical Shareholders' Meeting

Attendance: All shares represented by shareholders present are 94,213,741 shares (including 85,268,591 shares the voting rights of which are exercised by the electronic means), or 74.77% 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, Director Hsu, Yang-Kang,
Independent Director, Wang, Ming-Lung, Independent Director, Tseng, Wen-
Che, Independent Director, Tsai, Hsueh-Ling

Attendee: Li, Chi-Chen, CPA (Deloitte & Touche)

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

I. Chairman's Remarks (Omitted)

II. Report Matters

1. 2022 Distribution of Directors' and Employees' Remuneration.

Explanation:

- (1) The Board of Directors approved 2022 directors' compensation and employees' profit sharing bonus on March 14, 2023. The directors' compensation and employees' profit sharing bonus are to be distributed in cash.
- (2) 2022 directors' compensation is NT\$8,400,000, and 2022 employees' total profit sharing bonus is NT\$30,825,000.

2. 2022 Business Report.

Explanation: The 2022 Business Report is attached hereto as Attachment I (page 9-14).

3. 2022 Earnings Distribution.

Explanation:

KMC's Articles of Incorporation authorize the Board of Directors to approve quarterly cash dividends. The amounts and payment dates of 2022 quarterly cash dividends are demonstrated in the table below:

| 2022 | Approval Date (month/day/year) | Payment Date (month/day/year) | Cash Dividends Per Share (NT\$) | Total Amount (NT\$) |
|----------------|---|--|--|--------------------------------|
| First quarter | 05/11/2022 | 10/14/2022 | 2.25 | 283,500,000 |
| Second quarter | 08/12/2022 | 01/13/2023 | 2.25 | 283,500,000 |
| Third quarter | 11/10/2022 | 04/14/2023 | 2.25 | 283,500,000 |
| Fourth quarter | 03/14/2023 | 07/26/2023 | 2.25 | 283,500,000 |
| Total | | | 9 | 1,134,000,000 |

4. Audit Committee's review report.

Explanation: The Audit Committee's review report is attached hereto as Attachment II (page 15).

5. Amendment to the Sustainable Development Best Practice Principles.

Explanation:

- i. In order to comply with the publications of the Financial Supervisory Commission Jing-Guang-Zheng-Fa-Zi No. 1110152489 on December 21, 2022, the company amended the Sustainable Development Best Practice Principles.
- ii. Please refer to Attachment III for a comparison of the contents before and after amendment (page 16).

III. Acknowledgement Matters

1. Proposal: Adoption of the 2022 Business Report and Financial Statements. (Proposed by the Board)

Explanation:

- (1) KMC's 2022 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Ms. Li, Chi-Chen and Mr. Yang, Chao-Chin of Deloitte & Touche.
- (2) The 2022 Business Report, Independent Auditors' Report and the aforementioned Financial Statements were reviewed by Audit Committee.
- (3) Please refer to Attachment I, II and IV (page 9-14, 15, 17-36).

Resolution: The voting results are as followed:
94,213,741 shares were represented at the time of voting.

| Voting results | Proportion to the total represented shares present |
|--|--|
| Affirmative votes: 91,585,472 shares (including 82,656,332 shares the voting rights of which are exercised by the electronic means) | 97.21% |
| Dissentient votes: 17,302 shares (including 17,302 shares the voting rights of which are exercised by the electronic means) | 0.00% |
| Invalid votes: 0 shares | 0.00% |
| Abstained votes: 2,610,967 shares (including 2,594,957 shares the voting rights of which are exercised by the electronic means) | 2.77% |

The proposal has been adopted by voting without any modification.

2. Proposal: Adoption of the Proposal for Distribution of 2022 Profits. (Proposed by the Board)

Explanation:

- (1) The Board has adopted a Proposal for Distribution of 2022 Profits in accordance with the Company Act and Articles of Incorporation. Please refer to Attachment V (page 37).
- (2) The 2022 Earnings Distribution Table was reviewed by Audit Committee.

Resolution: The voting results are as followed:

94,213,741 shares were represented at the time of voting.

| Voting results | Proportion to the total represented shares present |
|--|--|
| Affirmative votes: 91,628,180 shares (including 82,699,040 shares the voting rights of which are exercised by the electronic means) | 97.25% |
| Dissentient votes: 28,029 shares (including 28,029 shares the voting rights of which are exercised by the electronic means) | 0.02% |
| Invalid votes: 0 shares | 0.00% |
| Abstained votes: 2,557,532 shares (including 2,541,522 shares the voting rights of which are exercised by the electronic means) | 2.71% |

The proposal has been adopted by voting without any modification.

IV. Election Matters

Re-election of directors, including independent directors. (Proposed by the Board)

Explanation:

- (1) The tenure of the 12th-term Board of Directors will expire on June 23, 2023. Seven directors (including three independent directors) will be elected at this annual general shareholders' meeting.
- (2) The Company shall have seven Board of Director members (including three independent directors) in accordance with the Articles of Incorporation. The tenure of new directors will be three years, starting from May 31, 2023 and will expire on May 30, 2026.
- (3) According to Incorporation Act.12-1, the election of Directors shall be conducted using the candidate nomination system. The shareholders shall elect directors from among those listed in the slate of director candidates, and the independent directors and non-independent directors shall be elected at the same time, but in separately calculated numbers. The list and the relative information of candidates nominated to be Directors are followed, please refer to the Attachment VI (page 38-39).

Election Result: The list of the newly elected directors with votes received follows:

| Act No. | Name | Votes Received | Title |
|------------|---|----------------|----------------------|
| 60546 | KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin | 111,909,868 | Director |
| 60546 | KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang | 103,750,447 | Director |
| 89248 | Long Star Investment Co., Ltd Representative Kao, Ting-Nan | 80,593,349 | Director |
| D1211***** | Hsu, Yang-Kang | 80,422,494 | Director |
| T2218***** | Chang, Chia-Ming | 79,386,272 | Independent Director |
| K1011***** | Peng, Yu-min | 79,365,933 | Independent Director |
| D2200***** | Tsai, Hsueh-Ling | 79,207,518 | Independent Director |

V. Other Matters

Proposals to release the new Board of Directors and representatives from the non-competition restrictions (Proposed by the Board)

Explanation:

- (1) According to Article 209 of the Company Act , a director who conducts business within the business scope of the Company for himself or others shall explain at the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.
- (2) Proposal to approve the lifting of non-competition restrictions on Directors and their representatives elected at the 2023 Annual General Shareholders' Meeting concurrently work for other companies, without prejudice to the interests of the Company.
- (3) Please refer to Attachment VI (page 38-39) for the concurrent positions of directors elected by the shareholders' meeting.

Resolution: The voting results are as followed:

94,213,741 shares were represented at the time of voting.

| Voting results | Proportion to the total represented shares present |
|---|--|
| Affirmative votes 91,546,270 shares(including 82,617,130 shares the voting rights of which are exercised by the electronic means) | 97.16% |
| Dissentient votes 100,528 shares (including 100,528shares the voting rights of which are exercised by the electronic means) | 0.10% |
| Invalid votes 0 shares | 0.00% |
| Abstained votes 2,566,943 shares (including 2,550,933 shares the voting rights of which are exercised by the electronic means) | 2.72% |

The proposal has been adopted by voting without any modification.

VI. Other Business and Special Motion: None

*Speech summary of the shareholder account number 88919: What is the current situation of the bicycle industry?

The Chairman authorized the President, Mr. Wu, Jui-Chang, to assist in the reply, and the President, stated that the inventory level is relatively high at present but the market inventories has been continued destocking. It is estimated that at the beginning of next year will show the signs of recovery of bicycle industry.

The inquiry was also replied by the Chairman on the spot that, due to the impact of the pandemic in the past two years, demand for bicycles was firm so that the industrial inventories remained at a high level. While restrictions on activities to tackle the spread of Covid-19 were eased, the inventory levels of bicycles rose. At present, the market inventories is approaching appropriate level due to the supply adjustment of completed bicycles.

*Speech summary of the shareholder account number 90198: The Company's financial report shows that the Company's cash level is high. What is the Company's future plans?

The inquiry was replied by the Chairman on the spot that, we might face the problem of labor shortage caused by population ageing and declining birthrate in the future. Also, since ESG is becoming the essential ingredient for a successful business, companies must master sustainability so as to become competitive in the market. KMC will continue to invest funds for equipment improvement, process refinement and automation rate enhancement in order to maintain long-term competitiveness.

IV. Adjournment: 09:43 a.m., May 31, 2023

(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 2022 Business Report

KMC (Kuei Meng) International Inc. 2022 Business Report

Dear Shareholders,

2022 was a year full of challenges and opportunities for KMC. Some issues such as geopolitical risks, rising inflation pressures and monetary tightening measures taken by central banks in various countries with unstable epidemic situations are gradually being addressed to move toward normalization of the world economy. In a year full of uncertainties, with joint efforts of all KMC colleagues, the 2022 consolidated revenue reached NT\$7.12 billion, the gross profit was NT\$3.4 billion; a gross profit margin of 47.8%; the net income after tax was NT\$1.92 billion, and EPS was NT\$15.26. As the world's largest chain supplier, KMC has factories or sales companies in bike production clusters around the world to serve customers locally and real-time, and is capable of meeting the market demand with a complete global production and sales layout and flexible production capacity allocation.

Business operations in different countries inevitably encountered a variety of challenges over the short-term. However, with its consistent commitment to the environment, society and its shareholders, KMC officially joined "Bicycling Alliance for Sustainability (BAS)" in 2022 to jointly respond to the sustainable vision of "Cycling for a better future". The members of the BAS are committed to complying with their responsibilities of reducing carbon emissions, and they have also proposed the target of carbon reduction by 40 kilograms or at least 25% per vehicle by 2030. In the face of global competition and a net-zero future, the only way for the bicycle industry to expand its influence on green developments is by striving to take sustainable actions in the aspects of ESG, as well as driving industry partners and stakeholders to jointly create a sustainable future to maintain its competitiveness.

I. Business results of 2022:

1. The implementation results of business plan:

In 2022, we are taking advantage of our manufacturing and service excellence, and engaging deeply into sustainable management. Also, we continued to improve our value chain risk control management so as to properly respond to the systematic risks brought about by market changes. The 2022 consolidated revenue amount was NT\$7.12 billion, budget achievement rate was 102%. Consolidated operating margin was NT\$3.4 billion, budget achievement rate was 103% and the profit margin was 47.8%. Consolidated net income after tax was NT\$1.92 billion. Budget achievement rate was 101%. Basic earnings per share was NT\$15.26.

The year of 2022 Budget Implementation Status:

Unit: NT\$ thousands

| Item | Actual amount | Budget amount | Achieved rate % |
|----------------------|---------------|---------------|-----------------|
| Operating revenue | 7,116,283 | 7,000,000 | 102% |
| Gross profit | 3,400,824 | 3,300,000 | 103% |
| Operating profit | 2,339,988 | 2,300,000 | 102% |
| Net profit after tax | 1,923,245 | 1,900,000 | 101% |

Financial and Profitability analysis:

Unit: NT\$ thousands

| Item | 2022 | 2021 | The percentage changed |
|----------------------|-----------|-----------|------------------------|
| Operating revenue | 7,116,283 | 7,750,983 | -8.2% |
| Gross profit | 3,400,824 | 3,589,225 | -5.2% |
| Operating profit | 2,339,988 | 2,576,345 | -9.2% |
| Net profit after tax | 1,923,245 | 2,007,957 | -4.2% |
| | | | |
| Gross profit margin | 47.8% | 46.3% | |
| Operating margin | 32.9% | 33.2% | |
| Net margin | 27.0% | 25.9% | |
| EPS in NT\$ | 15.26 | 15.94 | |

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 2022, the R&D efforts of KMC on bike components are summarized as follows:

- A. In response to significantly increases force on e-Cargo drivetrains as well as high-durability and long-lasting road conditions of e-Cargo Bikes, our innovative inner and outer plates are strengthened by 15% more surface area and are 20% thicker compared to other KMC e-Bike chains. Wider and thicker plates allow for increased strength, stability, and provide anti-chain drop assurance. Redesigned protective bushings cover pins to reduce abrasion and high-load wear allowing e-Cargo chains to last over twice as long.

- B. As the bike's derailleur gear system is moving towards high value, system manufacturers also begin to consider integrating the existing product designs, applying more advanced system technology to a wide range of sports and leisure bikes, and enhancing the riding experience and fun. In line with this trend, KMC has also begun to develop new products. The launch of the new Aurora Chain at the end of 2022 offers unique violet and blue aurora hues for each chain, given the advantages of smoothness in shifting speed and excellent durability in the X series, which also breaks the stereotype of industrial colors used for chains while showcasing extraordinary taste and style.
- C. KMC also launched a new tool, Wrap strap, the unique enclosed strap storage for maintenance essentials in 2022. The strong nylon material repels mud, sun(UV) and water to perfectly protect the tubes and tools. Tools and tubes are easily held with versatile inner strap. Adjustable mounting strap with anti-slip design for easy installation and release. Compatible on any bike, in any location, and in any position.
- D. 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 2023 Business Plan:

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

Faced with changes in the global market, KMC focuses more on the spirit of services provided by the Speed Supply Chain, and has jumpstarted the early deployment of dense production and marketing service networks around the world, with 6S (Speed, Stable, Synchronized, Service, Sustainability, Synergy) as the core concepts, reflecting changes of market demands in real time. In this case, KMC has demonstrated 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 2023, 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 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.

KMC has entered the top 35 of the “Best Global Brand” since 2018 and won the “Best Potential Brand of Taiwan”. The Company ranked at 23rd place in 2022 Best Taiwan Global Brands survey with brand value of USD83 million! Digital brand communication has also become another weapon of the time since 2020. KMC has effectively improved brand communication efficiency and presented multi-faceted brand values through new approaches such as VR and AR, reversing past models of product exchange at specific exhibition venues and building global online marketing channels with zero time zone difference. Digital transformation, big data and other new technologies bring in a lot of new energy, while intelligence also connects various product components, creating new services and needs. KMC also makes cross-industry alliances to enable the electrification and intellectualization of related components, and has gone from a single chain parts supplier to becoming a more diversified parts supplier. In the future, there will be more products that are developed or as an extension based on bicycles as the core idea.

KMC has also gradually moved towards the stage of industrial automation, introducing optical inspection technology, establishing new production standards and processes, as well as improving production accuracy and quality control operations. KMC has vigorously engaged in innovative research and development of products and production technologies through combining manufacturing technology with artificial intelligence technology, and has produced various patents over the years. KMC also has developed many unique key technologies, such as leading the way in industry collaboration with car assembly plants for intelligent production management and a real-time supply system. KMC also combined ecology of the physical environment with digital innovation to create diversified digital services and innovate customer sales service experiences.

In addition to refining its own technology, KMC also pays attention to the maintenance of green energy and environmental protection. KMC introduces the "Green Commuting X Green Manufacturing" concept, which is to produce green travel products through green manufacturing, thus becoming "exponentially green". 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. Bicycle is not merely a product, but it also covers production, life, ecology and life in various aspects, with a variety of sustainable development possibilities. KMC connects the trends of the global bicycle industry with chains, and adheres to the idea that "Mutual altruism to advance the greater good", and actively responds to sustainable development issues.

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 recent years, with frequent changes in international trends, accelerated health industry transformation and the use of digital marketing, KMC has focused on the execution and innovation of its brand strategy and put the craftsman's spirit on the international stage to expand the reach of diversified products and technology integration, and introduced multiple product compatibility. The service scope is no longer restricted within traditional chain manufacturing and has turned to focus on direct customer service in the hope of keeping the same pace with consumer's real demand with zero time difference and becoming the company with high quality and quality service in customers' mind.

In the future, 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.

In 2021, KMC has also officially set up a dedicated ESG promotion team to promote and respond to the Group's commitment to sustainable development issues. As early as 2012, KMC was the first global chain manufacturer to receive the carbon footprint certification for the chain product in the world. Being in a green transportation industry, this has demonstrated how much the Company values sustainability issues. With the establishment of the ESG Task Force, the Company started to carry out two major tasks. First, the Company reviews the risk and opportunities arising from climate change and carries out complete assessments in accordance with the TCFD framework announced by the Financial Stability Board. In 2022, we completed the latest climate risk evaluation and identified the 22 climate risks, and then arranged them into the following categories: disruption in the supply chain or rising cost for raw materials, shift in consumer preferences, partnership while assessing new markets, continuous development of automotive aftermarket as well as R&D and innovation of new products and services. Secondly, we will promote the science-based target (SBT). To stay updated with the overall GHG emissions, we formally introduced the ISO 14064-1:2018 inventory in 2022. Through comprehensive inventory process and stringent external verification mechanisms, the management for direct and indirect GHG emissions is strengthened. We have acquired external certification by the end of 2022 and will plan to set the science-based mid-term carbon reduction goal so as to meet the global goal of net zero emissions by 2050.

With more than 40 years of professional experience which translates to an insight into the market, KMC will work hard with partners inside and outside the industry in the future, while developing the production or design of customized brand chains, increasing production and sales services, increasing market share, and creating a scene of iconic brand identification on the road of moving towards the Unique One.

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

In response to climate change and the European Union's trial implementation of the Carbon Border Adjustment Mechanism (CBAM) on October 1, 2023, all companies will face two major risks and challenges in the future. One is the disaster risk caused by extreme weather, and the other is the operational risk under the strengthening of carbon regulations in various countries. As an important part of the global bicycle industry, Taiwan holds a pivotal position, as every move will affect the development of the global bicycle industry. In the future, companies must consider the sustainability of the product starting from raw materials, manufacturing, marketing to consumer use, as well as mastering sustainability to be competitive in the market. In the face of future challenges, KMC will work with the whole industry to promote the "CYCLE NOW" policy and strategy, and build a cooperation platform for the whole industry chain in the hope that the bicycle industry will achieve the goals in the "transforming into to a new future", "creating a new ecology", "exploring new business opportunities" and "co-creating new sustainability"

stages.

The changes in lifestyle brought about by the pandemic have made bicycles and related products more integrated with life in terms of design, and thus bicycles started to cover a wider range of consumer groups. Many people have gone from commuting to sports to gain a deeper understanding of cycling culture. Under the trend of global net zero sustainability, bicycles are no longer just a means of transportation, but also an equipment in life used for environmental protection and green energy, health and sustainability, LOHAS fitness, sightseeing and leisure. Therefore, the innovative design of the bicycle industry can be more integrated with different industries under the impact of the pandemic, and through the integration of technology and interoperability, the bicycle industry has been driven towards digital and intelligent development, and has created a new application and business model of the bicycle industry.

From the regulatory point of view, the EU set the achievement time of carbon neutrality in 2050 at the beginning of 2020. The pressure to reduce carbon emissions due to climate change is also likely to result in the development of critical policies aimed at transitioning to low-carbon transportation in the next decade. 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. Located at the core of the global bicycle supply chain, KMC upholds and believes in the idea of "Mutual altruism to advance the greater good, and complementing each other with one's strengths to create a win-win collaboration" in order to be dedicated to facilitating a partnership of co-prosperity in the global bicycle industry and working together towards a better world.

Looking back in 2022, 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 2022 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 Chi Chen Li and Chao Chin Yang 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 2022 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 14, 2023

Attachment III

Attachment III The comparison of the contents before and after amendment for the Sustainable Development Best Practice Principles

| Before Amendment | After Amendment |
|---|--|
| | Article 27-1: <u>The Company should, through support modes, including donation, sponsorship, investment, procurement, strategic cooperation and volunteering technical services, delicate enterprises' resources into cultural and artistic activities or the cultural innovation industry to promote cultural development.</u> |
| Article 32: These Principles was made on March 21st, 2022. | Article 32: These Principles was made on March 21st, 2022. <u>The first revised edition of these Principles was made on March 14th, 2023.</u> |

Attachment IV

Attachment IV Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT (Consolidated Financial Statements)

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, 2022 and 2021, 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, 2022 and 2021, 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 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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, 2022. 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, 2022 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 annual sales revenue 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 test 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, 2022 and 2021 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, 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, 2022 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 Chi-Chen Li and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023.

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

| ASSETS | December 31, 2022 | | December 31, 2021 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 3,392,135 | 27 | \$ 2,030,624 | 18 |
| Financial Assets at fair value through profit or loss-current (Notes 4, 7 and 21) | - | - | 640 | - |
| Financial assets at amortized cost - current (Notes 4 and 8) | 263,827 | 2 | 207,197 | 2 |
| Notes receivable (Notes 4, 9 and 27) | 69,548 | 1 | 58,790 | - |
| Notes receivable from related parties (Notes 4, 9, 26 and 32) | - | - | 4,875 | - |
| Accounts receivable (Notes 4, 9 and 26) | 913,292 | 8 | 1,230,817 | 11 |
| Accounts receivable from related parties (Notes 4, 9, 26 and 32) | 17,473 | - | 90,544 | 1 |
| Other receivables (Note 4 and 32) | 27,362 | - | 31,535 | - |
| Current tax assets (Notes 28) | 1,156 | - | 1,547 | - |
| Inventories (Notes 4 and 10) | 1,309,816 | 11 | 1,300,961 | 11 |
| Prepayments (Note 12) | 158,413 | 1 | 313,707 | 3 |
| Other current assets (Note 4 and 12) | 40,714 | - | 81,810 | 1 |
| Total current assets | 6,193,736 | 50 | 5,353,047 | 47 |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using equity method (Notes 4 and 13) | 13,735 | - | 12,974 | - |
| Property, plant and equipment (Notes 4, 14 and 32) | 3,577,059 | 29 | 3,374,006 | 29 |
| Right-of-use assets (Notes 4, 15 and 32) | 851,560 | 7 | 856,995 | 7 |
| Investment properties (Notes 4 and 16) | 114,713 | 1 | 122,103 | 1 |
| Goodwill (Notes 4 and 18) | 1,340,461 | 11 | 1,339,894 | 12 |
| Other intangible assets (Notes 4 and 19) | 155,791 | 1 | 178,322 | 2 |
| Deferred tax assets (Notes 4 and 28) | 105,218 | 1 | 89,389 | 1 |
| Other financial assets - non-current (Note 11) | 1,869 | - | 1,869 | - |
| Other non-current assets (Note 12) | 89,444 | - | 107,540 | 1 |
| Total non-current assets | 6,249,850 | 50 | 6,083,092 | 53 |
| TOTAL | <u>\$ 12,443,586</u> | <u>100</u> | <u>\$ 11,436,139</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 4 and 21) | \$ 457,102 | 4 | \$ 532,356 | 5 |
| Short-term bills payable (Notes 4 and 21) | - | - | 249,852 | 2 |
| Financial Liabilities at fair value through profit or loss - current (Notes 4 and 7) | 2,506 | - | - | - |
| Contract liabilities - current (Notes 26) | 32,006 | - | 88,430 | 1 |
| Notes payable (Note 22) | 944 | - | 944 | - |
| Accounts payable (Note 22) | 256,992 | 2 | 408,836 | 4 |
| Accounts payable to related parties (Notes 22 and 32) | 21,215 | - | 51,840 | - |
| Other payables (Note 23) | 406,555 | 3 | 356,966 | 3 |
| Dividends payable (Notes 25) | 567,000 | 5 | 850,500 | 7 |
| Current tax liabilities (Notes 4 and 28) | 479,406 | 4 | 461,473 | 4 |
| Lease liabilities - current (Notes 4, 15 and 32) | 6,030 | - | 1,757 | - |
| Bonds Payable – current portion (Notes 4 and 20) | 993,942 | 8 | - | - |
| Other current liabilities | 2,245 | - | 2,091 | - |
| Total current liabilities | 3,225,943 | 26 | 3,005,045 | 26 |
| NON-CURRENT LIABILITIES | | | | |
| Bonds Payable (Notes 4 and 20) | - | - | 986,664 | 9 |
| Long-term borrowings (Notes 4 and 21) | 1,191,000 | 10 | 393,600 | 4 |
| Deferred tax liabilities (Notes 4 and 28) | 453,690 | 4 | 458,108 | 4 |
| Lease liabilities - non-current (Notes 4, 15 and 32) | 7,385 | - | 2,927 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 24) | 39,674 | - | 44,756 | - |
| Other non-current liabilities | 2,974 | - | 2,919 | - |
| Total non-current liabilities | 1,694,723 | 14 | 1,888,974 | 17 |
| Total liabilities | 4,920,666 | 40 | 4,894,019 | 43 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25) | | | | |
| Capital stock - common stock | 1,260,000 | 10 | 1,260,000 | 11 |
| Capital surplus | 1,633,538 | 13 | 1,633,538 | 14 |
| Retained earnings | | | | |
| Legal reserve | 1,064,548 | 9 | 850,056 | 7 |
| Special reserve | 554,250 | 4 | 863,580 | 8 |
| Unappropriated earnings | 3,650,519 | 29 | 2,763,025 | 24 |
| Total retained earnings | 5,269,317 | 42 | 4,476,661 | 39 |
| Other equity | (640,109) | (5) | (828,297) | (7) |
| Total equity attributable to owners of the Company | 7,522,746 | 60 | 6,541,902 | 57 |
| NON - CONTROLLING INTERESTS | 174 | - | 218 | - |
| Total equity | 7,522,920 | 60 | 6,542,120 | 57 |
| TOTAL | <u>\$ 12,443,586</u> | <u>100</u> | <u>\$ 11,436,139</u> | <u>100</u> |

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2022 | | 2021 | |
|---|------------------|-----------|------------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 26, 32 and 39) | \$ 7,116,283 | 100 | \$ 7,750,983 | 100 |
| OPERATING COSTS (Notes 10 and 27) | <u>3,715,459</u> | <u>52</u> | <u>4,161,758</u> | <u>54</u> |
| GROSS PROFIT | <u>3,400,824</u> | <u>48</u> | <u>3,589,225</u> | <u>46</u> |
| OPERATING EXPENSES (Notes 9, 27 and 32) | | | | |
| Selling and marketing expenses | 492,620 | 7 | 449,551 | 6 |
| General and administrative expenses | 500,483 | 7 | 520,142 | 7 |
| Research and development expenses | 63,094 | 1 | 41,864 | - |
| Expected credit loss | <u>8,582</u> | <u>-</u> | <u>77</u> | <u>-</u> |
| Total operating expenses | <u>1,064,779</u> | <u>15</u> | <u>1,011,634</u> | <u>13</u> |
| OTHER OPERATING INCOME AND EXPENSES (Notes 27) | <u>3,943</u> | <u>-</u> | <u>(1,246)</u> | <u>-</u> |
| PROFIT FROM OPERATIONS | <u>2,339,988</u> | <u>33</u> | <u>2,576,345</u> | <u>33</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 13, 20, 27 and 32) | | | | |
| Interest income | 44,977 | - | 32,804 | 1 |
| Other income | 65,325 | 1 | 57,277 | 1 |
| Other gains and losses | 45,513 | 1 | (47,505) | (1) |
| Share of profit of associates | 1,322 | - | 623 | - |
| Finance cost | <u>(24,648)</u> | <u>-</u> | <u>(18,652)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>132,489</u> | <u>2</u> | <u>24,547</u> | <u>1</u> |
| PROFIT BEFORE INCOME TAX | 2,472,477 | 35 | 2,600,892 | 34 |
| INCOME TAX EXPENSE (Notes 4 and 28) | <u>550,355</u> | <u>8</u> | <u>592,935</u> | <u>8</u> |
| NET PROFIT | <u>1,922,122</u> | <u>27</u> | <u>2,007,957</u> | <u>26</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Note 24) | 5,612 | - | 879 | - |
| Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss (Note 28) | <u>(1,122)</u> | <u>-</u> | <u>(176)</u> | <u>-</u> |

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

| | 2022 | | 2021 | |
|---|---------------------|-----------|---------------------|------------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | <u>4,490</u> | <u>-</u> | <u>703</u> | <u>-</u> |
| Exchange differences on translating foreign operations (Note 25) | <u>188,188</u> | <u>3</u> | <u>(111,838)</u> | <u>(2)</u> |
| Other comprehensive income (loss) for the year, net of income tax | <u>192,678</u> | <u>3</u> | <u>(111,135)</u> | <u>(2)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 2,114,800</u> | <u>30</u> | <u>\$ 1,896,822</u> | <u>24</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 1,922,166 | 27 | \$ 2,007,962 | 26 |
| Non-controlling interests | <u>(44)</u> | <u>-</u> | <u>(5)</u> | <u>-</u> |
| | <u>\$ 1,922,122</u> | <u>27</u> | <u>\$ 2,007,957</u> | <u>26</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 2,114,844 | 30 | \$ 1,896,833 | 24 |
| Non-controlling interests | <u>(44)</u> | <u>-</u> | <u>(11)</u> | <u>-</u> |
| | <u>\$ 2,114,800</u> | <u>30</u> | <u>\$ 1,896,822</u> | <u>24</u> |
| EARNINGS PER SHARE (Note 29) | | | | |
| Basic | <u>\$ 15.26</u> | | <u>\$ 15.94</u> | |
| Diluted | <u>\$ 14.64</u> | | <u>\$ 15.33</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations | Total | Non-controlling Interests | Total Equity |
|--|--|---------------------|---------------------|-------------------|----------------------------|---|---------------------|------------------------------|---------------------|
| | Capital Stock | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | | | | |
| BALANCE, JANUARY 1, 2021 | \$ 1,260,000 | \$ 1,633,538 | \$ 550,646 | \$ 810,893 | \$ 2,864,157 | (\$ 716,465) | \$ 6,402,769 | \$ 229 | \$ 6,402,998 |
| Appropriation of earnings (Note 25) | | | | | | | | | |
| Legal reserve | - | - | 299,410 | - | (299,410) | - | - | - | - |
| Special reserve | - | - | - | 52,687 | (52,687) | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (1,757,700) | - | (1,757,700) | - | (1,757,700) |
| Net profit for the year ended December 31, 2021 | - | - | - | - | 2,007,962 | - | 2,007,962 | (5) | 2,007,957 |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax | - | - | - | - | 703 | (111,832) | (111,129) | (6) | (111,135) |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | 2,008,665 | (111,832) | 1,896,833 | (11) | 1,896,822 |
| BALANCE, DECEMBER 31, 2021 | 1,260,000 | 1,633,538 | 850,056 | 863,580 | 2,763,025 | (828,297) | 6,541,902 | 218 | 6,542,120 |
| Appropriation of earnings (Note 25) | | | | | | | | | |
| Legal reserve | - | - | 214,492 | - | (214,492) | - | - | - | - |
| Special reserve | - | - | - | (309,330) | 309,330 | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (1,134,000) | - | (1,134,000) | - | (1,134,000) |
| Net profit for the year ended December 31, 2022 | - | - | - | - | 1,922,166 | - | 1,922,166 | (44) | 1,922,122 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | 4,490 | 188,188 | 192,678 | - | 192,678 |
| Total comprehensive income for the year ended December 31, 2022 | - | - | - | - | 1,926,656 | 188,188 | 2,114,844 | (44) | 2,114,800 |
| BALANCE, DECEMBER 31, 2022 | <u>\$ 1,260,000</u> | <u>\$ 1,633,538</u> | <u>\$ 1,064,548</u> | <u>\$ 554,250</u> | <u>\$ 3,650,519</u> | <u>(\$ 640,109)</u> | <u>\$ 7,522,746</u> | <u>\$ 174</u> | <u>\$ 7,522,920</u> |

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

| | 2022 | 2021 |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 2,472,477 | \$ 2,600,892 |
| Adjustments for: | | |
| Depreciation expenses | 328,558 | 301,581 |
| Amortization expenses | 32,623 | 45,385 |
| Expected credit loss recognized on accounts receivable | 8,582 | 77 |
| Finance costs | 24,648 | 18,652 |
| Interest income | (44,977) | (32,804) |
| Share of profit of associates | (1,322) | (623) |
| Loss (gain) on disposal of property, plant and equipment | (3,943) | 1,246 |
| Impairment loss recognized in profit or loss, property, plant and equipment | - | 6,079 |
| Write-down of inventories | 26,939 | |
| Unrealized loss on foreign currency exchange | 13,926 | 3,694 |
| Gain on Lease modification | - | (106) |
| Changes in operating assets and liabilities | | |
| Financial assets mandatorily classified as at fair value through profit or loss | 640 | 460 |
| Notes receivable | (5,883) | 40,739 |
| Accounts receivable | 309,106 | (92,566) |
| Accounts receivable from related parties | 61,448 | (28,344) |
| Other receivables | (815) | (153) |
| Inventories | (38,155) | (475,642) |
| Prepayments | 155,294 | (22,394) |
| Other current assets | 41,096 | (7,639) |
| Financial liabilities at fair value through profit or loss | 2,506 | (58) |
| Contract liabilities | (56,424) | 13,152 |
| Accounts payable | (151,844) | (16,388) |
| Accounts payable to related parties | (30,371) | (2,603) |
| Other payables | 42,000 | 51,072 |
| Deferred revenue - current | - | (7,119) |
| Other current liabilities | 154 | (17,049) |
| Net defined benefit liability | (5,082) | (653) |
| Cash generated from operations | 3,181,181 | 2,378,888 |
| Income tax paid | (557,837) | (462,038) |
| Net cash generated from operating activities | <u>2,623,344</u> | <u>1,916,850</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (56,630) | - |
| Disposal of financial assets at amortized cost | - | 64,066 |
| Acquisition of property, plant and equipment | (446,891) | (590,388) |
| Proceeds from disposal of property, plant and equipment | 60,427 | 11,507 |
| Increase in prepayments for equipment | (600) | - |
| Decrease in prepayments for equipment | - | 4,705 |
| Increase in refundable deposits | (4,102) | (788) |

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Decrease in refundable deposits | 301 | 1,662 |
| Acquisition of other intangible assets | (2,445) | (2,120) |
| Other financial assets - non-current | - | 1,375 |
| Decrease in other non-current assets | (11,298) | 723 |
| Interest received | <u>50,526</u> | <u>31,834</u> |
| Net cash used in investing activities | <u>(410,712)</u> | <u>(477,424)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 6,360,600 | 4,176,037 |
| Repayments of short-term borrowings | (6,444,702) | (4,246,945) |
| Proceeds from short-term bills payable | 249,349 | 730,148 |
| Repayments of short-term bills payable | (500,180) | (601,109) |
| Proceeds from long-term borrowings | 1,867,400 | 1,568,800 |
| Repayments of long-term borrowings | (1,070,000) | (2,034,552) |
| Guarantee deposits received | 221 | 651 |
| Guarantee deposits refunded | (221) | |
| Repayment of the principal portion of lease liabilities | (5,292) | (3,165) |
| Cash dividends | (1,417,500) | (907,200) |
| Interest paid | <u>(15,658)</u> | <u>(10,686)</u> |
| Net cash used in financing activities | <u>(975,983)</u> | <u>(1,328,021)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>124,862</u> | <u>(72,173)</u> |
| NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS | 1,361,511 | 39,232 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>2,030,624</u> | <u>1,991,392</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 3,392,135</u> | <u>\$ 2,030,624</u> |

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

(Parent Company Only Financial Statements)

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

Opinion

We have audited the accompanying parent company only financial statements of KMC (KUEI MENG) International Inc. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

Revenue recognition

The Company sells its products in Asia, the Americas and Europe. Sales revenue is significant to the parent company only 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 annual sales revenue 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 test the authenticity of the sales.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only 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 parent company only financial statements for the year ended December 31, 2022 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 Chi-Chen Li and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023.

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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

| ASSETS | December 31, 2022 | | December 31, 2021 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 519,353 | 5 | \$ 379,409 | 4 |
| Financial Assets at fair value through profit or loss-current (Notes 4, 7 and 16) | - | - | 640 | - |
| Financial assets at amortized cost - current (Notes 4 and 8) | 183,637 | 2 | 148,565 | 2 |
| Notes receivable (Notes 4, 9 and 22) | 23,024 | - | 32,127 | - |
| Accounts receivable (Notes 4, 9 and 22) | 173,404 | 2 | 218,839 | 2 |
| Accounts receivable from related parties (Notes 4, 9, 22 and 28) | 374,205 | 3 | 208,879 | 2 |
| Other receivables (Note 4) | 1,085 | - | 875 | - |
| Other receivables from related parties (Note 4 and 28) | - | - | 970 | - |
| Inventories (Notes 4 and 10) | 20,118 | - | 32,369 | - |
| Other current assets (Note 15) | <u>10,539</u> | <u>-</u> | <u>14,567</u> | <u>-</u> |
| Total current assets | <u>1,305,365</u> | <u>12</u> | <u>1,037,240</u> | <u>10</u> |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using equity method (Notes 4 and 11) | 9,881,009 | 88 | 9,076,271 | 89 |
| Property, plant and equipment (Notes 4 and 12) | 2,118 | - | 5,347 | - |
| Right-of-use assets (Notes 4 and 13) | 4,048 | - | 4,535 | - |
| Other intangible assets (Notes 4 and 14) | 24,189 | - | 29,073 | - |
| Deferred tax assets (Notes 4 and 24) | 54,299 | - | 32,530 | 1 |
| Other non-current assets (Note 4 and 15) | <u>58</u> | <u>-</u> | <u>1,529</u> | <u>-</u> |
| Total non-current assets | <u>9,965,721</u> | <u>88</u> | <u>9,149,285</u> | <u>90</u> |
| TOTAL | <u>\$ 11,271,086</u> | <u>100</u> | <u>\$ 10,186,525</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 4 and 17) | \$ 399,102 | 4 | \$ 318,614 | 3 |
| Short-term bills payable (Notes 4 and 17) | - | - | 249,852 | 2 |
| Financial Liabilities at fair value through profit or loss - current (Notes 4 and 7) | 2,506 | - | - | - |
| Accounts payable (Note 18) | 12,261 | - | 6,942 | - |
| Accounts payable to related parties (Notes 18 and 28) | 597,016 | 5 | 725,343 | 7 |
| Other payables (Note 19) | 57,200 | - | 49,555 | 1 |
| Dividends payable | 567,000 | 5 | 850,500 | 8 |
| Other payables to related parties (Notes 28) | 15 | - | - | - |
| Current tax liabilities (Notes 4 and 24) | 324,019 | 3 | 304,997 | 3 |
| Lease liabilities - current (Notes 4, 13 and 28) | 1,936 | - | 1,612 | - |
| Bonds Payable – current portion (Notes 4 and 16) | 993,942 | 9 | - | - |
| Other current liabilities (Notes 19 and 22) | <u>16,218</u> | <u>-</u> | <u>47,617</u> | <u>1</u> |
| Total current liabilities | <u>2,971,215</u> | <u>26</u> | <u>2,555,032</u> | <u>25</u> |
| NON-CURRENT LIABILITIES | | | | |
| Bonds Payable (Notes 4, 7 and 16) | - | - | 986,664 | 10 |
| Long-term borrowings (Notes 4 and 17) | 775,000 | 7 | 100,000 | 1 |
| Lease liabilities - non-current (Notes 4, 13 and 28) | <u>2,125</u> | <u>-</u> | <u>2,927</u> | <u>-</u> |
| Total non-current liabilities | <u>777,125</u> | <u>7</u> | <u>1,089,591</u> | <u>11</u> |
| Total liabilities | <u>3,748,340</u> | <u>33</u> | <u>3,644,623</u> | <u>36</u> |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 21) | | | | |
| Capital stock - common stock | <u>1,260,000</u> | <u>11</u> | <u>1,260,000</u> | <u>12</u> |
| Capital surplus | <u>1,633,538</u> | <u>15</u> | <u>1,633,538</u> | <u>16</u> |
| Retained earnings | | | | |
| Legal reserve | 1,064,548 | 10 | 850,056 | 8 |
| Special reserve | 554,250 | 5 | 863,580 | 9 |
| Unappropriated earnings | <u>3,650,519</u> | <u>32</u> | <u>2,763,025</u> | <u>27</u> |
| Total retained earnings | <u>5,269,317</u> | <u>47</u> | <u>4,476,661</u> | <u>44</u> |
| Other equity | <u>(640,109)</u> | <u>(6)</u> | <u>(828,297)</u> | <u>(8)</u> |
| Total equity | <u>7,522,746</u> | <u>67</u> | <u>6,541,902</u> | <u>64</u> |
| TOTAL | <u>\$ 11,271,086</u> | <u>100</u> | <u>\$ 10,186,525</u> | <u>100</u> |

The accompanying notes are an integral part of the parent company only financial statements.

KMC (KUEI MENG) INTERNATIONAL INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2022 | | 2021 | |
|---|------------------|------------|------------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 22 and 28) | \$ 3,519,536 | 100 | \$ 3,510,031 | 100 |
| OPERATING COSTS (Notes 10 and 28) | <u>1,869,795</u> | <u>53</u> | <u>1,954,235</u> | <u>55</u> |
| GROSS PROFIT | 1,649,741 | 47 | 1,555,796 | 45 |
| UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Notes 4) | (2,445,416) | (69) | (1,217,260) | (35) |
| REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Notes 4) | <u>2,335,553</u> | <u>66</u> | <u>1,127,852</u> | <u>32</u> |
| REALIZED GROSS PROFIT | <u>1,539,878</u> | <u>44</u> | <u>1,466,388</u> | <u>42</u> |
| OPERATING EXPENSES (Notes 23 and 28) | | | | |
| Selling and marketing expenses | 78,187 | 2 | 71,619 | 2 |
| General and administrative expenses | 87,877 | 3 | 80,995 | 3 |
| Research and development expenses | 503 | - | 447 | - |
| Expected credit loss | <u>10,130</u> | <u>-</u> | <u>103</u> | <u>-</u> |
| Total operating expenses | <u>176,697</u> | <u>5</u> | <u>153,164</u> | <u>5</u> |
| PROFIT FROM OPERATIONS | <u>1,363,181</u> | <u>39</u> | <u>1,313,224</u> | <u>37</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 23 and 28) | | | | |
| Interest income | 9,809 | - | 4,939 | - |
| Other income | 7,770 | - | 7,951 | - |
| Other gains and losses | 7,079 | - | (13,166) | - |
| Share of profit or loss of subsidiaries and associates | 858,777 | 25 | 998,068 | 28 |
| Finance cost | <u>(21,214)</u> | <u>(1)</u> | <u>(15,272)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>862,221</u> | <u>24</u> | <u>982,520</u> | <u>28</u> |
| PROFIT BEFORE INCOME TAX | 2,225,402 | 63 | 2,295,744 | 65 |
| INCOME TAX EXPENSE (Notes 4 and 23) | <u>303,236</u> | <u>8</u> | <u>287,782</u> | <u>8</u> |
| NET PROFIT | <u>1,922,166</u> | <u>55</u> | <u>2,007,962</u> | <u>57</u> |

KMC (KUEI MENG) INTERNATIONAL INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2022 | | 2021 | |
|---|---------------------|-----------|---------------------|------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Share of the other comprehensive income of subsidiaries | <u>4,490</u> | <u>-</u> | <u>703</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating foreign operations (Note 21) | <u>3,340</u> | <u>3</u> | <u>(562)</u> | <u>-</u> |
| Share of the other comprehensive income of subsidiaries (Note 21) | <u>184,848</u> | <u>5</u> | <u>(111,270)</u> | <u>(3)</u> |
| | <u>188,188</u> | <u>5</u> | <u>(111,832)</u> | <u>(3)</u> |
| Other comprehensive income (loss) for the year, net of income tax | <u>192,678</u> | <u>5</u> | <u>(111,129)</u> | <u>(3)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 2,114,844</u> | <u>60</u> | <u>\$ 1,896,833</u> | <u>54</u> |
| EARNINGS PER SHARE (Note 25) | | | | |
| Basic | <u>\$ 15.26</u> | | <u>\$ 15.94</u> | |
| Diluted | <u>\$ 14.64</u> | | <u>\$ 15.33</u> | |

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

KMC (KUEI MENG) INTERNATIONAL INC.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

| | Retained Earnings | | | | | Other Equity | |
|---|---------------------|---------------------|---------------------|-------------------|-------------------------|---|---------------------|
| | Capital Stock | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Total Equity |
| BALANCE, JANUARY 1, 2021 | \$ 1,260,000 | \$ 1,633,538 | \$ 550,646 | \$ 810,893 | \$ 2,864,157 | (\$ 716,465) | \$ 6,402,769 |
| Appropriation of earnings (Note 21) | | | | | | | |
| Legal reserve | - | - | 299,410 | - | (299,410) | - | - |
| Special reserve | - | - | - | 52,687 | (52,687) | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (1,757,700) | - | (1,757,700) |
| Net profit for the year ended December 31, 2021 | - | - | - | - | 2,007,962 | - | 2,007,962 |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax | - | - | - | - | 703 | (111,832) | (111,129) |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | 2,008,665 | (111,832) | 1,896,833 |
| BALANCE, DECEMBER 31, 2021 | 1,260,000 | 1,633,538 | 850,056 | 863,580 | 2,763,025 | (828,297) | 6,541,902 |
| Appropriation of earnings (Note 21) | | | | | | | |
| Legal reserve | - | - | 214,492 | - | (214,492) | - | - |
| Special reserve | - | - | - | (309,330) | 309,330 | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (1,134,000) | - | (1,134,000) |
| Net profit for the year ended December 31, 2022 | - | - | - | - | 1,922,166 | - | 1,922,166 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | 4,490 | 188,188 | 192,678 |
| Total comprehensive income for the year ended December 31, 2022 | - | - | - | - | 1,926,656 | 188,188 | 2,114,844 |
| BALANCE, DECEMBER 31, 2022 | <u>\$ 1,260,000</u> | <u>\$ 1,633,538</u> | <u>\$ 1,064,548</u> | <u>\$ 554,250</u> | <u>\$ 3,650,519</u> | <u>(\$ 640,109)</u> | <u>\$ 7,522,746</u> |

The accompanying notes are an integral part of the parent company only financial statements.

KMC (KUEI MENG) INTERNATIONAL INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

| | 2022 | 2021 |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 2,225,402 | \$ 2,295,744 |
| Adjustments for: | | |
| Depreciation expenses | 5,292 | 4,207 |
| Amortization expenses | 6,983 | 6,695 |
| Expected credit loss recognized on accounts receivable | 10,130 | 103 |
| Finance costs | 21,214 | 15,272 |
| Interest income | (9,809) | (4,939) |
| Share of profit of subsidiaries and associates | (858,777) | (998,068) |
| Unrealized gain on transactions with subsidiaries | 109,863 | 89,408 |
| Unrealized loss on foreign currency exchange | 1,251 | 2,740 |
| Gain on Lease modification | - | (6) |
| Changes in operating assets and liabilities | | |
| Financial assets mandatorily classified as at fair value through profit or loss | 640 | 460 |
| Notes receivable | 9,103 | (7,881) |
| Accounts receivable | 34,456 | 60,581 |
| Accounts receivable from related parties | (153,484) | (106,581) |
| Other receivables from related parties | 970 | 2,545 |
| Inventories | 12,251 | (16,964) |
| Other current assets | 4,028 | (5,673) |
| Financial liabilities at fair value through profit or loss | 2,506 | (58) |
| Accounts payable | 5,319 | 453 |
| Accounts payable to related parties | (128,621) | 101,796 |
| Other payables | 6,980 | 14,646 |
| Other payables to related parties | 15 | (6,519) |
| Other current liabilities | <u>(31,399)</u> | <u>(83,525)</u> |
| Cash generated from operations | 1,274,313 | 1,364,436 |
| Income tax paid | <u>(305,983)</u> | <u>(185,841)</u> |
| Net cash generated from operating activities | <u>968,330</u> | <u>1,178,595</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Disposal of financial assets at amortized cost | (35,072) | 43,498 |
| Acquisition of investments accounted for using the equity method | (781,139) | (30,000) |
| Acquisition of property, plant and equipment | (300) | (677) |
| Increase in prepayments for equipment | (600) | (499) |

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

| | 2022 | 2021 |
|--|--------------------|----------------------|
| Acquisition of other intangible assets | - | (183) |
| Interest received | 9,599 | 4,659 |
| Dividends received from subsidiaries and associates | 917,993 | 672,749 |
| Decrease (increase) in refundable deposits | (28) | - |
| Net cash generated from investing activities | <u>110,453</u> | <u>689,547</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 5,815,830 | 3,187,294 |
| Repayments of short-term borrowings | (5,744,174) | (3,471,944) |
| Proceeds from short-term bills payable | 250,000 | 730,148 |
| Repayments of short-term bills payable | (500,180) | (601,109) |
| Proceeds from long-term borrowings | 1,745,000 | 1,380,000 |
| Repayments of long-term borrowings | (1,070,000) | (2,030,000) |
| Repayment of the principal portion of lease liabilities | (1,785) | (848) |
| Cash dividends | (1,417,500) | (907,200) |
| Interest paid | (12,918) | (7,399) |
| Net cash used in financing activities | <u>(935,727)</u> | <u>(1,721,058)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>(3,112)</u> | <u>(109)</u> |
| NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS | 139,944 | 146,975 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>379,409</u> | <u>232,434</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 519,353</u> | <u>\$ 379,409</u> |

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

Attachment V

Attachment V 2022 Earnings Distribution Table

KMC (Kuei Meng) International Inc. 2022 Earnings Distribution Table

Unit: NT\$

| Items | Amount |
|--|-----------------|
| Accumulated un-appropriated earnings at the beginning of the period | 2,462,892,409 |
| Retained earnings adjustment for the beginning of the period | 4,489,796 |
| Adjusted Accumulated un-appropriated earnings at the beginning of the period | 2,467,382,205 |
| | |
| 2022 Net Profit | 1,922,166,694 |
| Less: appropriated as legal reserve (10%) | (192,665,649) |
| Less: reversal of special reserve | 188,187,882 |
| | |
| Earnings available for appropriation at the end of 2022 | 4,385,071,132 |
| Allocation Items | |
| Cash Dividends to Shareholders (NT\$9.0 per share) | (1,134,000,000) |
| | |
| | |
| Un-appropriated Earnings | 3,251,071,132 |

Attachment VI

Attachment VI List of director candidates approved by the board of directors

| Title/Name | Shareholdings (shares) | Spouse & Minor Shareholding | Education and important experience | Selected Current Positions at Other Companies |
|---|---------------------------|--------------------------------|--|---|
| Directors: KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin | 47,412,256 | 437,041 | President of KMC Chain Industrial Co., Ltd EMBA, National Sun Yat-sen University | Note 1 |
| Directors: KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang | 47,412,256 | 7,902,040 | CEO of KMC Chain Industrial Co., Ltd MBA, Nanyang Technological University | Note 2 |
| Directors: Chang Hsing Investment Co., Ltd Representative Kao, Ting-Nan | 350,000 | 3,000 | Chairman of Whole Man Enterprise Co., Ltd | Note 3 |
| Directors: Hsu, Yang-Kang | 0 | 0 | MBA, National Taipei University of Science and Technology | Note 4 |
| Independent Directors: Tsai, Hsueh-Ling | 0 | 0 | Managing attorney of Hsueh-Ling Tsai law office Chairman, Tainan Bar Association Director, Taiwan Bar Association Attorney-at-law, Republic of China School of law, Wisconsin State University Department of law, National Taiwan University | Note 5 |
| Independent Directors: Peng, Yu-Min | 0 | 0 | Distinguished expert of Industrial Technology Research Institute Chairman of Chinese Society for Management of Technology Vice-chairman of Taiwan Chemical Industry Association Vice-president of Industrial Technology Research Institute General Director of Material and Chemical Research Laboratories Ph.D., Department of Materials Science and Engineering, The University of Manchester Department of Chemical Engineering, National Taipei University of Science and Technology | Note 6 |
| Independent Directors: Chang, Chia-Ming | 0 | 0 | Vice-president of Capital Market Department, KGI Securities MBA, Drexel University Department of Accounting, National Chengchi University | |

Note 1: The Authorized Representative of the Juristic Person acts as the Chairman of Kynamic Inc., the Authorized Representative of the Juristic Person acts as the Director of PRO (TAIWAN) PROCUREMENT CO., LTD, chairman of KMC(BVI) Holding Co., Ltd., director of KMC CHAIN EUROPE N.V., director of KMC Chain American Corporation, chairman of KMC Chain (Shenzhen) Co., Ltd., the Authorized Representative of the Juristic Person acts as the Chairman of KMC TRANSTON INDUSTRIES LIMITED, the Authorized Representative of the Juristic Person acts as the Chairman of LO,CHI-NI Investment Co., Ltd., director of PEI-JUI Investment Co., Ltd., director of CHENG-YUAN Investment Co., Ltd., the Authorized Representative of the Juristic Person acts as the Supervisor of HSUN-LI Investment Co., Ltd., chairman of K.M.C. Global Co., Ltd., the Authorized Representative of the Juristic Person acts as the Supervisor of Supreme Profit International Co., Ltd., director of Nan-hua Universal Investment Co., Ltd., director of President Industry Development (Shenzhen) Co.,Ltd., director of Surmount Technological (Shenzhen) Co., Ltd., director of K.M.C. Transmission (Tianjin) Co., Ltd., chairman of K.M.C. Transmission (Chengdu) Co., Ltd., director of Cycling Life-Style Foundation, chairman of Taiwan Bicycle Association

Note 2: The Authorized Representative of the Juristic Person acts as the Chairman of KMC CHAIN INDUSTRIAL CO., LTD., the Authorized Representative of the Juristic Person acts as the Chairman of KMC Automobile Transmission CO., LTD., the Authorized Representative of the Juristic Person acts as the Director of Kynamic Inc., chairman of KMC Investment (China) Co., Ltd., chairman of KMC Transmission (Tianjin) Co., Ltd., chairman of KMC Chain (Suzhou) Co., Ltd., vice chairman of KMC Chain (Shenzhen) Co., Ltd., chairman of Suzhou Kmc Industry and Trade Co., Ltd., chairman of Taichang Tec Industry Co., Ltd., chairman of KMC International Trading (Taicang) Co., Ltd., chairman of Shenzhen KMC Industrial Co., Ltd., chairman of KMC Chain (Vietnam) Co., Ltd., chairman of PT. Kuei Meng Chain Indonesia, the Authorized Representative of the Juristic Person acts as the Director of KMC TRANSTON INDUSTRIES LIMITED, director of President Industry

Development (Shenzhen) Co.,Ltd., director of Surmount Technological (Shenzhen) Co., Ltd., chairman of K.M.C. Transmission (Tianjin) Co., Ltd., director of K.M.C. Transmission (Chengdu) Co., Ltd.

Note 3: Chairman of WHOLE MAN ENTERPRISE CO., LTD., chairman of Chang Hsing Investment Co., Ltd

Note 4: The Authorized Representative of the Juristic Person acts as the Supervisor of KMC TRANSTON INDUSTRIES LIMITED, chairman of Nan-hua Universal Investment Co., Ltd., the Authorized Representative of the Juristic Person acts as the Chairman of Formosan Black Bear Investment Co., Ltd., chairman of KF Refrigeration Technology Co., Ltd., supervisor of PEI-JUI Investment Co., Ltd, supervisor of CHENG-YUAN Investment Co., Ltd., the Authorized Representative of the Juristic Person acts as the Director of WEI HAU ACCESSORIES CO., LTD., supervisor of Surmount Technological (Shenzhen) Co., Ltd., supervisor of K.M.C. Transmission (Tianjin) Co., Ltd., supervisor of K.M.C. Transmission (Chengdu) Co., Ltd., supervisor of KMC Investment (China) Co., Ltd

Note 5: Independent Director of Dr. Chip Biotech, independent Director of TEKOM Technology Co., LTD., independent Director of Argo Yacht Group, chairman of Shanghua Eastern Management Consulting Co., Ltd.

Note 6: Chairman of Patriot Green Energy Technology Co., Ltd.

I. Appendix

Appendix I

Appendix I Shareholding of Directors

KMC(Kuei Meng) International Inc. Shareholding of Directors

1. In accordance with Article 26 of the Securities and Exchange Act, the Company's directors shall at least hold a total of 8,000,000 shares.
2. As of April 2, 2023, the entire directors of the Company held 48,347,340 shares. The shareholdings of directors recorded in the shareholder register is as follows:

Book closure date: April 2, 2023

| Position | Name | Number of shares held |
|--------------------------------|---|-----------------------|
| Chairman | KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin | 47,412,256 |
| Director | KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang | 47,412,256 |
| Director | Kao, Ting-Nan | 935,084 |
| Director | Hsu, Yang-Kang | 0 |
| Independent Director | Wang, Ming-Lung | 0 |
| Independent Director | Tseng, Wen-Che | 0 |
| Independent Director | Tsai, Hsueh-Ling | 0 |
| Shareholdings of all directors | | 48,347,340 |

Note 1: Total Issued shares: 126,000,000 shares on April 2nd, 2023 (book closure date).

Appendix II

Appendix II Articles of Incorporation

Articles of Incorporation of KMC (Kuei Meng) International Inc

Chapter 1 General Provisions

Article 1: The Corporation shall be incorporated under Company Act and its name shall be KMC (Kuei Meng) International Inc. in English language.

Article 2: The scope of business of the Corporation shall be as follows:

- I. CC01060 Wired Communication Equipment and Apparatus Manufacturing
- II. CC01070 Telecommunication Equipment and Apparatus Manufacturing
- III. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
- IV. F401010 International Trade
- V. CC01110 Computers and Computing Peripheral Equipment Manufacturing
- VI. F114030 Wholesale of Automotive and Motorcycle Parts and Supplies
- VII. F214030 Retails of Automotive and Motorcycle Parts and Supplies
- VIII. CD01040 Motor Vehicles and Parts Manufacturing
- IX. CD01050 Bicycle and Parts Manufacturing
- X. CD01990 Other Transportation and Parts Manufacturing
- XI. F114040 Wholesale of Bicycle Parts and Supplies
- XII. F114990 Wholesale of Other Transportation Equipment and Parts.
- XIII. F214040 Retails of Bicycles and Parts
- XIV. F214990 Retails of Other Transport Equipment and Parts
- XV. ZZ99999 Other business items that are not prohibited or restricted by law.

Article 2, Section 1: The Corporation shall authorize its Board of Directors to reinvest relative business, and the total amount of the Corporation's reinvestment shall not be subject to the restriction of not exceed forty percent of the Corporation's paid-up capital as provided in Article 13 of Company Act.

Article 2, Section 2: The Corporation may make external endorsements and guarantees depending on business needs.

Article 3: The Corporation has held its head office in Tainan City, Republic of China. Upon approval of government authorities in charge, the Corporation can set up branch offices or representative offices at locations within or without the territory of Republic of China.

Article 4: Public announcements of the Corporation shall be made in accordance with Article 28 of Company Act.

Chapter 2 Capital Stock

Article 5: The total capital stock of the Corporation shall be in the amount of two billion (2,000,000,000) New Taiwan Dollars, divided into two hundred million (200,000,000) shares, at ten New Taiwan Dollars, and may be paid-up in installments. The Corporation has authorized the Board of Directors to issue the reserved capital stock paid-up in installment depending on business needs. A total of 16 million (16,000,000) shares among the above mentioned total capital stock should be reserved for issuing employee stock options or for being used as Corporate bond with warrant.

Article 6: 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.

Article 6, Session 1: Delete.

Article 6, Session 2: The Corporation shall comply with relevant provisions of government authorities in charge whenever managing the matters of its capital stock.

Article 7: Registration for transfer of shares shall be suspended sixty (60) days before the date of regular meeting of shareholders, or thirty (30) days before the date of any special meeting of shareholders, or within five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

Chapter 3 Shareholder's meeting

Article 8: Shareholder's meetings are of two types, the regular meetings and special meetings. Regular meetings shall be convened by the Board of Directors within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations. The Corporation's shareholders' meeting can be held by means of visual communication network or other methods promulgated by Ministry of Economic Affairs.

Article 9: If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it to exercise on his/her behalf holding the power of attorney bearing the signature or seal clearly specifies the scope of representation.

Article 10: Each share of stock of the Corporation shall be entitled to one vote except the circumstances set forth in the Article 179 of Company Act.

Article 11: Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. According to regulatory requirements, shareholders may also vote via an electronic

voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Chapter 4 Directors and audit committee charter (Financial Advisors)

Article 12: The Corporation shall have five to nine Directors, whose term of office is three (3) years. The company has an audit committee composed of all independent directors, which implements the company law, securities trading law and other laws and regulations to replace the supervisory authority. Regarding the audit committee's responsibilities, organizational regulations, exercise of powers and other matters that should be complied with, it is known to be in accordance with the company law, the securities trading law and related laws and regulations.

Article 12, Session 1:

The Corporation shall have five to seven Directors, (Financial Advisors) whose term of office is three (3) years. And the Directors shall be elected in the shareholder's meeting, and all Directors shall be eligible for re-election.

The company has an audit committee composed of all independent directors, which implements the company law, securities trading law and other laws and regulations to replace the supervisory authority. Regarding the responsibilities of the audit committee, organizational regulations, exercise of powers and other matters to be complied with, compliance with the company law, securities trading law and related laws and regulations is required.

Article 13: The Directors shall elect from among themselves a Chairman of the Board of Directors in a meeting attended by over two-third of the Directors. Depending on business needs, the Directors may elect a Vice Chairman of the Board of Directors. The Chairman of the Board of Directors shall be the Chairman of the shareholder's meeting internally and the representative of the Corporation externally.

Article 14: In case the Chairman of the Board of Directors is absent (due to taking leaves), the Vice Chairman of the Board of Directors shall be acting for him/her. In case there's no Vice Chairman of the Board of Directors, or the Vice Chairman of the Board of Directors is absent (due to taking leaves), the Chairman of the Board of Directors may appoint another Director to attend the meeting on his/her behalf. In case of no appointment, the Directors can elect a Director act as proxy.

Article 15: Director shall attend the meetings; in case a director is not able to attend the meeting, he/she may, by written authorization, appoint another Director to attend on his/her behalf; the Director who represents the absent Director shall not act as proxy for more than one other Director.

Article 16: The Board of Directors is authorized to determine the salary for all the Directors (Financial Advisors) by taking into account the extent and value of the services provided for the management of Corporation and the standards of the Industry nationwide and worldwide.
The remuneration to independent Directors (Financial Advisors) adopts regular amount.

Article 16, Session 1: The company may purchase liability insurance for the Directors (Financial Advisors) to reduce the risk of being sued by shareholders or other related people.

Article 17: The functions of the Board of Directors are as follows:

1. Review the operation principles and the mid-term and long-term development plan.
2. Review and supervise the execution of the business plan.
3. Review the budget proposal and resolution.
4. Review the capital increase/decrease plan.
5. Review the solution for distribution of surplus or using to surplus to cover deficits.
6. Review the important external contracts.
7. Review the existing or revised articles of incorporation.
8. Review and approve the organizations and rules of the Corporation and important business rules.
9. Review and approve the establishment, reorganization or revocation of branch offices or representative offices.
10. Review and approve major plans of capital expenditure.
11. Appoint or discharge the managerial personnel.
12. Execute all resolution adopted at the shareholder's meeting.
13. Review the proposals drawn up by the managerial personnel.
14. Convene the shareholder's meeting and business report.
15. Manage all the other matters in accordance of Company Act.

Article 18: Delete

Chapter 5 Managerial personnel

Article 19: The Corporation may appoint one or more managerial personnel. Appointment, discharge and remuneration of the managerial personnel shall be decided in accordance with the provisions provided in Article No. 29 of Company Act.

Chapter 6 Accounting (Financial Report)

Article 20: After the close of each fiscal year, the following reports shall be prepared by the Board of Directors: 1. Business Reports; 2. Financial Statements; 3. Proposals Concerning distribution of surplus or covering of losses. All the prepared reports shall be submitted to the regular shareholder's meeting for acceptance.

Article 21: In case there is surplus after the close of each fiscal year, the Corporation shall allocate 0.5~5% as the remuneration for employees and the remuneration may be distributed by ways of stock dividend or cash dividend. The subjects of the distribution shall include the employees of the subordinate company with certain conditions and proportion of the distribution authorized by the Board of Directors.

Less than 3% of above mentioned earnings of the Corporation can be distributed as the remuneration for the Directors (Financial Advisors) in accordance with the resolution of the Board of Directors. The subject of the distribution shall not include the managerial personnel who act as proxy of the Directors. The distribution of remuneration to employees, Directors (Financial Advisors) shall be reported at the shareholder's meeting. In case the Corporation still has accumulated losses, a certain amount of earnings shall be reserved before the distribution of

remuneration to employees, Directors (Financial Advisors) in accordance with the proportion mentioned in the preceding paragraph.

Article 21, Section 1: 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.

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.

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 will be proposed by the Board of Directors in accordance with the business results, financial status and the management of capital.

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.

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.

Chapter 7 Annex

Article 22: The Organization Procedure of the Corporation may be set separately.

Article 23: Unsettled matters not included in the article of incorporation shall be managed in accordance with the provisions of Company Act.

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 on April 28th, 1995.
The tenth revised edition of the statute was made on May 17th, 1996.
The eleventh revised edition of the statute was made on June 12th, 1997.
The twelfth revised edition of the statute was made on May 14th, 1998.
The thirteenth revised edition of the statute was made on May 26th, 2000.
The fourteenth revised edition of the statute was made on June 20th, 2002.
The fifteenth revised edition of the statute was made on June 25th, 2004.
The sixteenth revised edition of the statute was made on May 3rd, 2007.
The seventeenth revised edition of the statute was made on June 22nd, 2009.
The eighteenth revised edition of the statute was made on June 4th, 2010.
The nineteenth revised edition of the statute was made on October 4th, 2011.
The twentieth revised edition of the statute was made on June 21st, 2012.
The twenty-first revised edition of the statute was made on June 25th, 2013.
The twenty-second revised edition of the statute was made on June 24th, 2014.
The twenty-third revised edition of the statute was made on June 24th, 2016.
The twenty-fourth revised edition of the statute was made on June 23rd, 2017.
The twenty-fifth revised edition of the statute was made on June 20rd, 2019.
The twenty-sixth revised edition of the statute was made on June 24rd, 2020.
The twenty-seven revised edition of the statute was made on July 1st, 2021.
The twenty-eight revised edition of the statute was made on June 30th, 2022.

Appendix III

Appendix III Rules of Procedure for Shareholder Meetings

KMC(Kuei Meng) International Inc. Rules of Procedure for Shareholder Meetings

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.
This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, this Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.
This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:
1. For physical shareholders meetings, to be distributed on-site at the meeting.
 2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
 3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time

of the meeting.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

Article 6

This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1

To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and

the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued

shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 16 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21 In the event of a virtual shareholders meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the first paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the first paragraph.

- Article 22 When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
- Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix IV

Appendix IV Procedures for Election of Directors

KMC(Kuei Meng) International Inc. Procedures for Election of Directors

Article 1

To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles.

Article 2

Except as otherwise provided by law and regulation or by articles of incorporation of the Company, elections of directors shall be conducted in accordance with these Procedures.

Article 3

The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4

Delete.

Article 5

The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 6

Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting.

When the number of directors falls short by one third of the total number prescribed in the Company's articles of incorporation, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 7

The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 8

The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 9

The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 10

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 11

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 12

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 13

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14

The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 15

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.