



Ticker Number : 5306

KMC(Kuei Meng) International Inc.

2024 Annual Report



- Website for inquiry at MOPS:
<http://mops.twse.com.tw>
- KMC official website:
<http://www.kmc-international.com>
- Date of printing: April 28, 2025

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III. Auditors

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IV. Name of exchanges in foreign countries where the Company is listed for securities trade and the means of access to information on overseas securities: None.

V. Company website: <http://www.kmc-international.com/index.php?lang=en>

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I. Letter to the Shareholders

Dear Shareholders,

In 2024, the global bicycle industry is undergoing a massive phase of adjustment and development. While the market faces challenges, new opportunities are also arising. Over the past year, the industry has been affected by inventory adjustments, impacting the supply-demand balance. Entering the second half of 2024, inventory adjustments are stabilizing, the market supply chain is gradually adapting to new demand rhythms, and the overall industry is returning to a stable growth trajectory. With steady growth in global aftermarket demand and increasing interest in mid- to high-end sport bicycles, the optimization of our product mix has continued to drive overall profitability. In 2024, the industry was placing greater emphasis on quality, reflecting an ongoing transition toward a higher value-added market structure. Looking ahead, we remain focused on monitoring market developments closely, driving innovation in high-value product offerings, and enhancing supply chain efficiency. Through these strategic priorities, we aim to capitalize on the momentum of market recovery and deliver sustainable, long-term value for our investors. In a year full of challenges, with joint efforts of all KMC colleagues, the 2024 consolidated revenue reached NT\$4.96 billion, the gross profit was NT\$2.07 billion; a gross profit margin of 42%; the net income was NT\$0.92 billion, and EPS was NT\$7.27.

KMC adheres to the business philosophy of "focusing on core technology and leading the market through innovation." For over forty years, it has been deeply engaged in the field of chain manufacturing, continuously enhancing product quality and R&D capabilities. With this accumulated extensive professional knowledge, KMC has built a solid corpus of R&D foundations and advanced manufacturing technology to ensure products maintain a strong competitive edge in the marketplace. Rooted in its core competency in chains, KMC has expanded its drivetrain portfolio beyond the "KMC DRIVETRAIN EXPERT" system with the introduction of the GO Series wax chains. These chains are made with 100% biodegradable natural wax, offering an environmentally friendly and user-friendly solution. We are committed to driving the bicycle industry towards green and sustainable development, making bicycles a choice for truly eco-friendly and sustainable mobility.

I. Business results of 2024:

1. The implementation results of business plan:

After the supply and demand adjustments in 2023, the bicycle industry's inventory adjustment phase gradually came to an end in 2024. As demand for new bicycle production in the China market rebounds, particularly in high-end models, the overall product mix has been optimized. In addition, the inventory levels in the European and American markets have stabilized, driving inventory replenishment opportunities, leading to an upward trend in consolidated revenue and various profitability indicators. The consolidated revenue in 2024 was NT\$4.96 billion, the consolidated operating gross profit was NT\$2.07 billion, the

consolidated net profit was NT\$0.92 billion, and the basic EPS was NT\$7.27. The total equity amounted to NT\$8.32 billion, an increase of NT\$0.68 billion from the previous year, and the cash balance reached NT\$4.8 billion, an increase of NT\$0.81 billion from the previous year.

The Assets , Liabilities, Equity and Cash flow of FY24

Unit: NT\$ thousands

Item	FY24	FY23	Changed
Total Assets	13,234,912	12,061,719	1,173,193
Total liabilities	4,912,854	4,421,993	490,861
Total Equity	8,322,012	7,639,726	682,286
Cash flows from operating activities	1,314,589	1,087,950	226,639
Cash outflows from investing activities	2,102,262	642,013	1,460,249
Cash outflows from finance activities	375,015	520,988	-145,973
Total cash(note)	4,796,354	3,988,388	807,966

Note, Total cash include cash and Financial assets at amortized cost – current.

Financial and Profitability analysis:

Unit: NT\$ thousands

Item	2024	2023	The percentage changed
Operating revenue	4,959,816	4,730,461	4.85%
Gross profit	2,073,259	1,841,077	12.61%
Operating profit	1,078,643	929,685	16.02%
Net profit after tax	916,508	741,761	23.56%
Gross profit margin	41.8%	38.9%	
Operating margin	21.7%	19.7%	
Net margin	18.5%	15.7%	
EPS in NT\$	7.27	5.89	

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 2024, the R&D efforts of KMC on bike components are summarized as follows:

- A. KMC has elevated the drivetrain system paradigm through the introduction of the “KMC DRIVETRAIN EXPERT” concept—an integrated drivetrain solution comprising chain, chainring, and cassette components, each precisely engineered to operate in perfect mechanical harmony. This system-centric approach is designed to optimize drivetrain efficiency, shifting precision, and durability through fully synchronized interaction among the three core elements. The chainring features finely machined roller link interfaces that are geometrically matched to KMC chain profiles, ensuring seamless engagement and superior power transfer. The cassette incorporates dual-directional shift ramps, enabling smoother, faster gear transitions and minimizing pedaling disruption. Unique tooth profiles are strategically designed to reduce chain interference during shifting, thereby decreasing mechanical wear and extending the overall service life of the system. The high compatibility of the drivetrain system meets the diverse demands of various riding conditions.
- B. KMC continues to prioritize environmentally responsible innovation with the development of the GO Series wax chains, featuring a proprietary KMC GO wax formula composed entirely of 100% biodegradable natural wax. This product line reflects the Company’s commitment to sustainability without compromising functional performance or user convenience. The system integrates advanced dry wax chemistry with a micro-scale protective coating, delivering exceptional water repellency, anti-contaminant adhesion, and abrasion resistance. These technologies significantly reduce drivetrain friction, enhance chain durability, improve shift precision, and increase pedaling efficiency, thereby extending the operational life of the complete drivetrain system. In real-world applications, the GO Series wax chains demonstrate superior resistance to dirt compared to conventional oil-lubricated chains. This not only mitigates the risk of abrasive wear and mechanical degradation but also streamlines routine maintenance, reducing service intervals and lowering the total cost of ownership for the end user.
- C. KMC continues to lead in drivetrain innovation with the introduction of the HL1B chain, designed to deliver exceptional strength and long-lasting durability. Built on KMC’s core chain technology, the HL1B achieves an impressive tensile strength of up to 1,350 kgf—all without increasing the chain’s weight. This makes it ideal for demanding use cases that require both power and efficiency. To enhance its durability, the HL1B features an upgraded internal bushing inside the roller, which improves wear resistance by approximately 30% compared to previous models. This improvement translates into longer product life, reduced maintenance needs, and greater reliability for the end user. The HL1B also features a specially engineered half-link design, offering broad compatibility with a wide range of bicycles and drivetrain setups. Its high adaptability makes it suitable for most major brands and sizes on the market. Thanks to its advanced engineering and robust performance, the HL1B has become a top choice not only for BMX riders, who require high impact resistance, but also for E-Cargo, which demand strong, durable chains to support heavier loads and more frequent use.

II. Summary of 2025 Business Plan:

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

In recent years, the global economic environment has been impacted by multiple factors, including rising geopolitical risks, supply chain resilience challenges, rapid advances in AI technology, and monetary policy changes by central banks worldwide. Moreover, ESG and carbon neutrality policies have become key industry trends, requiring companies to place greater emphasis on carbon management and supply chain resilience. After two years of inventory adjustments, the bicycle market is beginning to stabilize in 2024. Global demand has shown a gradual recovery, driven by steady growth in the aftermarket sector and rising interest in mid- to high-end performance bikes. While the global economic outlook remains uncertain, signs of recovery in key markets have provided positive momentum for the bicycle industry. In response to ongoing shifts in the industry, KMC remains committed to a disciplined and resilient management approach. We will continue to adapt our operational strategies in response to market dynamics and have formulated the following strategic initiatives accordingly.

In the bicycle components sector, KMC will continue to optimize its chain product portfolio, increase the proportion of high-end products and aftermarket sales, and expand development and promotion of non-chain products to meet diverse market demands. Additionally, in accommodating the growing global demand for electric bicycles, KMC is actively developing high-performance components compatible with electric systems and expanding smart drivetrain applications to further enhance brand competitiveness. In the non-bicycle components business, revenue is expected to grow from increased demand in the automotive aftermarket and the supply of replacement chains for newly launched vehicle models. Regarding key production and sales strategies, KMC has initiated a capacity adjustment strategy, with Vietnam the core hub for integrating production and sales resources. The Company is also establishing a regional headquarters in Southeast Asia to expand its market share and influence in the region. In line with its commitment to digital transformation, KMC has been progressively integrating AI technologies into its Taiwan manufacturing facilities. By combining these innovations with existing production lines, the initiative aims to enhance operational efficiency and strategically reduce reliance on manual labor, with the potential for broader application based on anticipated positive results, enhancing precision management and organizational operations to seize market recovery and growth opportunities. The ESG Committee will continue to advance various sustainability initiatives, achieving environmental and social responsibility goals.

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:

With the goal of becoming the "most valuable chain brand", KMC continues to improve product R&D and design, innovate processes and strengthen zero-day fast services, providing customers and consumers with the best transmission system solutions and a variety of high-quality, highly compatible chain products. KMC will orient towards "Professionalism with Hearty Choice."

Looking ahead, KMC will focus on three core development areas. First, expanding in the European market: As demand for electrification and high-end bicycle components grows in Europe, KMC will expand its logistics and after-sales service facilities in the region to improve aftermarket logistics efficiency. Additionally, it will strengthen strategic partnerships to jointly advance the electric bicycle component business, responding promptly to local market needs. Second, reinforcing the high-end bicycle chain market: Given the global trend in high-end bicycle market growth, KMC will combine rigorous quality control with innovative design to provide high-performance, durable drivetrain products, meeting customer demands for premium chains and professional cycling gear, further solidifying its brand presence in the high-end market. Third, promoting diversified non-bicycle chain business: KMC will expand applications in motorcycle components and garage door systems, particularly in ASEAN countries, enhancing production support and aftermarket services. The automotive timing system business will increase technical collaboration with clients, drive product innovation, and localize production, ensuring supply chain stability and continued growth.

To address future climate risks, KMC officially announced its membership in the Bicycling Alliance for Sustainability (BAS). We commit to following the BAS Carbon Reduction Roadmap, aiming to reduce carbon emissions by 3% annually and achieve a minimum reduction of 25% by 2030. We will continuously improve energy efficiency and other environmental performance measures to reduce the impact of climate change and fulfill our responsibility to protect the environment and care for the planet.

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

Currently, over 130 countries worldwide have announced initiatives to achieve net-zero carbon emissions by 2050, and are gradually implementing related agreements and regulations. The EU Carbon Border Adjustment Mechanism (CBAM) is expected to be officially implemented in 2026, while the U.S. Clean Competition Act (CCA) carbon tariff proposal is also anticipated to be enacted in 2024, further promoting the establishment of a carbon tax system in the United States. In response to the international trend toward net-zero carbon emissions, KMC is committed to integrating sustainable development concepts into research and development, production, and sales processes, while continuously promoting green development in the industry chain in line with ESG principles to meet the demands of global market changes and environmental regulations.

In recent years, the bicycle industry has undergone a significant transformation—from serving primarily as a traditional mode of transportation to becoming a multifunctional product that integrates elements of sport, leisure, health, and sustainability. Driven by growing public awareness of personal well-being, the rising popularity of outdoor activities, and the increasing emphasis on low-carbon lifestyles, the bicycle market continues to expand into diverse application areas, including long-distance travel, fitness training, recreational tourism, and green commuting. This evolution has further fueled the global trend toward "green mobility". Bicycles now play a pivotal role not only as everyday transportation tools but also as key enablers of sustainable mobility and healthy living. As an important player in the global bicycle supply chain, Taiwan is well-positioned to capitalize on this momentum. Through continued advancements in technology integration and innovative design, the industry is expected to enhance product performance and environmental benefits, thereby strengthening brand value and global competitiveness. These efforts contribute to building a healthier, lower-carbon, and more sustainable future.

Looking back in 2024, 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

II. Corporate Governance

1. Information on the directors, general manager, vice general manager, assistant vice general manager, heads of divisions and branches

(1) Profiles of Directors

A. Basic Profiles of Directors

March 31, 2025

Title	Nationality or place of incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and important experience	Selected Current Positions at KMC and Other Companies	Executives, directors, or supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Common Shares	%	Common Shares	%			Title	Name	Relation
Chairman	Republic of China	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	Male 51-60	May 31st, 2023	3	October 4th, 2011	47,412,256 0	37.63% 0%	47,412,256 437,041	37.63% 0.35%	0 437,041	0 0.35%	0 3,000,000 (Note 3)	0 2.38%	President of KMC CHAIN INDUSTRIAL CO., LTD MBA, National Sun Yat-sen University	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(B.V.I.) Holding Co., Ltd. Director of K.M.C. 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 KMC Investment (China) Co., Ltd Director of KMC Transmission (Tianjin) Co., Ltd. Director of KMC TRANSMISSION (SUZHOU) CO., LTD. Vice chairman of Shenzhen KMC Industrial Co., Ltd Director of Cycling Life-Style Foundation Chairman of Taiwan Bicycle Association	Director	Wu, Jui-Chang	Brothers
Director	Republic of China	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang	Male 51-60	May 31st, 2023	3	October 4th, 2011	47,412,256 0	37.63% 0%	47,412,256 0	37.63% 0%	0 7,902,040	0 6.27%	0 0	0 0	CEO of KMC CHAIN INDUSTRIAL CO., LTD MBA, NANYANG TECHNOLOGICAL UNIVERSITY	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 TRANSMISSION (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.	Chairman	Wu, Ying-Chin	Brothers
Director	Republic of China	Chang Hsing Investment Co., Ltd Representative Kao, Ting-Nan	Male 61-70	May 31st, 2023	3	June 21st, 2012 (Note 1)	350,000 0	0.28% 0%	350,000 235,084	0.28% 0.19%	0 3,000	0 0%	0 1,050,000 (Note 4)	0 0.83%	Chairman of WHOLE MAN ENTERPRISE CO., LTD.	Chairman of Chang Hsing Investment Co., Ltd	No	No	No

Title	Nationality or place of incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and important experience	Selected Current Positions at KMC and Other Companies	Executives, directors, or supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Common Shares	%	Common Shares	%			Title	Name	Relation
Director	Republic of China	Hsu, Yang-Kang	Male 51-60	May 31st, 2023	3	October 4th, 2011 (Note 2)	0	0	0	0	0	0	0	0	EMBA, National Taipei University of Technology	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	No	No	No
Independent Director	Republic of China	Tsai, Hsueh-Ling	Female 51-60	May 31st, 2023	3	June 24th, 2020	0	0	0	0	0	0	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 Bachelor of Law, National Taiwan University	Chairman of Shanghua Eastern Management Consulting Co., Ltd. Independent Director of TEKOM Technology Co., LTD. Independent Director of Argo Yacht Group Independent Director of NeoCore Technology Co., Ltd. The Authorized Representative of the Juristic Person acts as the Director of DaBomb Protein Corp. Supervisor of Chang-Hui Investment Co., Ltd Supervisor of Kingsway Biotechnology Co., Ltd	No	No	No
Independent Director	Republic of China	Peng, Yu-Min	Male 61-70	May 31st, 2023	3	May 31st, 2023	0	0	0	0	0	0	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	Chairman of Patriot Green Energy Technology Co., Ltd. Chief Strategy Officer of Jin Join Rone Technology Corporation Independent Director of LCY Technology Corporation Independent Director of Shiny Chemical Industrial Co., Ltd.	No	No	No
Independent Director	Republic of China	Chang, Chia-Ming	Female 51-60	May 31st, 2023	3	May 31st, 2023	0	0	0	0	0	0	0	0	Vice-president of Capital Market Department, KGI Securities MBA, Drexel University Department of Accounting, National Chengchi University	Independent Director of Chroma Ate Inc. Independent Director of P-Duke Technology Co., Ltd.	No	No	No

Note 1: Mr. Kao, Ting-Nan was supervisor of the Company from June 21, 2012 and was newly-elected as Director at the annual shareholders' meeting on June 24, 2020.

Note 2: Mr. Hsu, Yang-Kang was supervisor of the Company from October 4, 2011 and was newly-elected as Director at the annual shareholders' meeting on June 24, 2020.

Note 3: Mr. Wu, Ying-Chin appointed K.M.C. Global Co., Ltd to act as the nominee shareholder.

Note 4: Mr. Kao, Ting-Nan appointed Chang Yu Investment Co., Ltd and Chang Po Investment Co., Ltd to act as the nominee shareholder.

Note 5: Chairman and President (or someone with an equivalent job responsibility, i.e. the highest ranking manager of the company) are not (1) the same person, (2) in a marital relationship with each other, or (3) within one degree of consanguinity.

B. Profiles of dominant shareholders of institutional shareholders

December 31, 2024

Name of Institutional Shareholders	Main shareholders of institutional shareholders (Proportion of shareholding, %)
KMC TRANSTON INDUSTRIES LIMITED	LO,CHI-NI Investment Co., Ltd(10.56%), HSUN-LI Investment Co., Ltd(10.56%), CHENG-YUAN Investment Co., Ltd(10.55%), PEI-JUI Investment Co., Ltd(10.55%), Yu,Wen-Ying (21.12%)

C. Main shareholders of institutional shareholders

December 31, 2024

Name of Institutional Shareholders	Main shareholders of institutional shareholders (Proportion of shareholding, %)
LO,CHI-NI Investment Co., Ltd	Ernie Wu(74.25%) 、Frankie Wu(24.75%) 、Lai, Wan-I (1%)
HSUN-LI Investment Co., Ltd	Frankie Wu (74.25%) 、Ernie Wu(24.75%) 、Lai, Wan-I (1%)
CHENG-YUAN Investment Co., Ltd	Wu,Hui-Lan(99.97%) 、Wu, Ying-Chin(0.03%)
PEI-JUI Investment Co., Ltd	Yu Wen Ying(100%)

D. Directors' Professional Qualifications and Independence Analysis

a. The appointment of directors should consider the overall composition of the Board of Directors, such as having different professional backgrounds, knowledge, skills and attainment in order to exert the strategic guidance function. The table below summarizes the industry knowledge and professional competency that each member of the Board possesses:

Criteria Name/Title	Industry Knowledge and Professional Competency							
	Business developing and strategic planning	Business and production management	Marketing	Finance and accounting	Industry Experiences	Corporate legal and Intellectual Rights	Global Market Perspective	Sustainable Development
Wu, Ying-Chin Chairman	V	V	V		V		V	V
Wu, Jui-Chang Director	V	V	V		V		V	V
Kao, Ting-Nan Director		V	V		V		V	V
Hsu, Yang-Kang Director			V		V		V	V
Tsai, Hsueh-Ling Independent Director						V	V	V
Peng, Yu-Min Independent Director					V	V	V	V
Chang, Chia-Ming Independent Director				V		V	V	V

Note: All the directors have not been a person of any conditions defined in Article 30 of the Company Law.

A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. If she/he does not have any or limited legal capacity; or
7. If she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

b. Independent Directors' Independence Status :

Criteria Name	Professional Qualification and Experience (Note 1)	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Tsai, Hsueh-Ling Independent Director	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	All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note) issued by Taiwan's Securities and Futures Bureau. 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any KMC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	3
Peng, Yu-Min Independent Director	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		2
Chang, Chia-Ming Independent Director	Vice-president of Capital Market Department, KGI Securities MBA, Drexel University Department of Accounting, National Chengchi University		2

Note 1: For detailed members professional qualification and experience, please refer to "Profiles of Directors" on page 7-9 of this Annual Report.

Note 2:

1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
2. Not serving concurrently as an independent director on more than three other public companies in total.
3. During the two years before being elected and during the term of office, meet any of the following situations:
 - i. Not an employee of the company or any of its affiliates;
 - ii. Not a director or supervisor of the company or any of its affiliates;
 - iii. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
 - iv. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding i. subparagraph, or of any of the above persons in the preceding subparagraphs ii. and iii.;
 - v. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
 - vi. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
 - vii. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
 - viii. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
 - ix. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".

E. Diversity and Independence of the BOD

a. Diversity of the BOD:

KMC advocates and respects the director's diversity policy, and is convinced that diversity can improve the overall performance of the Company. Members of the Board of Directors shall be based on personal capabilities and diversification from different aspects is also taken into consideration, including basic characteristics (e.g., age, gender and nationality, etc.), experience and skills (e.g., business and production, brand and sales channel, finance, project planning and management, and regulatory practice, etc.), operation and management, leadership and decision-making, and crisis management ability. In order to strengthen the Board's functions to achieve the ideal goals of corporate governance, KMC has formulated the Corporate Governance Principles, Article 20 of which specifies the overall abilities the Board of Directors is to be equipped with, which are as follows:

1. The ability to make operational judgment
2. The ability to perform accounting and financial analysis.
3. The ability to conduct management administration.
4. The ability to manage crisis situations.
5. Industrial knowledge.
6. Perspective of the international market.
7. The ability to lead.
8. The ability to make decisions.

The diversification policies of the current executives of the Company and their progress are as follows:

Name of Directors	Diversity items									Professional Ability							
	Title	Gender	Nationality	Also acting as an employee of KMC	Age			Years acting as an independent director		Operational Judgment	Accounting and Financial Analysis	Operational Management	Crisis Management	Industry Experiences	Global Market Perspective	Leadership	Decision Making
					41-50	51-60	61-70	Below 3 years	3-9 years								
Wu, Ying-Chin	Chairman	Male	Republic of China			V				V	V	V	V	V	V	V	V
Wu, Jui-Chang	Director	Male	Republic of China	V		V				V	V	V	V	V	V	V	V
Kao, Ting-Nan	Director	Male	Republic of China				V			V		V		V	V	V	V
Hsu, Yang-Kang	Director	Male	Republic of China			V				V		V		V	V	V	V
Tsai, Hsueh-Ling	Independent Director	Female	Republic of China			V			V	V		V	V	V	V	V	
Peng, Yu-Min	Independent Director	Male	Republic of China				V	V		V		V	V	V	V	V	V
Chang, Chia-Ming	Independent Director	Female	Republic of China			V		V		V	V	V		V	V	V	

- i. The 7 directors (including 3 independent directors) of the 13th Board of Directors of the Company have business judgment, accounting & finance, operational management, crisis management, leadership, decision-making, international market outlook, and other capabilities, as well as industrial experience, and professional ability. We also pay attention to gender equality in relation to the composition of the BOD. The target of the proportion of female director is above 1/3. For the 13th Board of Directors, we have two female directors in our BOD and the proportion is 2/7.
- ii. Diversity, complementarity, and implementation of directors comply with the standards specified in Article 20 of the Corporate Governance Principles of KMC. In the future, the board of directors will continue to update its diversified policies according to board operations, operation style, and development needs, including but not limited to the standards of basic conditions and values, professional knowledge and skills, so as to ensure that board members generally have the necessary knowledge, skills, and literacy to perform their duties.

b. Independence of the BOD:

The Board of Directors of the Company is made up of 7 directors including 3 independent directors and the proportion of the independent directors constitutes 43% of the Board. One independent director has served for 4 years, and the other two have served for 1 year. As required under the competent authority, the Company received written confirmations from all of the Independent Directors regarding the independence of each of them and their immediate family.

The Company maintains the view that a Director's independence is a question of fact. The Board is also committed to assessing this on an ongoing basis with regard to all relevant factors concerned. Some of these factors include: the ability to continually provide constructive challenge for management and other Directors and to express one's own views independent of management or other fellow Directors and the gravitas inside and outside the boardroom context. These attributes and desired behaviour have been demonstrated by our Independent Directors as circumstances require.

Taking into account all of the circumstances described in this section, the Company considers all of the Independent Directors to be independent. For details of all Directors including, if any, relationship between the members, please refer to "II. Corporate Governance" on page 7 of this Annual Report

(2) Profiles of the general manager, vice general manager, assistant vice general manager, heads of each division and branch:

April 2nd, 2024

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Education and Selected Past Positions	Selected Current Positions at Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Group President	Republic of China	Wu, Jui-Chang	Male	October 4 th , 2011	0	0	7,902,040	6.27%	0	0	CEO of KMC CHAIN INDUSTRIAL CO., LTD MBA, NANYANG TECHNOLOGICAL UNIVERSITY	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 TRANSMISSION (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.	Vice President	Wu,Hsing-Chuan	Brother and Sister
Vice President	Republic of China	Wu, Hsing-Chuan	Female	July 1 st 2012	0	0	0	0	7,902,042 (Note 1)	6.27%	Vice President of Sales Division, KMC CHAIN INDUSTRIAL CO., LTD MBA, University of California	No	Group President	Wu, Jui-Chang	Brother and Sister
Head of KMC-BC Division	Republic of China	Chen, Yi-Ming	Male	January 1 st 2017	0	0	0	0	0	0	Vice President of KMC (Kuei Meng) International Inc. B.A.,Providence University, Department of English Language, Literature and Linguistics	The Authorized Representative of the Juristic Person acts as the Director of Kynamic Inc.	None	None	None
Head of TEC-MAYA Division	Republic of China	Chang, Tsung-Hao	Male	January 1 st 2019	0	0	0	0	0	0	EMBA, National Taipei University of Technology	No	None	None	None
Head of MAT Division (Note 2)	People's Republic of China	Fang, Hsiang	Male	January 15 th 2018	0	0	0	0	0	0	East China University of Science and Technology	No	None	None	None
Head of GDO Division	Republic of China	Hsu, Yi-Chih	Female	July 1 st 2017	0	0	0	0	0	0	B.A., Shih Chien University, Department of Business Administration	No	None	None	None

Note: Chairman and President (or someone with an equivalent job responsibility, i.e. the highest ranking manager of the company) are not (1) the same person, (2) in a marital relationship with each other, or (3) within one degree of consanguinity.

Note 1: Mrs. Wu, Hsing-Chuan appointed Li Ze Investment Co., Ltd. to act as the nominee shareholder.

Note 2: Mr. Fang, Hsiang resigned due to personal career planning, effective from April 3, 2024.

2. Remuneration paid during the most recent fiscal year to directors, the general managers and vice general managers

(1) Remuneration paid to directors and independent directors

December 31st, 2024; in NT\$ thousands

Title	Name	Directors Remuneration								Amount and Ratio of total A, B, C, and D to Net Income		Remuneration Received as Employee								Amount and Ratio of total A, B, C, D, E, F and G to Net Income		Remuneration from Invested Companies Other Than Subsidiaries or Parent Company
		Remuneration (A)		Pension (B)		Remuneration to Directors (C)		Allowances (D)				Salaries, bonus, and special allowance (E)		Pension (F)		Employee Bonus (G)						
		KMC	All Consolidated entities	KMC	All Consolidated entities	KMC	All Consolidated entities	KMC	All Consolidated entities	KMC	All Consolidated entities	KMC	All Consolidated entities	KMC	All Consolidated entities	KMC		All Consolidated entities		KMC	All Consolidated entities	
Chairman	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	600	600	0	0	0	0	0	0	600 0.07%	600 0.07%	0	3,630	0	54	0	0	0	0	600 0.07%	4,284 0.47%	None
Director	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang	600	1,200	0	0	0	0	0	0	600 0.07%	1,200 0.13%	3,608	0	0	0	0	0	0	0	4,208 0.46%	1,200 0.13%	None
Corporate Director	KMC TRANSTON INDUSTRIES LIMITED	0	0	0	0	8,400	8,400	0	0	8,400 0.92%	8,400 0.92%	0	0	0	0	0	0	0	0	8,400 0.92%	8,400 0.92%	None
Director	Kao, Ting-Nan	600	600	0	0	0	0	0	0	600 0.07%	600 0.07%	0	0	0	0	0	0	0	0	600 0.07%	600 0.07%	None
Director	Hsu, Yang-Kang	600	600	0	0	0	0	0	0	600 0.07%	600 0.07%	0	0	0	0	0	0	0	0	600 0.07%	600 0.07%	None
Independent Director	Tsai, Hsueh-Ling	600	600	0	0	0	0	36	36	636 0.07%	636 0.07%	0	0	0	0	0	0	0	0	636 0.07%	636 0.07%	None
Independent Director	Peng, Yu-Min	600	600	0	0	0	0	36	36	636 0.07%	636 0.07%	0	0	0	0	0	0	0	0	636 0.07%	636 0.07%	None
Independent Director	Chang, Chia-Ming	600	600	0	0	0	0	36	36	636 0.07%	636 0.07%	0	0	0	0	0	0	0	0	636 0.07%	636 0.07%	None

Note :

- Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: Pursuant to the Article 21 of the Article of Incorporation of the Company, if the Company makes profits for the current year, the Board of Directors shall resolve on the allocation of 0.4%~5% as the employee compensation and no more than 3% as the compensation for directors, at least 0.1% shall be set aside for salary adjustments or bonuses for junior employees. Remuneration for directors of the Company shall be evaluated by the Remuneration Committee according to their respective participation in the operation of the Company and value of contribution, the practice of the Company's core values, familiarity with the goals and missions of the Company, awareness of the duties of a director, management and communication of internal relationship, director's professional and continuing education as well as internal control. The Board of Directors is authorized to determine their remuneration according to the evaluation made by the Remuneration Committee and general standard in the same industries. For example, the Chairman should be responsible for the board operations and corporate governance assessment results, the connection of shareholders' interests, the achievement rate of the Company's long-term strategic goals, the accomplishment of ESG indicators. The remuneration to independent Directors adopts regular amount and takes into account the standards of the industry within the R.O.C. and overseas.
- Except as disclosed in the above table, remuneration to directors received due to the service provided to all companies listed in the consolidated financial statement (such as being independent consultants, etc.) in the most recent year: None.
- The proportion of directors' remuneration (including related remuneration for part-time employees) paid by all consolidated entities in the financial report in 2024 to the net profit was 1.78% and 1.87% respectively.

Range of Remuneration Paid to the Directors of KMC(Kuei Meng) International Inc.	Name of Directors			
	(A+B+C+D)		(A+B+C+D+E+F+G)	
	KMC	All Consolidated entities	KMC	All Consolidated entities (Include Parent Company and Non-consolidated Affiliates)
Less than NT\$1,000,000	Director: Kao, Ting-Nan Director: Hsu, Yang-Kang Independent Director: Tsai, Hsueh-Ling Independent Director: Peng, Yu-Min Independent Director: Chang, Chia-Ming Dismissed: Independent Director: Wang, Ming-Lung Independent Director: Tseng, Wen-Che	Director: Kao, Ting-Nan Director: Hsu, Yang-Kang Independent Director: Tsai, Hsueh-Ling Independent Director: Peng, Yu-Min Independent Director: Chang, Chia-Ming Dismissed: Independent Director: Wang, Ming-Lung Independent Director: Tseng, Wen-Che	Director: Kao, Ting-Nan Director: Hsu, Yang-Kang Independent Director: Tsai, Hsueh-Ling Independent Director: Peng, Yu-Min Independent Director: Chang, Chia-Ming Dismissed: Independent Director: Wang, Ming-Lung Independent Director: Tseng, Wen-Che	Director: Kao, Ting-Nan Director: Hsu, Yang-Kang Independent Director: Tsai, Hsueh-Ling Independent Director: Peng, Yu-Min Independent Director: Chang, Chia-Ming Dismissed: Independent Director: Wang, Ming-Lung Independent Director: Tseng, Wen-Che
NT\$1,000,000~NT\$2,000,000 (exclusive)	None	None	None	None
NT\$2,000,000~NT\$3,500,000 (exclusive)	None	None	None	None
NT\$3,500,000~NT\$5,000,000 (exclusive)	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin Representative Wu, Jui-Chang	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin Representative Wu, Jui-Chang	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin Representative Wu, Jui-Chang	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin Representative Wu, Jui-Chang
NT\$5,000,000~NT\$10,000,000 (exclusive)	Corporate Director: KMC TRANSTON INDUSTRIES LIMITED	Corporate Director: KMC TRANSTON INDUSTRIES LIMITED	Corporate Director: KMC TRANSTON INDUSTRIES LIMITED	Corporate Director: KMC TRANSTON INDUSTRIES LIMITED
NT\$10,000,000~NT\$15,000,000 (exclusive)	None	None	None	None
NT\$15,000,000~NT\$30,000,000 (exclusive)	None	None	None	None
NT\$30,000,000~NT\$50,000,000 (exclusive)	None	None	None	None
NT\$50,000,000~NT\$100,000,000 (exclusive)	None	None	None	None
More than NT\$100,000,000	None	None	None	None
Total	9	9	9	9

(2) Remuneration paid to supervisors and remuneration range: Not applicable.

(3) Remuneration to the general manager and Vice President

A. Remuneration to the general manager and Vice President

December 31st, 2024; in NT\$ thousands

Title	Name	Remuneration (A)		Pension(B)		Bonus and special allowances (C)		Employee Bonus (D)				Amount and Ratio of total (A), (B), (C) and (D) to Net Income		Compensation Paid to General Manager and Vice President from Non-consolidated Affiliates or Parent Company
		KMC	All Consolidated entities	KMC	All Consolidated entities	KMC	All Consolidated entities	KMC		All Consolidated entities		KMC	All Consolidated entities	
								Cash	Stock	Cash	Stock			
Group President	Wu, Jui-Chang	3,608	6,593	0	0	0	0	0	0	0	0	3,608 0.39%	6,593 0.72%	0
Vice President	Wu, Hsing-Chuan													

B. Table of Remuneration Ranges

Range of remuneration paid to the general manager and vice president of KMC(Kuei Meng) International Inc.	Names of general manager and vice president	
	KMC	All Consolidated entities (Include Parent Company and Non-consolidated Affiliates)
Less than NT\$1,000,000	None	None
NT\$1,000,000~NT\$2,000,000 (exclusive)	None	None
NT\$2,000,000~NT\$3,500,000 (exclusive)	None	Wu,Hsing-Chuan
NT\$3,500,000~NT\$5,000,000 (exclusive)	Wu, Jui-Chang	Wu, Jui-Chang
NT\$5,000,000~NT\$10,000,000 (exclusive)	None	None
NT\$10,000,000~NT\$15,000,000 (exclusive)	None	None
NT\$15,000,000~NT\$30,000,000 (exclusive)	None	None
NT\$30,000,000~NT\$50,000,000 (exclusive)	None	None
NT\$50,000,000~NT\$100,000,000 (exclusive)	None	None
More than NT\$100,000,000	None	None
Total	1	2

(4) Names of management team members who received employee bonus and distributed amounts

December 31st, 2024; Unit : NT\$ thousands

Title	Name	Stock Amount	Cash Amount	Total	Percentage of the Total to Net Income (%)
Group President	Wu, Jui-Chang	0	0	0	0
Vice President	Wu,Hsing-Chuan				

(5) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by each other company included in the consolidated financial statements in the most recent two years to directors, general managers, and vice general managers of the Company and analysis and description of remuneration policies, standards, packages and procedures for determining remuneration, and their linkage to operating performance and future risk exposure.

1. Analysis of total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by each other company included in the consolidated financial statements in the most recent two years to the directors, general managers, and vice general managers of the Company

Title	2024		2023	
	KMC	All Consolidated entities	KMC	All Consolidated entities
Directors	16,316 (1.78%)	16,992 (1.87%)	16,243 (2.19%)	16,929 (2.28%)
General Manager and Vice President	3,608 0.39%	6,593 0.72%	3,531 (0.48%)	5,795 (0.78%)

2. The Company's remuneration policies, standards, packages and the procedure for determining remuneration, and their linkage to operating performance and future risk exposure.
 - i. Pursuant to the Article 21 of the Article of Incorporation of the Company, if the Company makes profits for the current year, the Board of Directors shall resolve on the allocation of 0.4%~5% as the employee compensation and no more than 3% as the compensation for directors, at least 0.1% shall be set aside for salary adjustments or bonuses for junior employees. Remuneration for directors of the Company shall be evaluated by the Remuneration Committee according to their respective participation in the operation of the Company and value of contribution, the practice of the Company's core values, familiarity with the goals and missions of the Company, awareness of the duties of a director, management and communication of internal relationship, director's professional and continuing education as well as internal control. The Board of Directors is authorized to determine their remuneration according to the evaluation made by the Remuneration Committee and general standard in the same industries. For example, the Chairman should be responsible for the board operations and corporate governance assessment results, the connection of shareholders' interests, the achievement rate of the Company's long-term strategic goals and the accomplishment of ESG indicators.
 - ii. The compensation of the Company's managers is determined according to their duties, ranks, professional abilities, and with reference to the salary standard in the same industries. Bonuses are highly related to the Company's operation results and performance. The proposals of managers' compensation are evaluated by the executives' salary performance indicators that are scored annually (indicators include revenue, achievement rate of target net profit, return on shareholder equity, annual strategic focus, and ESG, etc.) and through benchmark a group of selected peer companies. After evaluation by the Remuneration Committee, it is submitted their recommendation to the Board of Directors for approval.

- iii. The business performance is the primary factor that affects the amount of remuneration for Directors and compensation for General Manager and Vice President. There is net income before tax for the year 2024. According to the Article of Incorporation, the proposed attributed remuneration for Directors is NT\$8,400 thousand dollars. After the implementation of transformation and integration plan, there was net income after tax for the last two years, the remuneration and compensation were paid to the Directors, General Manager and Vice President based on the operation performance and referred to the remuneration and compensation standards in the industry. There is no significant change in the ratio of the total payment to the net income after tax for the last two years.

3. Implementation of Corporate governance

(1) Board of Directors

- A. A total of 5 (A) meetings of the Board of Directors were held in 2024. The attendance of directors were as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	5	0	100%	None
Director	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang	5	0	100%	None
Director	Kao, Ting-Nan	5	0	100%	None
Director	Hsu, Yang-Kang	5	0	100%	None
Independent Director	Tsai, Hsueh-Ling	5	0	100%	None
Independent Director	Peng, Yu-Min	5	0	100%	None
Independent Director	Chang, Chia-Ming	5	0	100%	None

- B. Other items to be disclosed:

- (A) If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
- (a) Matters referred to in Article 14-3 of the Securities and Exchange Act:
The Company has established the Audit Committee, so Article 14-3 of the Securities and Exchange Act shall not be applicable. Please refer to the chapter of Audit Committee in the Annual Report.
- (b) Other matters involving objections or reservations expressed by the independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
- (B) Evaluation cycles, evaluation periods, evaluation scopes, evaluation methods and evaluation procedures, etc. for evaluating the performance of the Company's board of directors and board members are disclosed as below: None

(C) Board evaluation status:

Cycle	Period	Scope	Method	Description
<p>Conducted at least once a year</p>	<p>From January 1, 2024 to December 31, 2024</p>	<p>Evaluation of performance of the board of directors as a whole, that of individual board members, and that of the functional committees.</p>	<p>Internal evaluation of the board and self-evaluation by each board member</p>	<p>Board overall performance evaluation should cover 5 aspects:</p> <ol style="list-style-type: none"> 1. Degree of participation in company operations 2. Quality of board decisions 3. Board composition and structure 4. Selection of suitable board directors and continuing professional education 5. Internal control. <p>Director self-assessment should cover 6 aspects:</p> <ol style="list-style-type: none"> 1. Grasp of company targets and missions 2. Understanding of the director's role and responsibilities 3. Level of participation in company operations 4. Internal relationship management and communication 5. Director's specialty and continued development 6. Internal controls. <p>Functional committee performance evaluation should cover 5 aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company 2. Awareness of the duties of the functional committees 3. Improvement of quality of decisions made by the functional committees 4. Makeup of the functional committee and election of its members 5. Internal control.

- (D) Measures taken during this and the most recent fiscal year to strengthen the functionality of the Board (e.g., establishment of the Audit Committee and enhancing information transparency) and evaluate the implementation of such measures.
- (a) The Board of Directors of the company follows the principle of diversification and set up the adequate guidelines for diversification based on the operation of the company, operation type and requirements for future development. It should include but not limited to the two primary standards:
 - I. Primary condition and value: Gender, age, nationality, and culture, etc.
 - II. Professional knowledge and technique: Professional background (such as Law, Accounting, Industry, Finance, Marketing or Technology), professional technique and industrial experiences, etc.All members of Board of Directors shall have knowledge, technique, and literacy that is needed for his/her works.
 - III. KMC's 13th Board of Directors was elected at Annual Shareholders' Meeting on May 31, 2023. The Board of Directors is made up of 7 directors (including 3 independent directors). The BOD has diverse expertise, including strategic planning, business management, financial accounting, energy-storage materials and electrochemical engineering as well as legislation. We also pay attention to gender equality in relation to the composition of the BOD. For the 13th Board of Directors, we had two female directors in our BOD and the ratio is about 29%.
 - (b) The company has formulated the "Procedures for Election of Directors" to set up fair, justice and open procedures for the election of Directors; and the numbers of Directors whose spouse or relatives within 2nd degree of relationship are also Directors should not be above half of the total Directors.
 - (c) To improve supervision function and enhance management function, the Board of Directors of the company has established Remuneration Committee and submits the proposal for the resolution of the Board of Directors.
 - (d) The Board meeting should be held at least every quarter based on the "Guideline for the Meeting of the Board of Directors." Five Board meetings were held in 2024 to enable the Directors to be fully aware of the significant business situation of the company.
 - (e) The meeting minutes of the Board meeting and the regulation of corporate governance are also disclosed on the company's website to improve the transparency of the information.
 - (f) The Board of Directors had approved the establishment of the Audit Committee on March 19, 2020 and already elected three independent directors to be the members of the Audit Committee on the Year 2020 General Shareholders' Meeting.
 - (g) On August 12, 2020, the Board of Directors appointed Mr. Yung-Jen Chen, the Manager of Accounting and Financial Division of KMC, as the Corporate Governance Officer responsible for corporate governance matters.
 - (h) In line with international sustainable trends, the Board of Directors had approved the establishment of the ESG Committee on July 1, 2021. The ESG Committee is a designated unit responsible for promoting and intensifying KMC's sustainable development.
 - (i) The Company adheres to its consistent attitude towards information transparency. Important resolutions made by the Board of Directors are posted on the Market Observation Post System immediately after the Board of Director's meetings to safeguard the interests of shareholders. In addition, irregular investor meetings are held to enhance investors' recognition of the Company.

(2) The operations of the Audit Committee

On June 24, 2020, the Company has established the Audit Committee that is composed of all of its independent directors pursuant to the laws and regulations. The Audit Committee shall convene at least once every quarter, and may call a meeting at its discretion whenever necessary. The annual tasks for the Audit Committee is responsible for supervising the fair presentation of the Company's financial statements, the selection and termination of the independent auditor and its independence and performance, the effectiveness of the Company's internal control, the Company's compliance with relevant laws and regulations and the Company's existing or potential risks.

A total of 4(A) meetings of the Audit Committee were held in 2024. The attendance of independent directors was as follows:

Title	Name	Attendance in person (B)	Attendance rate (%) 【B/A】	Notes
Independent director	Tsai, Hsueh-Ling	4	100	None
Independent Director	Peng, Yu-Min	4	100	None
Independent Director	Chang, Chia-Ming	4	100	None

Other items to be disclosed :

- A. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, independent directors' objections, reservations or major advice suggestions, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified :
- i. Matters referred to Article 14-5 of the Securities and Exchange Act.

Meetings of Audit Committee	Matters referred to Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee	The Company's response to the Audit Committee's Opinion
March 4, 2024 The 3rd in the 2nd term	<ol style="list-style-type: none"> 1. 2023 Internal Control System Statement. 2. The proposal of 2023 earnings distribution for all overseas subsidiaries. 3. 2023 parent company only financial statements and consolidated financial statements. 4. 2023 business report. 5. 2023 the fourth quarter earnings distribution. 6. FY23 earnings distribution. 7. Assessing the quality of our audit firms and auditors based on the AQI information. 8. To approve the replacement of the Company's CPAs allocated by its audit firm and the appointment of the CPAs. 9. Cancellation of financing facility between overseas subsidiaries 10. To approve the plan of the Company's subsidiary, KMC CHAIN (VIETNAM) CO., LTD., to build a new factory. 	The members of the Audit Committee unanimously approved all the resolutions	The Board of Directors approved all such resolutions recommended by the Audit Committee.

May 3, 2024 The 4th in the 2nd term	<ol style="list-style-type: none"> 2024 the first quarter consolidated financial report. 2024 the first quarter business report. 2024 the first quarter earnings distribution. 	The members of the Audit Committee unanimously approved all the resolutions	The Board of Directors approved all such resolutions recommended by the Audit Committee.
August 9, 2024 The 5th in the 2nd term	<ol style="list-style-type: none"> To evaluate the independence of the Company's CPAs. 2024 the second quarter consolidated financial report. 2024 the second quarter business report. 2024 the second quarter earnings distribution. 	The members of the Audit Committee unanimously approved all the resolutions	The Board of Directors approved all such resolutions recommended by the Audit Committee.
November 8, 2024 The 6th in the 2nd term	<ol style="list-style-type: none"> The company has acquired real estate use rights assets by leasing from related parties. Establish procedures for the preparation and assurance of the sustainability report. Establish the internal control procedures for Sustainability Information Management. The Company's internal audit plan of Year 2025. 2024 the third quarter consolidated financial report. 2024 the third quarter business report. 2024 the third quarter earnings distribution. Approved the Company's subsidiary KMC Global GmbH. To increase the cash capital of Company's subsidiary KMC Global GmbH. 	The members of the Audit Committee unanimously approved all the resolutions	The Board of Directors approved all such resolutions recommended by the Audit Committee.
March 12, 2025 The 7th in the 2nd term	<ol style="list-style-type: none"> 2023 Internal Control System Statement. The proposal of 2023 earnings distribution for all overseas subsidiaries. 2023 parent company only financial statements and consolidated financial statements. 2023 business report. 2023 the fourth quarter earnings distribution. FY23 earnings distribution. Assessing the quality of our audit firms and auditors based on the AQI information. 	The members of the Audit Committee unanimously approved all the resolutions	The Board of Directors approved all such resolutions recommended by the Audit Committee.

ii. Other agenda items which were not approved by the Audit Committee but were approved by two-thirds or more of all directors : None

B. If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting should be specified : None

C. Communications between the independent directors, the internal auditors, and the independent auditors in 2024 (which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.):

- i. The internal auditors have sent the audit reports to the members of the Audit Committee and presented the findings of all audit reports in the meetings of the Audit Committee periodically.

Audit Committee Meeting Dates	Communications between the Independent Directors and the Internal Auditors
March 4, 2024 The 3rd in the 2st term	1. Report and communication on audit report of 2023 Q4 2. 2023 Statement of Internal Control System
May 3, 2024 The 4th in the 2st term	Report and communication on audit report of 2024 Q1
August 9, 2024 The 5th in the 2st term	Report and communication on audit report of 2024 Q2
November 8, 2024 The 6th in the 2st term	1. Report and communication on audit report of 2024 Q3 2. The Company's 2025 internal audit plan
March 12, 2025 The 7th in the 2st term	1. Report and communication on audit report of 2024 Q4 2. 2024 Statement of Internal Control System

- ii. The Company's independent auditors have presented the findings of their audits on the Company's financial results. Under applicable laws and regulations, the independent auditors are also required to immediately communicate to the Audit Committee any material matters that they have discovered.

Audit Committee Meeting Dates	Communications between the Independent Directors and the Independent Auditors
March 4, 2024 The 3rd in the 2st term	1. Reviewing any audit problems or difficulties and communicating material matters with management in connection with 2023 annual financial statements 2. Reviewing regulatory developments
November 8, 2024 The 4th in the 2st term	1. Discussion and communication on 2024 consolidated financial statements and review report of independent accountants
March 12, 2025 The 5th in the 2st term	1. Reviewing any audit problems or difficulties and communicating material matters with management in connection with 2024 annual financial statements 2. Reviewing regulatory developments

Result: all of the above matters were reviewed and/or approved by the Audit Committee whereupon independent directors raised no objection.

(3) The discrepancy between the executions of Corporate Governance of KMC and the “Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies”, and the reasons for the discrepancy

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
1. Has the Company set up and disclosed its corporate governance best-practice principles according to the Corporate Governance Best-Practice Principles for TWSE/TPEX-listed companies?	✓		The Board of Directors of the Company has approved the establishment of the Corporate Governance Best Practice Principles, which has been disclosed to stakeholders under the section of Investors on the company’s website (http://www.kmc-international.com/index.php?option=module&lang=cht&task=showlist&id=24&index=1) and Market Observation Post System.	No Difference
2. The Company’s shareholding structure and shareholders’ rights (1) Has the Company established internal operating procedures to deal with shareholders’ suggestions, doubts, disputes and litigation, and has implemented the procedures? (2) Does the Company have knowledge of its major shareholders and the beneficial owners of those shareholders? (3) Has the Company established and implemented risk management and firewall system between itself and the affiliated companies? (4) Has the Company established internal rules against company insiders trading with undisclosed information?	✓ ✓ ✓ ✓		1. The company has formulated “Corporate Governance Best Practice Principles” and implemented to ensure the interest of shareholders. Meanwhile, the company has assigned a spokesman and acting spokesman, investor relations unit and their contact information are disclosed on the company’s official website so that shareholders can express the opinions by phone or email. The company in turn handles the issues according to relevant procedures. Moreover, the company also had entrusted professional stock affairs agency to process the suggestions, doubts, and arguments from shareholders. 2. The company has a full understanding of the list of major shareholders through stock affairs agency regularly. Furthermore, the major shareholders of the Company will report changes in shareholding to the company every month	No Difference

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>pursuant to the law. The list of top 10 shareholders is also disclosed in the annual report and on the Company's official website every year.</p> <p>3. The Company has established the Operating Procedures of Endorsement and Guarantee, the Operating Procedures of Fund Lending, the Operating Procedures of Acquisition or Disposal of Assets as well as the Related Party Transaction Management Procedures in order to build relevant risk controls and firewall mechanisms. All business activities with affiliates will be handled as with third-parties to avoid irregular transactions.</p> <p>4. The company has formulated regulations such as "Internal Control System – The Management of Prevention Insider Trading," "Management Guideline for Internal Significant Information Processing," "Corporate Governance Practice Principles" and "Ethical Corporate Management Principles" to regulate the insider of the company with respect to situations related to their duties that may give rise to the conflicts of interest and prohibit using undisclosed information or divulging in order to prevent insider trading. Also, the Company regularly provides internal training on this issue.</p> <p>The Board of Directors of the Company approved the amendments to the "Corporate Governance</p>	

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>Best Practice Principles” on March 21, 2022 that indicates when insiders of the Company have been informed the financial position and performance of the financial statements, the insiders shall not trade their own shares from 30 days before the announcement of the annual financial statements and 15 days before the announcement of the quarterly financial statements.</p> <p>The Company holds related training courses for current directors, officers and employees at least once a year, and new comers are required to receive orientation training during the pre-employment training. On November 8, 2024, the 3-hour courses were conducted for current directors, officers and employees. The course covering insider trading prevention and Procedures for Handling Material Inside Information, etc. In addition, the courses has also included a reminder for insiders of the Company who have been informed of the financial position and performance of the financial statements not to trade their own shares within the trading window closure period, i.e., 30 days before the announcement of the annual financial statements and 15 days before the announcement of the quarterly financial statement.</p>	

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Has the Board of Directors of the Company established a diversity policy with specific management goals and has adequately implemented it?</p> <p>(2) Has the Company voluntarily established other functional committees besides the Compensation Committee and the Audit Committee?</p> <p>(3) Has the Company established a standard to evaluate the performance of the Board, implemented such evaluation annually, submitted the performance evaluation results to the Board of Directors and used them as a reference when determining the remuneration of individual directors and nominations for election?</p> <p>(4) Does the company regularly evaluate the independence of the CPAs?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>1. The Board of Directors of the Company has established its “Corporate Governance Practice Principles” and “Procedures for Election of Directors”, and the specific management goal and implementation are as follows:</p> <p>Goal:</p> <p>According to Article 20 of the Company's Corporate Governance Practice Principles, the composition of the Board of Directors shall be determined by taking diversity into consideration, such as having different professional background, working field or gender, etc., and shall have the knowledge, skills, and experience necessary to perform their duties. The Company actively cooperate with Financial Supervisory Commission R.O.C. to promote Corporate Governance 3.0 – Sustainable Development Roadmap. We also pay attention to gender equality in relation to the composition of the BOD. The target of the proportion of female director is above 1/3. For the 13th Board of Directors, we had two female directors in our BOD and the proportion is 2/7. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:</p> <p>1. Ability to make operational judgments.</p> <p>2. Ability to perform accounting and financial analysis.</p> <p>3. Ability to conduct management administration.</p>	No Difference

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions.</p> <p>Achievement: KMC's 13th Board of Directors is made up of 7 directors (including 3 independent directors). The proportion of independent directors is accounted for 43%, the proportion of directors who are not employees of the Company is accounted for 86%, and the proportion of female directors is accounted for 29%. The BOD has diverse expertise, including strategic planning, business management, financial accounting, electrochemical engineering and legislation. All directors have work experiences required for Company's business for exerting the strategic guidance function. Also, we established methodology for evaluating the performance of our Board of Directors on an annual basis to ensure that the members of BOD have diverse expertise and are competent to be the directors of KMC.</p> <p>The implementation of diversity of the Board of Directors' members is showed in Note 1.</p> <p>2. The Company has already established Remuneration Committee and Audit Committee. In addition, we also set up the ESG Committee,</p>	

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>please refer to the section of Promotion of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" in the annual report for its function. We are now considering establishing other functional committees, such as Nomination Committee, Corporate Governance Committee and Risk Management Committee.</p> <p>3. On March 18, 2019, the company established "Rules of Performance Evaluation of the Board of Directors". KMC implemented Board performance evaluations in 2024 and has reported the result to the BOD Meeting on March 12, 2025. Through selfassessment surveys via questionnaire, performance evaluation will be annually completed by the Board as a whole, by individual directors and by the Audit Committee as well as by the Remuneration Committee. The Board of Directors and functional committees are assessed on the following five aspects:</p> <ol style="list-style-type: none"> 1. Degree of participation in company operations 2. Quality of board decisions 3. Board composition and structure 4. Selection of suitable board directors and continuing professional education 5. Internal control. <p>Director self-assessment should cover 6 aspects:</p> <ol style="list-style-type: none"> 1. Grasp of company targets and missions 	

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>2. Understanding of the director's role and responsibilities</p> <p>3. Level of participation in company operations</p> <p>4. Internal relationship management and communication</p> <p>5. Director's specialty and continued development</p> <p>6. Internal controls.</p> <p>The assessing results above have been disclosed on the Company's website and it will be considered for reference in the individual directors' compensation and nomination for following terms.</p> <p>4. The Audit Committee of the Company evaluates the independence and competency of the certified public accountants on an annual basis, requiring the certified public accountants to provide a "Statement of Extraordinary Independence" and "Audit Quality Indicators (AQIs)", as well as evaluating the accountants' financial interests, business relationships, employment relationships and 13 AQI indicators to compile the results of the assessment of the independence and competency of accountants. It has been confirmed that the accountants and the Company have no other financial interests and business relationships other than audit, financial and tax case fees, and the accountants' family members have not violated the independence requirement, and with reference to AQI</p>	

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			information, it has been confirmed that the accountants and the firm have better audit experience and training hours than the industry average. The results of the latest annual assessment have been discussed and approved by the Audit Committee on March 12, 2025, and submitted to the Board of Directors on March 12, 2025 to approve the assessment of the independence and competency of the accountants.	
4. Has the Company appointed an appropriate number of competent corporate governance personnel and the Chief Corporate Governance Officer responsible for corporate governance affairs (including but not limited to providing information for directors and supervisors to discharge their duties, assisting directors and supervisors in compliance, handling work related to meetings of the Board of Directors and shareholders' meetings, and producing the minutes of Board meetings and shareholders' meetings)?	✓		<ol style="list-style-type: none"> 1. The company designates "Taiwan Finance and Corporate Information Center" as a dedicated unit which is responsible for corporate governance related affairs. 2. On August 12, 2020, the Board of Directors assigned the manager of accounting and financial division to act concurrently as the Corporate Governance Officer. 3. The Corporate Governance Officer and the Taiwan Finance and Corporate Information Center are responsible for dealing with the following matters : <ol style="list-style-type: none"> (1) Handling matters relating to board meetings and shareholders meeting. (2) Producing minutes of board meetings and shareholders meeting. (3) Assisting in onboarding and continuous development of directors. (4) Furnishing information required for business 	No Difference

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>execution by directors.</p> <p>(5) Assisting directors with legal compliance.</p> <p>(6) Reporting to the board of directors the reviewing results on whether the qualifications of independent directors comply with relevant laws at the time of nomination, election and during their tenure</p> <p>(7) Handling matters relating to the change of directors</p> <p>(8) Other matters described or established in the articles of incorporation or contract.</p> <p>(9) Implement corporate governance, corporate social responsibility and corporate integrity management.</p> <p>(10) Build up the communication bridge between the company and investors, media and stakeholders.</p> <p>(11) Effectively communicate information about the company's business philosophy, the latest status, and corporate sustainable development to the external world. Enabling the stakeholders to understand the company's Financial and significant operation information thoroughly and to consolidate the high corporate reputation.</p> <p>4. The Corporate Governance Officer has performed the assigned tasks and participated 12 hours training sessions in 2024. The detail of training sessions are shown in Table 1.(Page39)</p>	

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
5. Has the Company established communication channels, created a dedicated section on its corporate website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), and appropriately handled all of the CSR issues they care about?	✓		<ol style="list-style-type: none"> 1. KMC values communication with stakeholders. We regularly implement the process of materiality analysis, confirm and adjust key sustainable issues, take the necessary actions to demonstrate our ESG influence and respond to stakeholder expectations and suggestions. KMC defined 6 major stakeholders including employees, customers, suppliers, shareholders, banks, governments and communities. 2. KMC adopts diverse channels (e.g. annual ESG report, investor conferences, official website information disclosed, etc.) and has built up the contact e-mail box (esg_committee@kmcchain.com) as communication channel with stakeholders. We also designated ESG Committee Secretariat and spokesperson as the dedicated contact unit to keep smooth communication with the various stakeholders. 3. The “Stakeholders Relationship” and “ESG” sections were set up on the company’s website to respond the corporate sustainable issues properly that the stakeholders care about and also enhanced the content of our information disclosures. The results of communication with stakeholders for the fiscal year of 2024 were reported to the Board of Directors on November 8, 2024. 4. “Corporate Governance” section was also set up 	No Difference

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			on the company's website for shareholders to check or download relevant rules and regulations of corporate governance and important board resolutions.	
6. Has the Company engaged a professional shareholder service agency to deal with shareholder affairs?	✓		The company has engaged professional stock affairs agency – China Trust to deal with shareholder affairs.	No Difference
7. Disclosure of information (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Has the Company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information? (3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	✓ ✓ ✓		1. The company has built up the website (http://www.kmc-international.com/) to disclose the finance, business and corporate governance information. 2. (1) The company implements spokesperson system and establishes a dedicated contact unit for shareholders' affairs (2) There is a dedicated staff to update the Chinese and English information of the website. (3) Participate the institutional investors' conference held by the competent authority or securities firm to enable the investors to understand the finance and business information of the company. Also, the information is disclosed on the company's website. (4) The audio and video linkage of the institutional investors' conference is also listed on the company's website. http://www.kmc-international.com/index.php?option=module&lang=cht&task=showlist&id=296&index=5	No Difference

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>(5) Regularly discloses operational and financial results in Chinese and English so as to enhance the transparency of the Company.</p> <p>3. KMC follows relevant laws and regulations to announce and report the annual financial statements. KMC announces and reports the first, second, and third quarter financial statements and the operating status of each month before the prescribed deadline.</p>	
8. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors)?	✓		<p>1. The company has established the communication channel with stakeholders and designated ESG Committee Secretariat and spokesman as the dedicated contact unit to keep smooth communication channel with the various stakeholders. The "Stakeholders Relationship" and "ESG" section was set up on the company's website to respond the corporate sustainable issues that the stakeholders care about properly.</p> <p>2. The situation of further study of the Directors and Managers: the situation of further study of the Directors and Managers for 2024 are listed in the Table 1 (Page39) below.</p> <p>3. The responsibility insurance for the Directors purchased by the company: The company purchased responsibility insurance for the Directors from Tokio Marine Nawa Insurance Co., Ltd. The insurance amount is USD 3 million and the insurance period covered from August 27, 2024, to August 27, 2025.</p>	No Difference

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>4. Implementation of risk management and risk evaluation: Internal regulations were established in line with regulatory laws, along with the performance of risk management and assessment.</p> <p>5. The implementation status of consumer protection or customer policy: Per a policy of Customer First, it is implemented according to Consumer Protection Act and internal rules.</p> <p>6. Regarding information on employee rights and interests, employee wellness, investor relations and rights of the stakeholders, please refer to our ESG Report.</p>	
9. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved.	✓		<p>The company conducts corporate governance self-evaluation based on the "Corporate Governance Evaluation System" established by the competent authority. Based on the evaluation result, the improvement situation are listed below:</p> <ol style="list-style-type: none"> 1. Enhance the preparation of English version of the company's website and related English documents to improve information transparency. 2. To set the performance evaluation guideline for the Board of Directors and conduct the performance review for the Board of Directors regularly (at least once a year) 3. The Board of Directors approved the establishment of "The Audit Committee Charter" on March 19, 2020 and has set up the Audit Committee on June 24, 2020. 	No Difference

Item	State of operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Description	
			<p>4. KMC's 13th Board of Directors was elected at Annual Shareholders' Meeting on May 31, 2023. The Board of Directors is made up of 7 directors (including 3 independent directors). We had two female directors in our BOD and the female to male ratio is up to 29%.</p> <p>5. The Company assigned the Manager of Accounting and Financial Department to act concurrently as the Corporate Governance Officer through a meeting of board of directors on August 12, 2020.</p> <p>6. In line with international sustainable trends, the Board of Directors had approved the establishment of the ESG Committee on July 1, 2021. The ESG Committee is a designated unit responsible for promoting and intensifying KMC's sustainable development.</p>	

Note 1: Diversity of the Board of Directors' members has been implemented as shown below:

Name of Directors	Diversity items								Professional Background						
	Title	Gender	Education and important experience	Also acting as an empolyee of KMC	Age			Years acting as an independenet director		Business developing and strategic planning	Business and production management	Markwtng	Financial Accounting and Regulation	Industry Experiences	Global Market Perspective
					41-50	51-60	61-70	Below 3 years	3-9 years						
Wu, Ying-Chin	Chairman	Male	President of KMC CHAIN INDUSTRIAL CO., LTD MBA, National Sun Yat-sen University			V				V	V	V		V	V
Wu, Jui-Chang	Director	Male	CEO of KMC CHAIN INDUSTRIAL CO., LTD MBA, NANYANG TECHNOLOGICAL UNIVERSITY	V		V				V	V	V		V	V
Kao, Ting-Nan	Director	Male	Chairman of WHOLE MAN ENTERPRISE CO., LTD.				V				V	V		V	V
Hsu, Yang-Kang	Director	Male	EMBA, National Taipei University of Technology			V					V			V	V
Tsai, Hsueh-Ling	Independent Director	Female	Managing attorney of Hsueh-Ling Tsai law office Director, Taiwan Bar Association Attorney-at-law, Republic of China School of law, Wisconsin State University Bachelor of Law, National Taiwan University						V				V		V
Peng, Yu-Min	Independent Director	Male	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				V	V					V	V	V
Chang, Chia-Ming	Independent Director	Female	Vice-president of Capital Market Department, KGI Securities MBA, Drexel University Department of Accounting, National Chengchi University						V				V		V

Table 1 Courses for further studies taken by the directors and managers:

Title	Name	Date	Host by	Training	Duration	Compliant or not
Chairman	Wu, Ying-Chin	2024.05.10	Taiwan Institute of Directors	Make good use of policy tools to improve corporate governance and reduce R&D risk	3	Yes
		2024.06.19	Taiwan Investor Relations Institute	Support and Outlook for Data-Driven Precise Carbon Reduction, Upgrading Operational Management.	3	
Director	Wu, Jui-Chang	2024.09.30	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	Yes
		2024.12.21	Accounting Research and Development Foundation	Effective Internal Controls for Sustainability Reporting.	3	
Director	Kao, Ting-Nan	2024.05.10	Taiwan Institute of Directors	Make good use of policy tools to improve corporate governance and reduce R&D risk	3	Yes
		2024.06.19	Taiwan Investor Relations Institute	1. Practical Sharing on the Preparation of Sustainability Reports. 2. Support and Outlook for Data-Driven Precise Carbon Reduction, Upgrading Operational Management.	6	
Director	Hsu, Yang-Kang	2024.05.10	Taiwan Institute of Directors	Make good use of policy tools to improve corporate governance and reduce R&D risk	3	Yes
		2024.06.19	Taiwan Investor Relations Institute	Support and Outlook for Data-Driven Precise Carbon Reduction, Upgrading Operational Management.	3	
Independent Director	Tsai, Hsueh-Ling	2024.05.10	Taiwan Institute of Directors	Make good use of policy tools to improve corporate governance and reduce R&D risk	3	Yes
		2024.06.19	Taiwan Investor Relations Institute	Support and Outlook for Data-Driven Precise Carbon Reduction, Upgrading Operational Management.	3	
Independent Director	Peng, Yu-Min	2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Forum	6	Yes
Independent Director	Chang, Chia-Ming	2024.06.03	Securities and Futures Institute	Forum on Institutional Investors' Perspectives.	3	Yes
		2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Forum	6	
Manager of Accounting and Financial Division	Chen, Yung-Jen	2024.12.09	Accounting Research and Development Foundation	Corporate ESG Sustainability-Related Legal Responsibilities: Analysis of Cases on "Gender Equality" and "Financial Misrepresentation."	3	Yes
		2024.12.09		Corporate Governance Response Strategies and Practices for "Integrity Risks."	3	
		2024.12.10		Recent Amendments and Practical Applications of International Financial Reporting Standards (IFRS).	3	
		2023.12.10		Trends in China's Economic and Fiscal Environment Development and Strategic Responses for Taiwanese Enterprises.	3	
Corporate Governance Officer	Chen, Yung-Jen	2024.05.10	Taiwan Institute of Directors	Make good use of policy tools to improve corporate governance and reduce R&D risk	3	Yes
		2024.06.19	Taiwan Investor Relations Institute	1. Support and Outlook for Data-Driven Precise Carbon Reduction, Upgrading Operational Management. 2. Practical Sharing on the Preparation of Sustainability Reports.	6	
		2024.09.30	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	

(4) Disclosure of the organization, functions and operations of the Remuneration Committee

A. Profiles of the Remuneration Committee members

KMC's 5th Remuneration Committee members were newly elected after Annual Shareholders' Meeting in 2023. The Remuneration Committee was composed of all independent directors. The Remuneration Committee assists the Board in discharging its responsibilities related to KMC's compensation and benefits policies, plans and programs, and in the evaluation and compensation of KMC's directors of the Board and executives.

April 28, 2025

Criteria Name	Professional Qualification and Experience (Note 1)	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as a Remuneration Committee Member
Tsai, Hsueh-Ling Independent Director	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	All the Remuneration Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note 2) issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any KMC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	3
Peng, Yu-Min Independent Director	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		2
Chang, Chia-Ming Independent Director	Vice-president of Capital Market Department, KGI Securities MBA, Drexel University Department of Accounting, National Chengchi University		2

Note 1: For detailed members professional qualification and experience, please refer to "Profiles of Directors" on page 8-12 of this Annual Report.

Note 2: During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".

B. Information of Remunerations Committee operations

(A) The Company's 5th term Remunerations Committee has 3 members.

(B) KMC's 5th Remuneration Committee members were newly elected after Annual Shareholders' Meeting in 2023. The Remuneration Committee was composed of all independent directors. The term of office is from taking up the position to May 30, 2026. In the last fiscal period, the Remunerations Committee convened 2 sessions (A). The eligibility of the members and their attendance in committee meetings are shown below:

(C) The Remunerations Committee shall exercise the following duties:

- (1) Establish and review the performance assessment and policy, system, standards and structure relevant to compensation of directors and executive officers periodically.
- (2) Evaluate the compensation of directors and executive officers periodically. The Committee shall faithfully perform its duties with the attention of a kind manager and submit the recommendations to the Board for discussion.
- (3) The Committee shall comply with the following guidelines when exercise its duties set forth above: Performance assessment and compensation of directors and managers shall be evaluated by the Committee and should be referred to the general level of the industry and considers reasonableness and the correlations between the company's operating performance, personal performance and future risks exposure.
The Committee shall not solicit directors and managers to engage in any acts beyond the risk that company could tolerate for the pursuance of their compensation. The directors and senior managers' short-term performance based profit sharing ratio and variable compensation payout schedule shall be determined based on industry practice and business nature of the company.
- (4) The "Compensation" set forth herein shall include cash compensation, stock options, profit sharing, retirement benefits or severance pay and other substantive incentive measures.
- (5) If decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of the parent company, the parent company's remuneration committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

Title	Name	Personally Attended (B)	Attended By Proxy	Attendance rate (%) (B/A)	Remarks
Convener	Tsai, Hsueh-Ling	2	0	100%	None
Member	Peng, Yu-Min	1	0	100%	Note 1
Member	Chang, Chia-Ming	1	0	100%	Note 1

Other mentionable items:

1. The Board of Directors does not accept or amend Remunerations Committee's suggestions: None.
2. The resolutions of the Remunerations Committee which Committee member has oppositions or reservations: None.
3. Discussion subjects and resolutions of Remunerations Committee:

Date of Remunerations Committee	Subject	Resolution
March 4, 2024 The 2 th in the 5 th term	1. Review the distribution of remuneration for employees and directors of 2024. 2. Review the detail of remuneration for directors and employees' profit for managers of 2024.	Passed by all members unanimously.
November 8, 2024 The 3 st in the 5 th term	1. Review the component of remuneration for directors and managers of 2025. 2. Discuss the responsibilities and annual plan of Remunerations Committee for 2025.	Passed by all members unanimously.
March 12, 2025 The 4 nd in the 5 th term	1. Review the distribution of remuneration for employees and directors of 2025. 2. Review the detail of remuneration for directors and employees' profit for managers of 2025. 3. Establishing the Scope and Definition of 'Frontline Employees.	Passed by all members unanimously.

(5) Promotion of Sustainable Development and Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Promoted Items	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Abstract Illustration	
1. Has the Company established a governance structure to promote sustainable development and set up an exclusively (or concurrently) designated unit to promote sustainable development, and has the Board of directors authorized senior management to deal with and supervised the promotion of sustainable development?			<p>In line with international sustainable trends, the Board of Directors had approved the establishment of the ESG Committee on July 1, 2021. The ESG Committee is a designated unit responsible for promoting and intensifying KMC’s sustainable development. The ESG Committee has Mr. Wu, Ying-Chin, the chairman of KMC, serving as the chairman of the committee. The committee is composed of group president and top executives from regional and functional management. The chairman also appointed a executive secretary for the promotion and in-depth sustainable development of the Company.</p> <p>The ESG Committee is an interdepartmental communication platform that serves to build a top-down operation model across the company and strives towards a culture of sustainability. By convening semiannual meetings and setting up specific project teams, the committee could define material sustainability issues based on the results of the survey on the level of concern to stakeholders and the analysis of the impact on operations so as to jointly plan application strategies and execution plans. They are also responsible for allocating ESG related budget, spearheading annual ESG objectives and strategies, and tracking the effectiveness of the execution to ensure that ESG strategies are fully integrated into our daily operations.</p> <p>The committee will report results of the execution and work plans to the Board of Directors at least twice a year. In the meeting of the Board of Directors held on March 4, 2024, May 3, 2024, Aug 9, 2024 and November 8, 2024, the ESG Committee has already reported directly to the BOD on the GHG inventory and verification schedule, the annual implementation results of the ESG Committee projects, stakeholders' material issues of concern, future work plans of</p>	No Difference

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>promoting ESG and the operation of sustainable development.</p> <p>The Board of Directors regularly listens to sustainable development reports presented by the ESG Committee every year. Also, the ESG Committee should propose the Company’s sustainability strategies to the BOD and the BOD should measure the likelihood of success of these strategies. The BOD also should review the progress of the Company’s sustainable development strategies and offering necessary guidance.</p>	
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		<p>The period of the disclosed data of the Company’s sustainable development performance is from January 2024 to December 2024. The scope of risk assessment is mainly focused on KMC’s businesses in Taiwan. We plan to gradually include our overseas businesses into the scope of risk assessment in the future to present comprehensive information related to the Group’s ESG.</p> <p>KMC realized that giving proper response to issues which stakeholders concerned is the key to corporate sustainability. We adopt diverse channels to communicate with stakeholders and evaluate their feedback and ESG trends. Moreover, we continue to conduct materiality analysis to identify material ESG topics and integrate ERM (enterprise risk management) to assess the trends and impact of risks posed by material ESG issues. We also explain to the public how KMC mitigates risks and builds a resilient organization capable of thriving under changing global landscapes.</p> <p>KMC’s Board of Directors has clearly defined 4 major principles with the “Sustainable Development Best Practice Principles” that state our ESG responsibilities: Exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare, and promotion of economic development.</p>	No Difference

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>Based on the assessed risks, the relevant risk management policies or strategies are summarized as follows:</p> <ol style="list-style-type: none"> 1. Environmental issue: As a corporate citizen, in addition to creating greater economic value for our shareholders, we also work tirelessly on innovating greener products so as to lower our impact on the environment. Being part of the green transportation industry, we hope to protect our environment while increasing the company’s value. In this case, we assimilate green management into our business and build green manufacturing factories that conserve energy and reduce carbon emissions across all aspects of our products, processes, and supply chain. In response to the increasing impact of global climate change, we have adopted the Recommendations of the Task Force on Climate-related Financial Disclosures, and gradually integrated them into the Company's business decisions while identifying climate change related risks and opportunities and developing mitigation strategies as well as an execution plan, which include reducing greenhouse gas emissions, saving energy, conserving water, and reducing waste with the help of all business units. 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 will continue to implement carbon reduction measures to effectively reduce our emissions. To integrate real-time greenhouse gas emissions data from various KMC factories, we began implementing a carbon management platform in 2023. This platform will enable the company to monitor emissions, associated costs, and 	

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>improvement strategies. Furthermore, to strengthen the link between production and greenhouse gas emissions, KMC will promote an internal Carbon KPI management system within the company. Using product carbon footprint as a basis, this system will identify carbon reduction opportunities in production processes. This initiative will encourage each factory to plan energy-saving and carbon reduction strategies as well as monitor energy usage.</p> <p>2. Social issue: KMC keeps strengthening its investment in human resources and commits to providing a safe and healthy work environment. We regularly hold fire evacuation exercises, CPR and AED practices, and occupational safety and health education and training to develop employees' ability to respond to emergencies, and safety management ability. Also, we identify possible risks in daily operating activities of all departments as well as continuously enhance our prevention mechanisms and operation management. KMC conducts risk control by regularly identifying hazards and performing risk assessments to ensure safe operating procedures. Moreover, we also holds management meetings and labor-management conference regularly as a communication mechanism between employees and company management.</p> <p>As for product safety, all our products are in compliance with government regulations and are made with world leading manufacturing practices that meet RoHs, REACH and CPSIA standards, and do not contain any hazardous substances. Earth friendly, non-toxic, anti-rust and high-performing, KMC chains bring environmentally conscious cycling to a whole new level. In addition, we apply for patents for the products developed by the Company to protect the Company's rights and interests.</p>	

Promoted Items	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Abstract Illustration	
			<p>3. Corporate governance issue: KMC continues to optimize its organizational structure and implement an internal control mechanism so as to establish a sound corporate governance system. Meanwhile, it always complies with laws such as the Company Act, Securities and Exchange Act, and the regulations of relevant authorities. Furthermore, it has also established a Corporate Governance Officer to plan relevant training topics for directors and provide directors with the latest information on regulations, system development, and policies every year. In addition, the Company purchases liability insurance for directors and important employees to protect them from lawsuits or claims.</p> <p>In order to bolster the company's supervisory function, the company website contains business ethics contact and investor mailbox that can also be used as a complaint channel when the rights of the stakeholders are violated. This is to foster communication between the company and the stakeholders including employees, customers, suppliers, and investors.</p>	
<p>3.Environmental Topic</p> <p>(1) Has the Company established proper environment management systems based on its industrial characteristics?</p> <p>(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with low environmental impacts?</p> <p>(3) Has the Company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?</p> <p>(4) Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, carbon reduction,</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>1. Our overall plants all comply with the local national environmental laws and regulations and have established green logistics management systems to conduct the calculations for product environmental performance and product ecological performance assessments and to implement corporate green marketing strategies.</p> <p>To be on par with global carbon management trends, inventories are made according to ISO 14064-1:2018 GHG inventory criteria in our headquarters, Xinhua plant and Shenzhen plant and has acquired external certification by the end of 2022. Besides, the company is planning to obtain ISO14001 certification or other environment management system verification regulations.</p>	No Difference

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
GHG and water consumption or other waste management?			<p>2. The Company continues to promote energy management and renewable energy applications as well as the recycling of heat and packaging materials. For example, choosing high energy-efficient facilities and recycling the heat from the manufacturing process to the boilers for the residential area so as to reduce energy consumption. Besides, we also built up solar power systems in Taiwan plant and European companies in order to extend the applications of renewable energy.</p> <p>As for product development, all our products are in compliance with government regulations and are made with world leading manufacturing practices that meet RoHs, REACH and CPSIA standards, and do not contain any hazardous substances. The Company committed to improving its resource efficiency within a reasonable range, such as optimizing production equipment, making good use of production materials, planning for the electronic workflow process to reduce paper usage and use of electricity-saving and water-saving products to minimize the impact on the environment so as to further strengthen our competitive advantages.</p> <p>Besides, the company is considering using environmentally-friendly packaging material for the products and adopts ECO-friendly material for environmental protection. With the advantages of easy recycling, resource saving and low pollution, we also promote simplified and consolidated packaging when delivering our products. Furthermore, KMC is also committed to recycling and reusing of waste packaging material. From the use of nearly thousand types of packaging, composite materials and blister with low recycling rate, it has progressed to use only 10 more types of packaging with a single material and the recycling rate is 100%</p>	

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>3. The ESG Committee is KMC's top organization in climate change management and is chaired by the Chairman of KMC. It reviews KMC's climate change strategies and goals every year, takes action on climate change risk and opportunity, reviews implementation status, discusses future plans and reports to the Board of Directors. 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 2024, we completed the latest climate risk evaluation and identified the 18 climate risks, and then arranged them into the following categories: raw material disruption or cost increases, consumer or client preference shift, new market partnerships, aftermarket development for non-fuel vehicles, increased shipping costs in the upstream as well as research and innovation for new products and services.</p> <p>To reduce said risks, we also identified feasible opportunities and formulated countermeasures. In regards to climate change mitigation, we are paying close attention to the impact of climate change on operating activities from business operation aspects. We strengthened our internal resource management and reduced greenhouse gas emissions from production activities in order to manage climate-related risks, which thereby enhance our capability to effectively adapt to the potential impacts of climate disasters.</p> <p>In addition, KMC has also engaged in a series of carbon reduction programs. The first step in the implementation plan of carbon reduction is to inspect carbon emissions and apply for the certification. Only through complete investigation and calculations of carbon emissions from the various steps such as raw materials, production, packaging, transportation can effectively propose carbon reduction plans. In 2012, the company was the first chain</p>	

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>manufacturer around the world to obtain the first carbon footprint certification label for chain product with the “X10SL 10-speed ultra-lightweight chain”. In February 2014, the “X11SL” chain passed the verification for carbon footprint and obtained a certification label. The carbon footprint certification promotes product life cycle assessment and carbon emission review under the PAS2050 requirements regulation. In April 2020, the “X11SL” chain passed the verification for carbon footprint again. The company has also obtained certification label for its products, and take concrete actions to implement environmental protection.</p> <p>KMC reviews the present and future potential risks and opportunities of climate change annually. Key results are summarized in the Group’s ESG Report.</p> <p>4. As for the KMC’s facilities in Taiwan, the greenhouse gas emissions in 2024 was 2,335 ton-CO₂e which was 2,048 ton-CO₂e in 2023. The total amount of water used in 2024 was 0.94 thousand tons which was 0.91 thousand tons in 2023.</p> <p>Besides, the Group has built up solar power systems in Taiwan plant and European companies, reducing carbon emissions by approximately 1,000 metric tons per year. The Shenzhen plant recycles the heat from the manufacturing process to the boilers for the residential area. The annual carbon reduction is approximately 500 metric tons.</p> <p>KMC Group has long practiced its mission of “To provide clean and energy-efficient solutions for a better tomorrow”. It continuously promotes energy conservation and carbon reduction within the enterprise, and improves the performance of energy and resource efficiency as well as waste reduction. For example, we will find the specialized company which could recycle and make good use of our metal scrap. Moreover, our polishing sand waste could</p>	

Promoted Items	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Abstract Illustration	
			provide to the road paving factory to convert it into paving sand. By reusing the waste, we could reduce the consumption of resources and could also lower the material cost. In this case, we could create a positive cycle with circular economy concept and also getting financial benefits.	
<p>4.Social Topic</p> <p>(1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Labor and Human Rights?</p> <p>(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</p> <p>(3) Has the Company provided employees with a safe and healthy work environment as well as offered classes on safety and health to employees on a regular basis?</p> <p>(4) Has the Company established an effective competency development career training program for employees?</p> <p>(5) Does the Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, sales, labelling and set polices to protect consumers’ or customers’ rights and consumer appeal procedures?</p> <p>(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>1. KMC believes that respecting human rights and promoting a decent work environment are important for the Company. KMC abides by local laws and regulations in all countries and regions where we operate, and upholds the human rights of all workers.</p> <p>We pay attention to the issues of human rights by supporting and complying with the regulations and principles of human rights recognized internationally, including the "UN Universal Declaration of Human Rights (UDHR)", "The United Nations Global Compact (UNGC)", "The UN Guiding Principles on Business and Human Rights (UNGPs)" and "International Labor Office Tripartite Declaration of Principles".</p> <p>The company has formulated employee policies and relevant management regulations based on various labor laws and regulations to enable the employees to have an equal and fair working environment, and protect the working interests of employees. Policies have been released in the Company’s official website.</p> <p>2. The company has established employee welfare measures (include salary and compensation, leave and others) based on various labor laws and regulations. The detailed employee welfare measures are disclosed in the annual ESG Report. Salary is determined mainly based on the salary levels in the market, the Company’s operations, overall economic conditions and the Company’s competitiveness to appropriately reflect the Company’s operating</p>	No Difference

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>performance or results in our employees’ salaries. We pay out performance bonuses based on the Company’s operating performance and employees’ personal performance to reward their contribution and motivate them to keep up their good work. In addition, the Company also evaluates the employee’s performance periodically to help managers conduct potential evaluation for employee promotion. According to The Company Article, in case there If the Company has a profit for the fisical year, after offsetting accumulated losses, the remaining balance shall be allocated as follows: except for 0.4% to 5% of the remaining balance to be allocated for employee compensation, and least 0.1% shall be set aside for salary adjustments or bonuses for junior employees, with the conditions and distribution ratios authorized to the Board of Directors to determine. These measures are intended to recognize employees’ contributions and to further motivate the workforce.</p> <p>3. The Company aims to provide a safe, healthy, and comfortable work environment, conducts health and safety management, and enables employees to develop correct concepts to maintain a healthy mind and body. With accident prevention as the core concept, we adopt appropriate management tools and provide relevant resources to compile the occupational safety and health issues at our plants and put forth effective countermeasures to continuously improve our occupational safety culture, strengthen the protection management for operators, and invest resources to strengthen occupational accident prevention thereby creating a zero-accident work environment.</p> <p>We conduct workplace safety inspections, labor safety education training every six (6) months, regular employee health examinations and weekly appointed doctors to our factories to provide health</p>	

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>consultation and also provide our employees with a safe and healthy working environment. Fire drills are conducted at least once a year in each plant to ensure the employee will respond adequately to unforeseen disasters. There were no fire accidents in 2024.</p> <p>The Group has set up security guards at the entrances of the various plants or has access control at each office area to control personnel access to ensure that employees have a safe working environment.</p> <p>The Group equipped various types of environmental protection facilities to the production line, including noise reduction facilities, heat recycling, etc.; besides, when operating the transportation facilities and overhead cranes in a warehouse, employees are required to understand the safety regulations in advance and to follow the rules to maintain a safe working environment.</p> <p>In 2024, KMC recorded one occupational injury case within its Taiwan operations, which accounted for 0.48% of the total workforce as of year-end.</p> <p>To maintain workplace safety and proactively prevent potential hazards, KMC has established the "Implementation of Automatic Inspection" and "Risk Assessment" procedures. The Facilities Department, in collaboration with various units, conducts regular inspections to identify malfunctions or defects in significant machinery and equipment, thoroughly assess the factory's environmental safety and health for potential hazards, and review the Standard Operating Procedures (SOP) in work processes. The management is done through a graded system based on the degree of risk and potential harm. Additionally, they ensure that the existing protective measures are sufficient to withstand potential impacts and, as a result, formulate risk response strategies to</p>	

Promoted Items	Implementation Status		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>mitigate these risk factors. To verify the effectiveness of the implementation strategies, the Facilities Department and various units establish a monitoring and management mechanism for each risk factor, facilitating tracking and control of residual risks.</p> <p>4. Our training program for employees is to improve their talent capabilities in the workplace and also enhance workforce literacy. The Company keeps strengthening its investment in human resources and assist employees in establishing effective training for their careers. The company focused more on the development of critical talents, assigned essential jobs and challenges through work rotation and diversified experience to expand their visions, enhance internal cultivation of professional and leadership personnel, and strive to combine the personal career development with corporate development.</p> <p>5. With a core value of integrity and being customer oriented, the Company considers customers as partners and aims to create mutual benefits for both parties. All of the Company’s products have complied with related regulations and international rules so as to ensure the transparency and safety of our product labeling and service information. We also provide global after-sales service and dedicate efforts to safeguard consumer rights.</p> <p>6. Before engaging a new vendor, the company will ask necessary information from the vendor to assess the vendor's impact on the environment and society. If the vendor involved in a breach of its sustainable development policy and has a significant impact on the environment and society, the company will remind the vendor to improve and determine whether to terminate or cancel the contract depending on the degree of influence.</p>	
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of ESG or	✓		KMC has published its first “Corporate Social Responsibility Report” in 2019 and has disclosed this CSR report on its official website. In the	No Difference

Promoted Items	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Abstract Illustration	
other reports which disclose the Company's nonfinancial information? Has the aforementioned reports obtained a third-party assurance or verification statement?			<p>future, we aim to publish our ESG report annually. We disclosed the results of our actions in the environmental, social, and corporate governance dimensions in this report. Also, it disclosed the perspectives and actions of KMC with regards to material issues over the course of sustainability development.</p> <p>KMC issues the Sustainability Report annually, and we follow the United Nations' 2030 Sustainable Development Goals as the reporting framework, collecting significant domestic and international economic, environmental, and social issues. Through materiality analysis, we gain insights into stakeholders' concerns. Interviews are conducted with various departments to implement ESG sustainability practices, and related topics are highlighted in this report. This report adheres to the GRI Standards published by the Global Reporting Initiative (GRI) and is prepared in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.</p> <p>At present, we did not acquire 3rd certification party verification yet. Under the serious consideration of our management team, we will plan to acquire 3rd certification party verification or statement of assurance for our ESG Report in the future.</p>	
6. If the Company has established its sustainable development code of practice according to “Listed Companies Sustainable Development Code of Practice,” please describe the operational status and differences. No difference				
7. Other important information that helps understand the operation situation in terms of sustainable development: (1) The Company has disclosed the operation for sustainable development on the official websites: http://www.kmc-international.com/index.php?option=module&lang=cht&task=showlist&id=462&index=4 (2) In the past year and until the printing date of this report, the following major measures were taken A. KMC has continued to publish its Sustainability Report in 2024 and has disclosed this Sustainability Report on its official website. In the future, we aim to publish our Sustainability Report annually. We disclosed the results of our actions in the environmental, social, and corporate governance dimensions in this report. Also, it disclosed the perspectives and actions of KMC with regards to material issues over the course of sustainability development. This report adheres to the GRI				

Promoted Items	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Abstract Illustration	
Standards published by the Global Reporting Initiative (GRI) and is prepared in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.				
<p>B. As part of its commitment to social engagement, KMC has long supported the promotion of cycling culture, advocating for a lifestyle that emphasizes health, leisure, and sustainability. In 2024, we collaborated with several local enterprises in Tainan to co-organize the “Tainan Cycling Festival,” successfully held on October 27 at the Luermen Matsu Temple. The event featured a variety of cycling routes, including the 100-kilometer “100K Self-Challenge” for enthusiasts seeking a personal milestone, as well as the “Leisure Cycling Tour” designed for families and casual riders. These diverse offerings aimed to boost public participation and foster a deeper appreciation for cycling as both a sport and a lifestyle. KMC contributed a total of NT\$400,000 to the 2024 “Tainan Cycling Festival” initiative, which attracted approximately 2,000 participants. Through continued involvement in such community-driven events, we actively promote healthy living and the development of a vibrant local cycling culture.</p> <p>C. KMC remains committed to promoting children’s traffic safety and has, for several years, actively supported cycling safety education for younger generations. These efforts aim to enhance children’s foundational knowledge and practical skills related to safe bicycle riding. In 2024, KMC organized “Mini Driving School” educational camps in March and October at Hougang, Jiangjun, Dingzhou, and Xinmin Elementary Schools. These programs featured simulated road environments, enabling students to gain hands-on experience and improve their understanding and application of road safety concepts through interactive learning. A total of NT\$300,000 was allocated to the 2024 “Little Riders” initiative, which engaged approximately 270 participants. Through this program, KMC continues to invest in cultivating a culture of safety and responsibility among the next generation of cyclists.</p>				

(6) Implementation of Climate-related information

Project	Implementation
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>KMC has established an ESG Committee under the purview of the Board of Directors. This committee serves as the specialized organization for driving sustainable development within the company. The ESG Committee is chaired by the Chairman and the Vice Chairman is the President, with the Chief of Staff appointed as the overall coordinator. The Sustainable Environment task forces is responsible for regularly convening various units to identify climate-related risks and opportunities relevant to KMC, conducting assessments and quantification of these climate issues, and reporting the results of climate change identification to the ESG Committee. The ESG Committee then regularly reports these findings to the Board of Directors. Please refer to Section 3.1.1 Climate Change Governance in the KMC Sustainability Report.</p>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>KMC conducts an assessment of climate-related risks and opportunities based on the TCFD framework, considering six key dimensions: policy and regulations, market reputation, physical risks, resource efficiency, market, products and services. This assessment is conducted from the perspective of the overall business strategy and covers short, medium, and long-term climate-related risks and opportunities. Through this process, KMC identifies potential impacts on its operations and finances, utilizing scientific modeling for climate change scenario analysis to understand the implications of climate change. This analysis aids the operational teams in proposing relevant mitigation measures to enhance KMC's climate resilience.</p> <p>In 2023, we completed the latest climate risk evaluation and identified the 18 climate risks, and then arranged them into the following categories: raw material disruption or cost increases, consumer or client preference shift, new market partnerships, aftermarket development for non-fuel vehicles, increased shipping costs in the upstream as well as research and innovation for new products and services.</p> <p>Please refer to Section 3.2 and 3.2.1 Climate Change Strategy in the KMC Sustainability Report to further understand how the identified climate risks and opportunities affect the business, strategy, and finances of KMC.</p>
<p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p>The Company's operation may be accompanied by climate-related risks, such as high temperatures, droughts, rainstorms, typhoon or compound environmental disasters, etc. among other natural disasters which directly or indirectly cause machinery and equipment malfunctions, damages or abnormalities, delays in delivery of products, capacity constraints, and inability of workers to work at the plants. These circumstances may have a material adverse effect on the Group's operations. Although the Company has taken out insurance in accordance with the customs of the country of operation, such insurance may not provide adequate protection under certain circumstances. If the Group suffers a loss as a result, it may have an adverse effect on the Company's operations.</p>

<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>As a part of the global bicycle supply chain, KMC not only focuses on its own related risks but also monitors global risk variations. In addition to identifying key risks and proposing response measures in the areas of finance, operations, and the environment, KMC also considers global risks as highlighted in the World Economic Forum's Global Risk Report. This comprehensive approach includes addressing environmental, social, and corporate governance issues related to the company's operations.</p> <p>As for environmental dimension, we regularly conduct TCFD Workshops with representatives from various departments to collect climate-related risks across different aspects such as product markets, raw materials, supply chains, regulations, emerging technology research, operational strategies, and production processes. Each department then assesses climate risks based on its scope of operation and business activities, considering short, medium, and long-term impacts. Furthermore, each department should formulate appropriate response strategies for significant climate risks to enhance operational resilience in addressing climate-related issues.</p> <p>Please refer to Section 3.1.2 Climate Change Risk Management in the KMC Sustainability Report.</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>KMC continuously pays close attention to climate change trends, collects information on external markets, regulations, and technologies, considers the degree of impact and likelihood of occurrence, and requests each plant to simulate major climate risks and opportunities that may affect operations at SBTi 1.5°C, IEA 2°C, IEA below 2°C, and plans mitigation or adaptation plans based on the local climate and environmental conditions.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>KMC has initiated its product carbon footprint program since 2011, aiming to understand the carbon emissions of its products from raw materials, manufacturing, distribution, sales, consumer usage, to final disposal. In 2012, the company adopted the "Green Travel" philosophy in conjunction with the "Green Manufacturing" concept, implementing the "Green Square Project." The company has remained committed to addressing climate change issues. In December 2021, in response to the global goal of achieving net-zero emissions by 2050, the company began implementing the TCFD (Task Force on Climate-related Financial Disclosures) framework and ISO 14064-1:2018 organizational greenhouse gas accounting. Using 2021 as the base year, various carbon reduction measures have been planned for each stage. Additionally, in June 2022, the company officially joined the "Bicycle Sustainability Alliance (BAS)" and aligned with BAS's sustainability vision, "Ride Towards a Clean and Sustainable Future," by following the BAS Carbon Reduction Roadmap, aiming to reduce carbon emissions by 3% annually and achieve a minimum reduction of 25% by 2030. In 2023, we successfully met the BAS carbon reduction goal and we will continue to monitor the emission to help KMC continue moving toward the target for carbon reduction by 25% in 2030.</p> <p>Please refer to Section 3.2 and 3.2.1 Climate Change Indicators and Objectives in the KMC Sustainability Report.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>The Company does not currently use this tool.</p>

<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p>	<p>KMC has set climate-related goals:</p> <ol style="list-style-type: none"> 1. Describe the activities covered: Includes all internal and external activities related to the Company's operations. 2. Scope of greenhouse gas emissions: Includes Scope 1 and Scope 2 organizational greenhouse gas emissions 3. Planning schedule: It is expected to achieve a 25% greenhouse gas reduction target by 2030. 4. Progress achieved every year: Reduce emissions by 3% per year from FY22 to FY30.
<p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>Although the Company is not included in the scope of mandatory disclosure, it has carried out voluntary greenhouse gas inventory at some of the sites in accordance with ISO 14064-1:2018 standards, and publicly disclosed the results in the KMC Sustainability Report.</p>

(7) Taiwan corporate conduct and ethics implementation as required by the Taiwan Financial Supervisory Commission

Item	Implementation Status			Difference from the Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies and reasons
	Yes	No	Descriptions	
<p>1. Establishment of corporate conduct and ethics policy and implementation measures</p> <p>(1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>1. In order to improve its sound development, KMC has established an "Ethical Corporate Management Principles" which combines the business philosophy of honesty, transparency and responsibility rooted in integrity as a policy and practice to express the ethical corporate management. The company performs all operational activities with a consistent ethical standard. It also requires that all employees must meet the requirements of the integrity policy and the commitment of the board of directors and management to implement the ethical corporate management policy into internal management and business activities.</p> <p>2. The Company's "Procedures for Handling Material Inside Information" sets forth restrictions on revealing any material insider information by directors, management, and employees to others, along with restrictions on inquiring about or collecting any material insider information that is not related to his/her scope of responsibility, with any material insider information arising from non-implementation of business not being revealed to others. Bribery, corruption, providing illegal political contributions, improper charitable donations or sponsorship, unreasonable gifts, services or other improper benefits are restricted during business operations.</p> <p>In addition, the company has established an "Ethical Corporate Management Principles" and "Procedures for Ethical Management and Guidelines for Conduct" which includes the article to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. The company has also established standard operation procedures and guidelines for all stakeholders to act ethically in all</p>	No Difference

Item	Implementation Status			Difference from the Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies and reasons
	Yes	No	Descriptions	
			<p>aspects of our business. In addition, policies mentioned above can be found in the "Corporate Governance" section under "Investors" of our official website.</p> <p>3. The Company formulated "Procedures for Ethical Management and Guidelines for Conduct" which governs the important matters when conducting business and covers the reporting of improper conducts both internally and externally, including whistleblower protection and their associated handling. Also, the company has set up a Taiwan Finance and Corporate Information Center as a dedicated unit to regularly review the business activities of the higher risk of dishonest behavior within the scope of Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or other business scopes, and regularly reports to the Board of Directors.</p> <p>In the meeting of the Board of Directors held on August 8, 2024, the Taiwan Finance and Corporate Information Center has already reported directly to the BOD on the operation of "Promoting Sustainable Development" and "Performing Ethical Corporate Management".</p>	
<p>2. Implementing integrity management.</p> <p>(1) Does the Company assess the integrity record of its business partners and set faithful conduct policies in the terms and conditions of its contracts?</p> <p>(2) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</p> <p>(3) Does the Company work out policies to prevent conflicts of interest and provide proper statement channels?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>1. Before signing a commercial contract with third parties, the company will assess the credit history of the counterparty and state the compensation for breach of contract when it violates integrity in the agreement. The assessment includes the compliance with the ethical corporate management policy. If the counterparty involves dishonesty behavior, the company may terminate or cancel the terms of the contract at any time.</p> <p>2. The company has designated the Taiwan Finance and Corporate Information Center that under the Board of Directors as a dedicated and responsible business unit. The Investor Relations Office will promote and report the supervision and implementation status of the ethical management policy and unethical behavior prevention</p>	No Difference

Item	Implementation Status			Difference from the Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies and reasons
	Yes	No	Descriptions	
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓		plan to the Board of Directors regularly (at least once a year). In the meeting of the Board of Directors held on August 8, 2024, the Taiwan Finance and Corporate Information Center has already reported directly to the BOD on the operation of "Promoting Sustainable Development" and "Performing Ethical Corporate Management".	
(5) Does the Company organize internal or external trainings in the integrity of business management regularly?	✓		3. In order to prevent conflicts of interest, the Company has formulated the " Procedures for Ethical Management and Guidelines for Conduct " to identify, monitor and manage the risks of dishonest behaviors that may result from conflicts of interest. The measures stipulate that KMC members should avoid conflicts of interest related to their positions, and shall not engage in any business, investment or activities that may conflict with the interests of KMC Group. In addition, the "Ethical Corporate Management Principles" formulated by the company also includes the "Avoidance of Conflicts of Interests" to further implement the policy of avoidance of conflicts of interests. The company's directors, managers, and other stakeholders who are present or in attendance to the board meeting are the interest party regarding the proposals listed by the board of directors on themselves or the juristic persons that they represent, should explain the significant content of their interest relationship the Board of Directors. If there is any possibility to harm the interest of the company, they should not participate the discussion and voting and should avoid during the discussion and voting, and shall not act or on behalf of other directors to vote. The operations of related party transactions, insider trading and the mechanisms for handling and disclosure of material inside information are regulated respectively in the Rules Governing Financial and Business Matters Between Related Party , the Control Procedures for Preventing Insider Trading, and the Procedures for Handling Material Inside Information.	

Item	Implementation Status			Difference from the Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies and reasons
	Yes	No	Descriptions	
			<p>4. Our Financial Report is in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS endorsed and issued into effect by the Financial Supervisory Commission of the R.O.C. In addition, our internal control system is based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies to evaluate design and operating effectiveness. The audit office should conduct a regular audit as well as stay vigilant and report any violation of the Ethics Code to the Board of directors directly. Lastly, the audit office is also responsible for the inspection and review of the Company's internal control system, its adequacy in design and effectiveness in operation.</p> <p>5. In addition to the announcement and training of the ethical corporate management at regular meetings, the company also regularly or irregularly sends staffs to attend external training courses related to the "Ethical Management Issues" conducted by the competent authority or corporate governance unit.</p>	
<p>3. Report System operating status</p> <p>(1) Has the company set specific report and reward system to facilitate the report channel and assign appropriate specialist accepting to spot the reported object?</p> <p>(2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p> <p>(3) Has the Company set measures to protect whistleblowers do not suffer for which he or she reported?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>1. The "Procedures for Ethical Management and Guidelines for Conduct" established by the company regulates the specific reporting and reward systems, and developed a convenient reporting pipeline, and assigns dedicated personnel for the reported counterparty.</p> <p>Prosecutors may report to the following units:</p> <p>(1) Spokesman: Accept the report from external personnel such as shareholders, investors. Reporting channel: ir@kmc-international.com</p> <p>(2) The Management, HR supervisor, Finance Accounting supervisor: Accept the report from internal personnel.</p> <p>2. The company does formulate the standard operating procedures and related confidentiality mechanisms for processing reports. If the company received any report and verified as ethics violation,</p>	No Difference

Item	Implementation Status		Descriptions	Difference from the Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies and reasons
	Yes	No		
			<p>the relevant department will be disciplined to the full extent of our policies. Cases investigated and verified as severe violations will be reported to the Board of directors directly. The whistle-blower and related personnel responsible for handling the case shall be responsible for confidentiality and preventing the whistle-blower from being treated unfairly, retaliated against or threatened.</p> <p>3. The unit which handling the case was enjoined to keep the informer confidential and to only disclose the information to certain personnel. A reasonable preventive and protective measure will be applied to protect the informer from revenge or mistreatment.</p>	
<p>4. Enhance information disclosure</p> <p>Does the company disclose the information of implementation and results of integrity management on its website and the MOPS?</p>	✓		<p>The company has disclosed relevant contents and the results of the promotion of the Ethical Corporate Management Principles on the "Company's Website" and "Market Observation Post System". In addition, we disclose relevant policies and information on ethics in our Annual Report and ESG Report.</p> <p>The official website of the company is : http://www.kmc-international.com/index.php?option=module&lang=cht&task=showlist&id=24&index=1</p>	No Difference
<p>5. If the company develops its own integrity operation rules according to the Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: No difference.</p>				
<p>6. Other important information for better understanding of the integrity operation (such as review and revision of the regulations on integrity operation)</p> <p>The company has established an "Ethical Corporate Management Principles" as a policy and has disclosed relevant policies on our official website. In addition, we accept reports of any Ethics Code violation from external personnel on the "Stakeholders Relationship" section of our official website.</p>				

(8) If the company has adopted corporate governance best practice principles or related bylaws, disclose how these are to be searched:

Please refer to KMC's website or MOPS for our corporate social responsibility implementation status:

1. Official website: <http://www.kmc-international.com/index/Major-Internal-Policies>
2. MOPS: <https://emops.twse.com.tw/>

(9) Other major information that helps to understand the operation of corporate governance shall also be disclosed on the following platform:

A. The Company also convenes investee meetings and publishes investor reports on the official website at least once a quarter. Through investor meetings and investor reports, our objective is to help investors to fully understand our business, financial and ESG performances. Please refer to the "Investor Meeting" section of MOPS to search relevant information.

1. Official website: <http://www.kmc-international.com/index/Investor-Conference-Information>
2. MOPS: <https://emops.twse.com.tw/Material-Information/Investor-Conferences>

The Company also has ESG section on its corporate website to address its ESG management and any other issues. Please refer to our official website:

1. Official website: <http://www.kmc-international.com/index/ESG-Report>
2. MOPS: <https://emops.twse.com.tw/ESG-Report>

(10) The implementation of the internal control system:

A. Declaration of internal control: please refer to the MOPS : <https://emops.twse.com.tw/>

B. Certified Public Accountant Review Report which is issued by the certified public accountants based on the audit result of the internal control system: None.

(11) Major Resolutions of Shareholders' Meeting and Board Meetings for the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

A. The resolutions approved by the entire attending shareholders at the regular shareholders' meeting and its implementation status

Meeting	Date	Resolution	Implementation status
Annual Shareholder's Meeting	May 31, 2024	Approve the company's annual business reports and financial statements for 2023.	The implementation of the resolution of the shareholders' meeting was completed. It was uploaded to the section of shareholders' meeting minutes on Market Observation Post System on June 7, 2024.
		Adoption of the Company's 2023 Earnings Distribution	KMC's Articles of Incorporation authorize the Board of Directors to approve quarterly cash dividends. The amounts and payment dates of 2023 quarterly cash dividends are demonstrated in the table below.

2023	Approval Date (month/day/year)	Payment Date (month/day/year)	Cash Dividends Per Share (NT\$)	Total Amount (NT\$)
First quarter	05/10/2023	10/13/2023	1.16	146,160,000
Second quarter	08/10/2023	01/12/2024	1.04	131,040,000
Third quarter	11/10/2023	04/17/2024	0.75	94,500,000
Fourth quarter	03/04/2023	07/26/2024	0.58	73,406,000
Total			3.53	445,106,000

B. During 2023 and as of the date of this Annual Report, major resolutions approved at Board meetings are summarized below:

Meeting	Resolution date	Meeting resolutions
The Board of Directors	March 4, 2024	<ol style="list-style-type: none"> 1. Review of the resolution of remuneration committee. 2. To approve the Company's 2023 Internal Control System Statement 3. The proposal of 2023 earnings distribution for all overseas subsidiaries. 4. The standalone financial statements and consolidated financial statements for the year 2023. 5. To approve the Company's 2022 annual business report. 6. The distribution of the earnings of 23Q4. 7. The distribution of the earnings of 2023. 8. Assessing the quality of our audit firms and auditors based on the AQI information. 9. The company's certified public accountant rotation and appointment of CPA. 10. Cancellation of financing facility between overseas subsidiaries. 11. Approved the plan of the Company's subsidiary, KMC CHAIN (VIETNAM) CO., LTD., to build a new factory. 12. To approve the amendments to the Company's Rules and Procedures of Shareholders' Meeting. 13. The affairs to convene the Year 2024 Annual General Shareholders' Meeting. 14. Accept the proposal from the shareholders with more than 1% of shareholdings. 15. KMC sets the Ex-Dividend Record Date and dividend payout schedule for the Fourth Quarter of 2023. 16. To approve the amendments to the Company's Rules and Procedures of the Meeting of the Board of Directors. 17. To approve the amendments to the Company's Audit Committee Charter Rules. 18. New and extension of banking facility.
The Board of Directors	May 3, 2024	<ol style="list-style-type: none"> 1. 2024 the first quarter consolidated financial report. 2. 2024 the first quarter business report 3. 2024 the first quarter earnings distribution 4. KMC sets the Ex-Dividend Record Date and dividend payout schedule for the First Quarter of 2024 5. To announce the record date of common stocks transferred from the 4nd Domestic Secured Convertible Bond for the first quarter of 2024. 6. New and extension of banking facility.
The Board of Directors	May 31, 2024	The subsidiary KMC Chain (Suzhou) CO., LTD. to sign a relocation compensation agreement due to land expropriation.
The Board of Directors	August 9, 2024	<ol style="list-style-type: none"> 1. To evaluate the independence of the the Company's CPAs 2. 2024 the second quarter consolidated financial report. 3. 2024 the second quarter business report. 4. 2024 the second quarter earnings distribution. 5. KMC sets the Ex-Dividend Record Date and dividend payout schedule for the Second Quarter of 2024. 6. Sustainability report of Year 2023. 7. The liability insurance for the Directors. For 2024. 8. New and extension of banking facility.
The Board of Directors	November 8, 2024	<ol style="list-style-type: none"> 1. Review of the resolution of remunerations committee. 2. The company has acquired real estate use rights assets by leasing from related partie. 3. Establish procedures for the preparation and assurance of the sustainability report. 4. Establish the internal control procedures for Sustainability Information Management 5. To approve the Company's 2025 internal audit plan. 6. 2024 the third quarter consolidated financial report. 7. 2024 the third quarter business report. 8. 2024 the third quarter earnings distribution. 9. Approved the Company's subsidiary KMC Global GmbH to purchases real estate for

Meeting	Resolution date	Meeting resolutions
		<p>new office and logistics warehouse.</p> <p>10. To increase the cash capital of Company's subsidiary KMC Globa GmbH.</p> <p>11. KMC sets the Ex-Dividend Record Date and dividend payout schedule for the Third Quarter of 2024</p> <p>12. Establish the Company's Intellectual Property Management Procedures.</p> <p>13. To approve the Company's 2025 corporate business plan</p> <p>14. New and extension of banking facility.</p>
The Board of Directors	March 12, 2025	<p>1. Review of the resolution of remuneration committee.</p> <p>2. To approve the Company's 2023 Internal Control System Statement</p> <p>3. The proposal of 2024 accumulated earnings distribution for all overseas subsidiaries.</p> <p>4. The standalone financial statements and consolidated financial statements for the year 2024.</p> <p>5. To approve the Company's 2024 annual business report.</p> <p>6. The forth quarter of Year 2024 Earnings distribution.</p> <p>7. The distribution of the earnings of 2023.</p> <p>8. The amendment to the Rules of Procedures for acquiring or disposing of assets.</p> <p>9. The amendment to the internal control procedures for Sustainability Information Management.</p> <p>10. Assessing the quality of our audit firms and auditors based on the AQI information</p> <p>11. The amendment to the Rules of Articles of Incorporation.</p> <p>12. The affairs to hold the annual shareholders' meeting of 2025.</p> <p>13. Accept the proposal from the shareholders with more than 1% of shareholdings.</p> <p>14. KMC sets the Ex-Dividend Record Date and dividend payout schedule for the Fourth Quarter of 2024.</p> <p>15. The amendment to the Rules of Corporate Governance Best Practice Principles.</p> <p>16. New and extension of banking facility.</p>

(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof:
None.

(13) Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D in 2023 and as of the Date of this Annual Report:

April 28th, 2025

Title	Name	Onboard date	Terminate date	The reason of resignation or dismissal
None				

4. Information on CPA professional fees

Unit: NT\$ thousands

Name of CPA firm	Name of CPA	CPA's Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
Deloitte & Touche	Liao, Hing-Ju and Li, hi-Chen	January 1 st , 2024 to December 31 st , 2024	5,060	1,961	7,021	The non-audit fee was mainly related to transfer price report.

- (1) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None
- (2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefore shall be disclosed: None

5. Information on replacement of certified public accountants:

None.

6. Where the Company's chairperson, presidents, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held:

KMC's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions within KMC's independent audit firm or its affiliates in the most recent year.

7. In the last fiscal period and as of the date this report was printed, the status of the transfer of shares or the shares in pledge held by the directors, managers or the shareholders with more than 10% of the Company's shares:

(1) Transfer of shares held by the directors, managers and the major shareholders:

Title	Name	2024		Current Year to March 31 nd	
		Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)
Chairman	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	0	0	0	0
Director	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang	0	0	0	0
Director	Chang Hsing Investment Co., Ltd Representative Kao, Ting-Nan	0	0	0	0
Director	Hsu, Yang-Kang	0	0	0	0
Independent Director	Tsai, Hsueh-Ling	0	0	0	0
Independent Director	Peng, Yu-Min	0	0	0	0
Independent Director	Chang, Chia-Ming	0	0	0	0
President	Wu, Jui-Chang	0	0	0	0
Vice President	Wu, Hsing-Chuan	0	0	0	0
Head of TEC-MAYA Division	Chang, Tsung-Hao	0	0	0	0
Head of GDO Division	Hsu, Yi-Chih	0	0	0	0
Head of KMC-BC Division	Chen, Yi-Ming	0	0	0	0
Manager of Finance and Accounting Division Corporate Governance Officer	Chen, Yung-Jen	0	0	0	0
Shareholders with 10% Shareholdings or More	KMC TRANSTON INDUSTRIES LIMITED	0	0	0	0

- (2) If the counterparty for the transfer of shares or the pledge of shares is a related party, the name of the counterparty, their relationship with the company, the directors, and shareholders holding more than ten percent of the shares, as well as the number of shares acquired or pledged, should be disclosed. The inquiry website is: <https://mops.twse.com.tw/mops/web/index>
- (3) Information showing the counterparty of the share-transferring is the interested party:
None
- (4) Information showing the counterparty of the share-in-pledge is the interested party:
None

8. Information showing that top 10 shareholders have the relationship with one another as the related parties, spouse or kindred within the 2nd tier.

March 31, 2025

Name	Shareholding		Shares held by spouse & minors		Shares held in the name of others		The name and relationship of top 10 shareholders having the relationship with one another as the related parties, spouse or kindred within the 2nd tier specified in sfas no. 6.		Remark
	shares	%	shares	%	shares	%	Name	Relationship	
KMC TRANSTON INDUSTRIES LIMITED (Representative Wu, Ying-Chin)	47,412,256	37.63%	0	0	0	0	Li Ze Investment Co., Ltd. (Representative Hsu, Jui-Lin) Yu,Wen-Ying KMC Global Co., Ltd. (Representative Wu, Ying-Chin) Wu,Hui-Lan Supreme Profit International Co., Ltd (Representative Yu, Wen-Ying) HSUN-LI Investment Co., Ltd (Representative Wu, Hui-Lan) LO,CHI-NI Investment Co., Ltd (Representative Wu, Ying-Chin)	Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Chairman for KMC TRANSTON INDUSTRIES LIMITED Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Chairman for KMC TRANSTON INDUSTRIES LIMITED	None
Li Ze Investment Co., Ltd. (Representative Hsu, Jui-Lin)	7,902,042	6.27%	0	0	0	0	KMC TRANSTON INDUSTRIES LIMITED (Representative Wu, Ying-Chin) Yu,Wen-Ying KMC Global Co., Ltd. (Representative Wu, Ying-Chin) Wu, Hui-Lan Supreme Profit International Co., Ltd (Representative Yu, Wen-Ying) HSUN-LI Investment Co., Ltd (Representative Wu, Hui-Lan) LO,CHI-NI Investment Co., Ltd (Representative Wu, Ying-Chin)	Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp.	None
Yu, Wen-Ying	7,902,040	6.27%	0	0	0	0	KMC TRANSTON INDUSTRIES LIMITED (Representative Wu, Ying-Chin) Li Ze Investment Co., Ltd. (Representative Hsu, Jui-Lin) KMC Global Co., Ltd. (Representative Wu, Ying-Chin) Wu,Hui-Lan Supreme Profit International Co., Ltd (Representative Yu, Wen-Ying) HSUN-LI Investment Co., Ltd (Representative Wu, Hui-Lan) LO,CHI-NI Investment Co., Ltd (Representative Wu, Ying-Chin)	Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree Chairman for Supreme Profit International Co., Ltd Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp.	None
KMC Global Co., Ltd. (Representative Wu, Ying-Chin)	3,000,000	2.38%	0	0	0	0	KMC TRANSTON INDUSTRIES LIMITED (Representative Wu, Ying-Chin) Li Ze Investment Co., Ltd. (Representative Hsu, Jui-Lin) Yu,Wen-Ying Wu,Hui-Lan Supreme Profit International Co., Ltd (Representative Yu, Wen-Ying) HSUN-LI Investment Co., Ltd (Representative Wu, Hui-Lan) LO,CHI-NI Investment Co., Ltd (Representative Wu, Ying-Chin)	Chairman for KMC Global Co., Ltd. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Chairman for KMC Global Co., Ltd.	None
Wu, Hui-Lan	2,822,549	2.24%	0	0	0	0	KMC TRANSTON INDUSTRIES LIMITED (Representative Wu, Ying-Chin)	Familial relationship within the 2nd degree with the representative of Corp.	None

Name	Shareholding		Shares held by spouse & minors		Shares held in the name of others		The name and relationship of top 10 shareholders having the relationship with one another as the related parties, spouse or kindred within the 2nd tier specified in sfas no. 6.		Remark
	shares	%	shares	%	shares	%	Name	Relationship	
							Li Ze Investment Co., Ltd. (Representative Hsu, Jui-Lin) Yu, Wen-Ying KMC Global Co., Ltd. (Representative Wu, Ying-Chin) Supreme Profit International Co., Ltd (Representative Yu, Wen-Ying) HSUN-LI Investment Co., Ltd (Representative Wu, Hui-Lan) LO,CHI-NI Investment Co., Ltd (Representative Wu, Ying-Chin)	Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Chairman for HSUN-LI Investment Co., Ltd Familial relationship within the 2nd degree with the representative of Corp.	
Supreme Profit International Co., Ltd (Representative Yu, Wen-Ying)	2,758,780	2.19%	0	0	0	0	KMC TRANSTON INDUSTRIES LIMITED (Representative Wu, Ying-Chin) Li Ze Investment Co., Ltd. (Representative Hsu, Jui-Lin) Yu, Wen-Ying KMC Global Co., Ltd. (Representative Wu, Ying-Chin) Wu, Hui-Lan HSUN-LI Investment Co., Ltd (Representative Wu, Hui-Lan) LO,CHI-NI Investment Co., Ltd (Representative Wu, Ying-Chin)	Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Chairman for Supreme Profit International Co., Ltd Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp.	None
HSUN-LI Investment Co., Ltd (Representative Wu, Hui-Lan)	2,032,072	1.61%	0	0	0	0	KMC TRANSTON INDUSTRIES LIMITED (Representative Wu, Ying-Chin) Li Ze Investment Co., Ltd. (Representative Hsu, Jui-Lin) Yu, Wen-Ying KMC Global Co., Ltd. (Representative Wu, Ying-Chin) Wu, Hui-Lan Supreme Profit International Co., Ltd (Representative Yu, Wen-Ying) LO,CHI-NI Investment Co., Ltd (Representative Wu, Ying-Chin)	Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Chairman for HSUN-LI Investment Co., Ltd Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp.	None
LO,CHI-NI Investment Co., Ltd (Representative Wu, Ying-Chin)	2,032,072	1.61%	0	0	0	0	KMC TRANSTON INDUSTRIES LIMITED (Representative Wu, Ying-Chin) Li Ze Investment Co., Ltd. (Representative Hsu, Jui-Lin) Yu, Wen-Ying KMC Global Co., Ltd. (Representative Wu, Ying-Chin) Wu, Hui-Lan Supreme Profit International Co., Ltd (Representative Yu, Wen-Ying) HSUN-LI Investment Co., Ltd (Representative Wu, Hui-Lan)	Chairman for LO,CHI-NI Investment Co., Ltd Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Chairman for LO,CHI-NI Investment Co., Ltd Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp. Familial relationship within the 2nd degree with the representative of Corp.	None
LIU, CHUN-CHIEH	1,785,000	1.42%	0	0	0	0	None	None	None
SHIMANO (TAIWAN) CO., LTD. (Representative Muto Koji)	1,699,484	1.35%	0	0	0	0	None	None	None

9. The total number of shares and total equity stake held in any single enterprise by the Company, its directors, managers and any investment business directly or indirectly controlled by the Company, and the consolidated percentage of combined shareholdings

Affiliated Company (Note 1)	Shareholding by the Company		Shareholding of directors, managers or enterprises under their direct or indirect control		Total Shareholding	
	Shares	%	Shares	%	Shares	%
KMC CHAIN Industrial Co., Ltd.	91,400,000	100%	0	0	91,400,000	100%
PRO (TAIWAN) PROCUREMENT CO., LTD.	1,225,000	49%	0	0	1,225,000	49%
KMC Automobile Transmission Co., Ltd.	3,253,812	100%	0	0	3,253,812	100%
Kynamic Inc	1,500,000	100%	0	0	1,500,000	100%
KMC Industries (Vietnam) Company Limited	-	100%	0	0	-	100%
KMC Global GmbH	-	100%	0	0	-	100%

Note 1: Long-term investment accounted based on equity-method.

III. Capital Projection and Implementation

1. Company capital and shares

(1) Sources of capital stock

in thousand shares and NT\$ thousand

Month/ Year	Issue Price	Authorized share capital		Capital stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increase by assets other than cash	Others
08/2018	10	200,000	2,000,000	126,001	1,260,007	Issue new shares for 6,000 thousand shares	None	Note

Note:

At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings on August 1, 2018. At the approval of Ministry of Economic Affairs under Letter Ching-Shou-Shang-Tzi No. 10701095220.

April 28, 2025

Type	Authorized share capital			Remark
	Outstanding	unissued	Total	
Common shares	126,000,772 shares	73,999,228 shares	200,000,000 shares	Listed company's shares

(2) List of major shareholders

March 30, 2025

Name	Total Shares Held	Ownership Percentage
KMC TRANSTON INDUSTRIES LIMITED	47,412,256	37.63%
Li Ze Investment Co., Ltd.	7,902,042	6.27%
Yu, Wen-Ying	7,902,040	6.27%
KMC Global Co., Ltd.	3,000,000	2.38%
Wu, Hui-Lan	2,822,549	2.24%
Supreme Profit International Co., Ltd	2,758,780	2.19%
HSUN-LI Investment Co., Ltd	2,032,072	1.61%
LO,CHI-NI Investment Co., Ltd	2,032,072	1.61%
Liu,Chun-Chien	1,785,000	1.42%
SHIMANO (TAIWAN) CO., LTD.	1,699,484	1.35%

(3) Dividend Policy and Execution Status

A. Dividend Policy provided in the articles of incorporation:

- i. 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.
- ii. 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 dividend. The principle of dividend shall follow the stability and balance policy, and the method of 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.
- iii. 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.

B. Execution Status

Pursuant to KMC's Articles of Incorporation, the Company's Board of Directors is authorized to approve quarterly cash dividends after the close of each quarter. After the Company's Board of Directors approves quarterly cash dividends, KMC will distribute the dividend within six months. The respective amounts and payment dates of 2024 quarterly cash dividends are demonstrated in the table below.

2024 Quarterly Earnings Distribution

				Unit: NT\$
Period	Approved Date	Payment Date	Cash Dividends Per Share	Total Earnings Distribution Amount
First quarter of 2024	05/03/2024	10/16/2024	NT\$0.7230	91,103,000
Second quarter of 2024	08/09/2024	01/15/2025	NT\$1.2475	157,187,000
Third quarter of 2024	11/08/2024	04/16/2025	NT\$1.5252	192,172,000
Fourth quarter of 2024	03/12/2025	07/25/2025	NT\$0.8688	109,475,000

C. Summary of significant change on expected dividend policy: None.

- (4) Impact to 2024 business performance and EPS resulting from stock dividend distribution:
Not applicable

(5) Remuneration to employees and directors:

A. Information on remuneration to employees and directors as set forth in the Company's Articles of Incorporation:

According to The Company Article, in case there is surplus after the end of each fiscal year, the Corporation shall allocate 0.4~5% and at least 0.1% shall be set aside for salary adjustments or bonuses for junior employees, 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 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 and directors 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 and directors in accordance with the proportion mentioned in the preceding paragraph.

B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

- i. The estimated amount of compensation for employees and directors for the current period is based on the profitability for the current year. The relative estimate shall be made in accordance within the rate range specified in the articles of association.
- ii. Basis of calculating the number of shares allotted for stock dividends: N/A
- iii. When there is a difference between the actual allotment amount and the estimated amount, it is classified as the profit and loss of the following year.

C. Information on the distribution of remunerations to employees and directors passed by the Board of Directors

- i. The remunerations to employees and directors in FY2024 were passed by Board of Directors on March 12, 2025.
- ii. The amount of remunerations to employees in FY2024 is NT\$7,819,050 in cash.
- iii. The amount of remunerations to the directors in FY2024 is NT\$8,400,000 in cash.
- iv. The actual amount of payment is congruent with the recognized amount for FY 2024.
- v. The proposed amount of employee bonus in stock: None

D. If there is discrepancy between the distribution of remunerations to employees and directors from the earnings of the last fiscal year (including the quantity of share distribution, the amount and stock price) and the recognized amount, the amount of and reasons for the discrepancy and the treatment shall be specified:

The compensation to directors and profit sharing to employees from the earnings of 2023 had already been distributed in 2024. If the actual amounts paid differ from the estimated amounts, the differences will be recorded in the year paid as a change in accounting estimate.

(6) Status of the Company repurchasing its own shares: None.

2. Issuance of corporate bonds:

A. Outstanding Corporate Bond

Types of company debt	The fourth domestic secured convertible corporate bond	
Issue (handle) Date	2023.11.08	
Denomination	NTD 100,000	
Issuance and trading location	Securities counter trading center (listed on the OTC)	
Issue price	Issued at 108.44% of the face value	
Total amount	NTD 1,000,000,000	
Interest rate	Annual coupon rate 0%	
Tenure and maturity date	Tenure: 3 years Maturity date : 2026.11.08	
Guarantor	Mizuho Bank, Ltd. (The guarantee ratio is 100%)	
Trustee	Taipei Fubon Commercial Bank Co., Ltd	
Underwriter	KGI Securities Co., Ltd.	
Legal Counsel	Chiu, Ya-Wen, Handsome Attorneys-at-Law Office	
Auditor	Yang, Chao-Chin and Li, Chi-Chen, Deloitte & Touche	
Repayment	Unless the bondholders are converted into common stocks of the company in accordance with Article 10 of KMC'S Third Domestic Secured Convertible Corporate Bond Issuance and Convertible Measures, or the company redeemed them in advance in accordance with Article 18 of KMC'S Third Domestic Secured Convertible Corporate Bond Issuance and Convertible Measures, or this convertible corporate bond is bought and cancelled by the business offices of securities firms, this convertible corporate bond will be repaid in cash at the maturity of the bond in a lump sum according to the denomination of the bond	
Outstanding	NTD 999,999,999	
Redemption or Early Repayment Clause	Please refer to KMC'S Fourth Domestic Secured Convertible Corporate Bond Issuance and Convertible Measures	
Covenants	Corporate Bond Issuance and Convertible Measures	
Credit Rating	Not Applicable	
Other Rights of Bondholders	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	772 Common Shares Converted
	Conversion Right	Please refer to KMC'S Fourth Domestic Secured Convertible Corporate Bond Issuance and Convertible Measures
Dilution Effect and Other Adverse Effects on Existing Shareholders	As of April 28, 2025, the total outstanding amount of convertible bond is NTD 999,999,999. If all bonds are converted into common shares at NT\$124.9 per share, the total outstanding shares of KMC will increase 8,006,405 shares. Since the current outstanding shares is 126,000,772, after all the convertible bonds are converted into common shares, the maximum equity dilution rate is about 5.97%. The impact on existing shareholders' equity is limited.	
Custodian	None	

B. Convertible Bond

Unit: NT\$

Corporate bond type		The fourth domestic secured convertible corporate bond	
Year		2024	As of March 31, 2025
Item			
Market price of the convertible bond	Highest	110.50	111.80
	Lowest	106.90	105.90
	Average	108.17	109.79
Convertible price		130.5	
Issue date and conversion price at issuance		Issue Date: 2023/ 11/ 08 Conversion price at issuance: NT\$ 130.5 / per share The convertible prices had been adjusted on 12/25/2023 and 03/24/2025 and the convertible prices would be NT\$126.4 and NT\$124.9 respectively.	
Conversion methods		Issuing of new stocks	

- C. Exchangeable Bond: None.
- D. Shelf Registration Bond: None.
- E. Bond with Warrants: None.

3. Preferred shares:

None.

4. The issuance of overseas depository receipts:

None.

5. The status of employee stock option plan:

None.

6. The status of new restricted employee shares:

None.

7. The status of issuance of new shares in connection with mergers or acquisitions:

None.

8. Implementation of the capital allocation plans:

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement:

None

The inquiry website is: <https://mops.twse.com.tw/mops/>

IV. Operating Highlights

1. Business Activities

(1) Business scope:

A. Major business items:

- i. F401010 International Trade
- ii. F114030 Wholesale of Automotive and Motorcycle Parts and Supplies
- iii. F214030 Retails of Automotive and Motorcycle Parts and Supplies
- iv. CD01040 Motor Vehicles and Parts Manufacturing
- v. CD01050 Bicycle and Parts Manufacturing
- vi. CD01990 Other Transportation and Parts Manufacturing
- vii. F114040 Wholesale of Bicycle Parts and Supplies
- viii. F114990 Wholesale of Other Transportation Equipment and Parts.
- ix. F214040 Retails of Bicycles and Parts
- x. F214990 Retails of Other Transport Equipment and Parts
- xi. ZZ99999 Other business items that are not prohibited or restricted by law.

B. Business breakdown

In NT\$ thousand

Products	Year	2023		2024	
		Amount	Amount	Amount	%
Bike Chain and component		3,346,258	70.7%	3,500,783	70.6%
Motorbike Chain and component		387,331	8.2%	316,915	6.4%
Automobile Timing System		618,694	13.1%	724,414	14.6%
Garage Door Opener		346,269	7.3%	376,138	7.6%
Others		31,909	0.7%	41,567	0.8%
Total		4,730,461	100.0%	4,959,816	100.0%

C. Current products and services offered by the Company:

(A) Bicycle Chain

- Road bike chain series
- Mountain bike chain series
- BMX chain series
- Rust Buster chain series
- EcoProTech chain
- Trekking and City Touring
- e-bike chain series
- e-bike chainring

(B) Motorcycle Chain and Gears

- Standard Driving Chain Series
- Heavy Duty Chain Series
- Cam Chain Series
- Silent Chain Series
- Standard Driving Sprocket
- Chain and Sprocket Kit

(C) Automobile Timing System

(D) Garage Door Opener

D. New products in the future

- Bicycle upgraded environment protection chain, ultra-light chain
- Bicycle components and parts
- Motorcycle Transmission components and parts
- Automobile Transmission components and parts
- Garage Door Opener components and parts

(2) Industry Outlook:

A. Industry current situation and development

i. Bicycle market:

According to an analysis by Grand View Research, the global bicycle market size It is expected will grow to USD 770.1 billion by 2030, with a compound annual growth rate (CAGR) of 9.9%. Bicycles play an essential role in the development of sustainable vehicles. Besides, bicycles have more significant advantages than fuel vehicles such as convenience, price, and environmental benefits. In addition, people realize the importance of health gradually and seek the ways to satisfy the needs for transportation, exercising, social engagement and also staying socially distanced. In this case, cycling fits the bill. Riding bicycles not only provides people with a healthier and diversified life experience, but also meets the need for commuting, recreation and social engagement.

In recent years, the development trend and emphasis of the bicycle industry have gradually shifted from the traditional means of transportation to exercising, mountaineering and recreation. Especially in some regions, such as Europe, America and Japan, bicycles have become a vehicle for sports competition, fitness and entertainment. With regard to current market conditions around the world, the European market has always been the world's point of gravity of high-end bicycle sales. According to the estimates of CONEBI and UCI, the sales volume of bikes and e-bikes in Europe is expected to grow to 30 million. In addition, the United Nations General Assembly has unanimously adopted a resolution calling on the mainstream use of bicycles and for cycling to be integrated into public transportation systems for sustainable development on March 15, 2022. On the regulation, the UN said: "The General Assembly, among other things, invited all Member States to integrate the bicycle into public transportation in urban and rural settings in developing and developed countries, improve road safety and promote the use of bicycles by people and businesses to increase bicycle trips which, in turn, contributes to the achievement of sustainable development, including the reduction of greenhouse gas emissions." The characteristics of low carbon emission and environmentally friendly also make the bicycle industry to have high potential to become the most sustainable industry. Since Europe is now facing the pressure of energy shortage and rising energy cost, some governments have launched subsidies for the purchase of bicycles, e-bikes and e-cargo bikes, hoping to reduce the dependence on energy from the user side. The policy encouragement and the continuing development of the e-bike application market both will improve the long-term stability and growth of the overall European bicycle market.

Based on the information from the National Bicycle Dealers Association (NBDA) of the USA, the US bicycle market has been growing steadily since 2003; the annual sales are about \$6 billion. Cycling is a prevalent outdoor activity in the United States. It is also one of the ten most popular leisure activities in the United States. There is about 14% of the population in US that will do bicycle riding as a form of exercise. E-bikes have officially become a key role in future transportation. According to the latest data and market research, the sales volume and revenue are both surging. The sales volume of e-bikes in the USA in 2021 is greater than the total amount of electric and hybrid vehicles, and it's still growing fast. It

is estimated that the US e-bike market will grow to USD 1.62 billion by 2027, with a compound annual growth rate (CAGR) of 12.51%.

Mainland China has been the world's largest bicycle production base for a very long time, and 75-80% of its production is exported to North America, Japan and emerging markets. In 2023 and 2024, Chinese bicycle industry was affected by the sluggish global demand so that the export momentum is gradually weakening. The total bicycle exports from mainland China in 2023 and 2024 will be 40.08 million units and 48.34 million units respectively, a year-on-year increase of 20.4%. Since 2022, with the rise of bicycle sports, the domestic sales market in mainland China has shown double-digit growth for two consecutive years, and bicycles have become the choice of many people for exercise and transportation. With the help of new elements such as fitness, fashion, and technology, cycling has brought bicycles, which have been dormant for many years, back into the public eye, effectively driving the growth of bicycle sales and increasing demand for related services, triggering a new round of consumption boom.

Based on the statistics from the Taiwan Bicycle Association, the total bicycles exported from Taiwan in 2024 is about 0.91 million units, and the average unit price of exports is US\$1,132 with an export value of nearly USD 10.3 billion. The North America and the EU remained the top two trading partners of Taiwan in the bicycle industry. In addition, 2024, Taiwan's export quantity of E-bike will be 0.36 million units, and the average export unit price will be US\$1,847, the total export value of nearly USD 6.72 billion. It shows that Taiwan's bicycles are keeping on the track of increasing to the higher value. In the future, it will pay more attention to the needs of users, including the latest development of digital technology and renewable energy. Combining the bicycle industry with electronics industry, it could provide customers with more comprehensive bicycle solutions. In this case, Taiwan's bicycle industry could not only reached the leadership status in the international market but has also made Taiwan a crucial influence in the global mid-to-high-end bicycle market and e-bike market as well.

ii. Motorcycle market:

Statistics indicate that the global motorcycle market recorded sales of 61.8 million units in 2024, a year-on-year increase of 2.7%. In developing countries in the Asia-Pacific region, because of the high population and easy mobility of motorcycle in urban areas, they provide transportation, travel, and shipping functions. This area has become a significant market for motorcycles, with India, Mainland China, Indonesia, Vietnam, and other countries in Southeast Asia accounting for approximately 80% of the entire market. Among ASEAN countries, Indonesia and Vietnam have demonstrated the greatest demand for motorcycles. In particular, the middle class in Indonesia is gradually expanding, where more jobs and higher salaries have endowed more households with the ability to purchase durable goods, in turn driving up the ratio of motorcycle ownership. Vietnam currently lacks public transportation and traffic congestion is also a serious problem in the country. As a result, motorcycles have become the most common form of transportation.

According to Asosiasi Industri Sepedamotor Indonesia (AISI), the sales of motorcycles in Indonesia was 6.33 million units in 2024. According to the Vietnam Association of Motorcycle Manufacturers (VAMM), the sales of motorcycles in Vietnam was 2.65 million units in 2024, a year-on-year increase of 5.5%. Since the pandemic was gradually under control, there were signs of economic indicators that suggest recovery in Indonesia and Vietnam. Due to the huge demand for individual mobility, there are still plenty of development potential in these two countries. As the national income of these countries increases and road infrastructures improve gradually, the demand for motorcycles will continue to rise. With the steady sales of new motorcycles every year, consumers are more willing to embrace the concept of regular services and maintenance to prolong the lifespan of motorcycles. With an estimated

market of 300 million motorcycles worldwide, there is an enormous market for repair and maintenance products.

iii. Automobile market

Based on the statistics from the Organisation Internationale des Constructeurs Automobiles (OICA), 74.6 million vehicles (excluding heavy vehicles) were sold worldwide in 2024, the annual sales volume increased by 2.5% year-on-year. The top three sales areas were Mainland China, America and the EU. As for production, 75.5 million vehicles were produced worldwide in 2024. The top three production bases were Mainland China, the EU and America.

As for China, although the car sales declined sharply from Second quarter for 2022 due to the impact of the COVID-19, the demand from the consumer market began to recover from June. In addition, as slashing the purchase tax by half and other policies to encourage the purchase of cars were devised in China, the automobile industry had taken a new pathway. With strong sales increase starting from the second half year, this market remained the largest in the world for 14 consecutive years with an annual growth rate of 3.4%. In recent years, car buyers across Asia have been the main drivers of sales growth, nearly one-third of all cars sold worldwide are sold in Mainland China, up from less than 15% ten years ago. This testifies the growing economy and road construction in Mainland China, which have unlocked enormous demand. Meanwhile, market research organization estimated that total global car ownership may hit 1 billion, which will bring huge opportunities in the automotive aftermarket.

In 2024, China maintained its position as the world's largest single automotive market. According to data from the China Association of Automobile Manufacturers, total vehicle sales reached 31.4 million units for the year, reflecting a 4.5% increase compared to the previous year. This growth has been supported by continued development of road infrastructure, rising disposable income levels, and government policies promoting the adoption of new energy vehicles. As of 2024, China accounted for nearly one-third of global vehicle sales, a significant increase from less than 15% a decade earlier, indicating the scale of domestic consumption. Meanwhile, the global number of registered vehicles has surpassed 1.5 billion units. The expansion in vehicle ownership has contributed to increasing demand in the aftermarket sector, including vehicle maintenance and replacement parts, providing a foundation for ongoing growth across related industries. Meanwhile, the global number of registered vehicles has surpassed 1.5 billion units. The expansion in vehicle ownership has contributed to increasing demand in the aftermarket sector, including vehicle maintenance and replacement parts, providing a foundation for ongoing growth across related industries.

iv. Garage door opener market

According to statistics, the primary garage door opener market is in North America and Europe. The market size of global garage door opener is about USD1.4 billion in 2024, and it is estimated to reach USD21.2 billion by 2033, with a compound annual growth rate of 4.67%.

B. The relevance of vendor, manufacturer and customer in the industry

Vendor	Manufacturer	Customer
Metal raw materials	Bicycle chain manufacturer Motor chain and sprocket manufacturers Automotive timing system manufacturer Garage door opener system supplier	Bicycle manufacturer or parts distributor Motorcycle manufacturer or parts distributor Automotive manufacturer or parts distributor Garage door opener manufacturers

C. The trend of primary product development:

Under the trend of favoring to leisure and sports for the bicycle, the bicycle chain products are also leading towards a more lightweight and personalized design style. With the rise of environmental protection concepts and the significant increase of market demand, E-bikes grow rapidly and become another notable highlight in the bicycle industry.

Under the regulations of environmental protection, the automobile and motorcycle industry will also develop toward the direction of environmental protection and energy conservation. Governments of various countries will continue to support them with policies, and the manufacturers of automobile and motorcycle will accelerate to develop different types of new energy vehicles.

The garage door opener focuses on the home market and the recent development is to combine with intelligent integrated control system so as to add convenience and efficiency to our day-to-day lifestyle.

D. The situation of market competition:

In view of the competition in the bicycle chain market, Japanese and the US manufacturers have an influential brand, and the manufacturers of Mainland China have a cost advantage. The company uses product differentiation as the basis for competitiveness. The product layout of the company is complete, ranging from entry models to the various high-end models.

In the motorcycle parts market, since the manufacturers in Japan are still the primary motorcycle manufacturers, the corresponding essential components are still mainly Japanese suppliers. The manufacturers in Mainland China have a cost advantage in mid- and low-end products.

In the automotive timing system market, since the manufacturers in Europe, the United States, and Japan have taken a leading position in the automotive industry, the auto parts supply systems in Europe, the United States, and Japan occupy most of the global supply of auto parts.

(3) Technologies and R&D:

A. Investment in Technology and R&D:

In order to ensure its leading position in the industry, KMC utilizes its unique core technology through in-depth R&D on basic metal materials, including systematic research and innovation design capabilities, work performance verification equipment, precision mold equipment, precision stamping technology, heat treatment technology, surface coating technology, high-efficiency automation production equipment and advanced automatic quality control system have established KMC's leading position in the chain market.

As various types of e-bikes being launched, the demands for e-bike related components are also increasing. On top of the chain, KMC also offered the total E-bike solution which includes E-bike specific chain, sprocket, and also chainring. KMC created the "Chain Mate" where the chainring roller seats between teeth are matched to chain rollers for exceptional component engagement. Made of High Tensile Steel, the Chainring structure enhances retention with an optimized tooth design to hold the rollers in place, significantly preventing chain drop while also reducing friction associated with traditional narrow or wide designs.

KMC has elevated the drivetrain system paradigm through the introduction of the "KMC DRIVETRAIN EXPERT" concept—an integrated drivetrain solution comprising chain, chainring, and cassette components. These elements are meticulously designed and engineered to work in harmony, reducing wear and enhancing overall durability. With high compatibility across diverse riding conditions, this system meets the performance needs of a wide range of users. In the area of environmentally conscious product development, KMC introduced the GO Series waxed chains, formulated with 100% biodegradable natural wax. These chains offer water resistance, anti-stick properties, and abrasion protection, which collectively help reduce drivetrain friction and wear, simplify maintenance, and extend the lifespan of drivetrain systems. Additionally, the newly launched HL1B chain focuses on maximum strength and durability. Designed without increasing weight, it achieves a tensile strength of 1,350 kgf and features enhanced roller construction and broad compatibility. It is particularly well-suited for high-load applications such as BMX bikes and E-Cargo.

B. Intellectual Property Management

With 40 years of expertise in chain manufacturing, KMC continues to drive innovation across various product categories, striving for excellence and delivering a unique cycling experience to consumers. By leveraging its extensive professional knowledge, KMC has built a solid foundation in R&D and advanced manufacturing, further strengthening its competitive edge and commitment to sustainable corporate development. In November 2024, KMC established its "Intellectual Property Management Policy" to enhance its IP strategy. Reports on the IP management plan and implementation were presented to the Board of Directors on November 8, 2024, and March 12, 2025.

KMC has adopted a systematic approach to intellectual property management, including patent strategy development, patent system implementation, awareness campaigns, and talent cultivation. The Company focuses on identifying and expanding key technology benchmarks, strengthening patent protection through applications, and maximizing the practical value of its coterie of intellectual property assets. As of February 28, 2025, KMC has accumulated a total of 520 patent applications, demonstrating its continuous dedication to innovation and intellectual property development. In the face of a rapidly evolving market, KMC remains committed to professionalism and persistence, driving progress in intellectual property management and product innovation.

C. R&D expenses invested: The amount invested by the company and its subsidiaries in the fiscal year 2024 was NT\$41,589 thousand.

(4) Business development plan in the short and long terms:

A. Short-term business development plan:

In the bicycle chain business, we will continue to develop the European and US high-end bicycle chain repair market; meanwhile, we also design various E-bike specialized chains to respond to the rapid increase of E-bike market in the near future and to expand our E-bike market share as well. Besides, we will apply the dual-brand strategy to expand the overall market share of bicycle chain; increasing Drivetrain system products spec., enriching the product category.

Motorcycle parts business focused on strengthening the cooperation with distributors of local motorcycle transmission products in Asia, deepening the local market and marketing channels, and increasing the sales volume in the repair market.

In addition to keeping business cooperation with manufacturers in Mainland China, the automotive timing system business will also develop repairs market around the world. The garage door opener business is to increase the number of new parts and striving to expand the market share.

B. Long-term business development plan:

The bicycle chain and motorcycle parts are the evergreen industry. With the economic development and improvement of living quality standards, it also develops into diversified utilization purpose follows the changes of the times and the market characteristics of various regions. In addition to satisfying essential transport transmission functions, it also emphasizes environmental protection and energy-conservation design, and further demands for products derived from various leisure activities and sports events.

The long-term development goal of the company's bicycle chain and motorcycle parts business is to focus on the global two-wheel vehicle transmission parts market. In response to the high-quality trend of these two industries, KMC has the ability to develop new technologies and apply new materials. Through continuous investment in R&D and product innovative design, we are striving to make better products which possess both rigidity and tenacity and are also flawlessly compatible with all types of bicycles, cyclists, and riding environments. As for the trade sales, KMC will enhance brand marketing, local service, and master production and R&D capacity to improve the company's overall competitiveness and make the company a quality brand and enterprise with international competition. In response to the new form of supply chain and sales channels, we will also utilize digital technology to integrate online and offline seamlessly so as to create a new business model.

In the automobile timing system business, the company will focus on expanding the market share of repairs, meanwhile, through the cooperation with the car manufacturers; develop the parts for the new energy cars. Garage door opener business is developing toward the direction of module and OEM market.

2. Market and sale overview

(1) Market analysis

A. Sales of the major products by region:

In NT\$ thousand

Region \ Year	2023		2024	
	Revenue	%	Revenue	%
Asia	2,880,685	60.9%	3,039,898	61.3%
Europe	1,133,344	24.0%	1,101,232	22.2%
America	716,432	15.1%	818,686	16.5%
Total	4,730,461	100.0%	4,959,816	100.0%

B. Market share

(A) Bicycle chain business:

The company is the biggest bicycle chain manufacturer in the world, especially in the original equipment bicycle manufacturer market. KMC possesses the largest market share in the bicycle OEM market. Besides, the company also actively expands the market share and brand reputation in Europe and the US bicycle repair market. Recently, the company also strives to develop specific chains for e-bike which could be highly compatible with all e-bike systems. In the future, KMC will continue to develop different products so as to reach the leadership status in the international market

(B) Motorcycle parts business:

Currently, the company ranks first in the market share of ASEAN, and continuing to strive to the sales of existing motorcycle manufacturers and customers in the repair market, and aggressively develops and deploys emerging markets in Indonesia, Pakistan, and the Philippines to improve market share in Southeast Asia and South Asia.

(C) Automobile timing system business

The company keeps a good relationship with the automobile manufacturer in Mainland China which is also its primary client. The current market share ranks third.

(D) Garage door opener market

Because of long-term stable cooperation relationship with clients, the company ranks first in the transmission system parts market of garage door opener.

C. The supply and demand in the market and the future growth:

(A) Bicycle chain business:

In the advanced countries such as Europe and Japan, the bicycle has becoming the commute vehicle accepted by the public. Since the global awareness of environmental protection is rising and the urban air pollution is getting severe, all the countries have set reducing carbon emission as their primary goal. Driven by this trend, it will be beneficial to the sales of bicycles. Europe and North America are the primary consuming countries of high-end bicycles. The total market demand in Europe and North America is about 35 million units, accounting for about 27% of the entire market. The demand for electric bicycles (E-bikes) is rapidly rising, becoming a key growth driver in the mid-to-high-end market. This trend is especially notable in the European market, where E-bike sales are projected to account for

over 50% of total bicycle sales in 2024, driving the industry towards high efficiency, intelligence, and sustainability.

(B) Motorcycle part business:

Statistics indicate that the global motorcycle market recorded sales of 61.8 million units in 2024, a year-on-year increase of 2.7%. The primary motorcycle markets are still located within Asia. Most of the developing countries in this region still have problems of shortage of public transportation construction. In this case, most people still choose motorcycle for their travel and shipping purpose. Besides, the purchasing power of the youth in these developing countries is gradually rising, and the entire market demand will keep growing steadily.

(C) Automobile timing system

Market research organization estimates that the global car ownership may reach 1.5 billion, the huge car ownership will also bring the huge repair market opportunities, and it can be a long-term business item for parts suppliers. The market survey institute also states that the new car market will keep growing in the next few years, but because of the policy promotion for the new energy cars by each country, it is estimated that by 2030, 55% of new cars will be electric cars, this will drive the car part manufacturers to more actively develop electric-vehicle related parts.

(D) Garage door opener

According to statistics, the primary garage door opener market is in North America and Europe. The market size of global garage door opener is about USD1.4 billion in 2024, and it is estimated to reach USD2.12 billion by 2033, with a compound annual growth rate of 4.67%.

D. Competitive edge:

(A) Own the core technology:

The bicycle chains, as well as other types of vehicle transmission chains and sprockets sold by the company, is one of the world's leading brands. In the markets of each country, it has a very high brand reputation and has been adopted by significant bicycle manufacturers and automakers and motorcycle makers on the globe. The quality of products has won the recognition of clients and consumers. The performance indicators in many production chain products of the company are the benchmark of the same products in the industry. This is mainly because KMC has many unique vital technologies. For example, KMC owns a leading lightweight technology in the chain, and the critical technologies are the combined use of "new materials," "high-precision stamping mold" and "special heat treatment technologies." Through the selection of product materials, with unique structural design and particular heat treatment technology, the KMC chain can still maintain high strength, high rigidity, high safety and long useful life while significantly reducing weight.

(B) Manufacturing advantages:

The KMC Group has ten production bases in the world and can support each other and provide clients with real-time service without a time difference.

(C) Product advantages:

KMC has elevated the drivetrain system paradigm through the introduction of the “KMC DRIVETRAIN EXPERT” concept—an integrated drivetrain solution comprising chain, chainring, and cassette components. These elements are meticulously designed and engineered to work in harmony, reducing wear and enhancing overall durability. With high compatibility across diverse riding conditions, this system meets the performance needs of a wide range of users. In the area of environmentally conscious product development, KMC introduced the GO Series waxed chains, formulated with 100% biodegradable natural wax. These chains offer water resistance, anti-stick properties, and abrasion protection, which collectively help reduce drivetrain friction and wear, simplify maintenance, and extend the lifespan of drivetrain systems. Additionally, the newly launched HL1B chain focuses on maximum strength and durability. Designed without increasing weight, it achieves a tensile strength of 1,350 kgf and features enhanced roller construction and broad compatibility. It is particularly well-suited for high-load applications such as BMX bikes and E-Cargo.

(D) Channel advantage:

In addition to local production plants, the KMC Group has seven service locations in various regions of the world. Through these factories and service sites, they can provide support services to each other and build up the distribution service network downward. Therefore, KMC can provide zero time difference and zero gap instant service. Currently, KMC's products are sold in 13 languages in more than 150 countries around the world.

E. Favorable and unfavorable factors of further development and the response to each issue:

The favorable factors:

- (A) Since traffic congestion and air pollution have become a nightmare that threatens the quality of urban life, promoting cycling seems to be one of the efficient policy to achieve low-carbon and eco-friendly in terms of a daily commute. As a short-distance vehicle, bicycles bring a lot of economic, environmental and health-related benefits, such as reducing traffic congestion and pollution, relying less on fuel, increasing new job opportunities and better public hygiene. The governments of various countries have also gradually promulgated regulations to promote the transition to the bicycle riding culture for the different groups who will become bicycle users, and shape the next generation to become bicycle generations. In addition, unbalanced diet and lack of exercise have led to obesity and health issues. In recent years, the trend of exercise is emerging and cycling is perceived as the best outdoor exercise as well as an ideal means to commute. As it greatly benefits the physical and mental health of body and mind, it has become a fashionable health product, which is favorable to the industry development.
- (B) Major global motorcycle markets are located in developing countries such as Asia, Latin America, and Africa. The potential markets of these developing countries are significant, and it is favorable for the marketing of motorcycle transmission products. Compared with developed countries, developing countries generally have the problem of shortage of public transportation construction. Most of them choose to use the motorcycle as their primary means of transportation to provide travel and shipment functions. Therefore, the purchasing power of these emerging countries will gradually increase, and the motorcycle chain and sprocket market will keep growing.
- (C) There is still room for growth in the global automobile market in emerging countries, and the substantial business opportunities in the repair market are even higher.
- (D) The garage door opener combined with various intelligent software is expected to create new demands in the home market.

Unfavorable factors:

- (A) Due to the fluctuations of global political and economic environment, such as inflation risk and geopolitical instability, they all affect the demand of the entire consumer market.
- (B) Unfriendly competition within industry, such as counterfeiting, price destruction and other factors which causing difficulties in our marketing.
- (C) Trade protection measures started by each country.
- (D) The automotive industry has fully become electric.

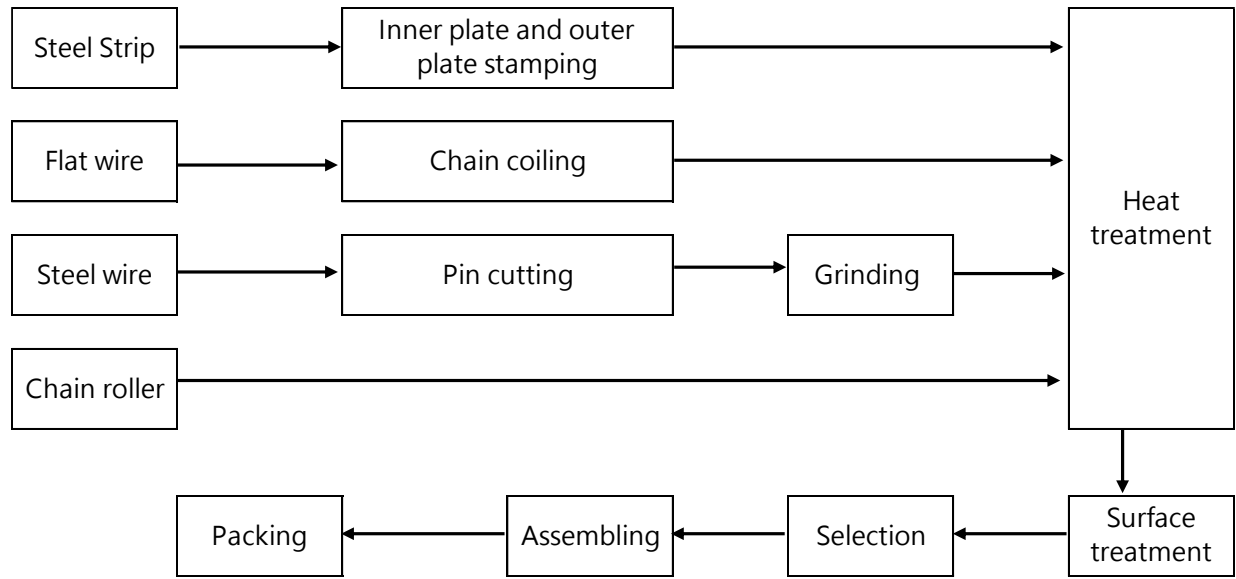
Countermeasures:

- (A) Self-operate our channels in developed countries and regions and coordinate our sales promotional activities with subsidies provided by government. Through our strong “supply-chain relationship” and “strategic customer partnership,” we will continue to deepen both ends of the value chain to increase the influence and synergies of this value chain
- (B) Introduce dedicated chains for higher performance and expand market share with differentiated strategies.
- (C) Launched “high-quality but fair price” entry-level products to expand the market share of repairs in emerging countries including mainland China.
- (D) Utilize the group's factories deployment sale locations to provide local services.
- (E) Enhance the alertness of distributors and customers through rigorous staff training. Also, use different packaging and label design to enable our customers to distinguish between genuine and counterfeit products.
- (F) Through the cooperation with the car manufacturers, we could develop the parts for the new energy cars.

(2) Purposes of the major products and the production process

A. The purpose of our major products is to provide the components of transmission system for Bicycle, Motorcycle, Automobile and Garage Door Opener.

B. The production process:



(3) The supply of key materials:

Key Materials	Supply situation
Steel strip Flat wire Steel wire Chain roller	Good

(4) If any customer in any of the previous two years with purchase (sales) amount exceeding 10% of the total purchase (sales), the name, amount and proportion to total purchase (sales) shall be specified, so shall the reasons for any change if applicable:

A. Main Vendors

December 31, 2024; In NT\$ thousand

item	2023				2024			
	Vendor	Amount	Percentage of total net purchases%	Relationship	Vendor	Amount	Percentage of total net purchases%	Relationship
1	ANSTEEL	253,410	24.9%	none	ANSTEEL	307,402	26.1%	none
2	Others	764,510	75.1%		Others	872,751	73.9%	
	Total Net Purchase	1,017,920	100.0%		Total Net Purchase	1,180,153	100.0%	

B. Main customers

December 31, 2024; In NT\$ thousand

Item	2023				2024			
	Customer	Amount	Percentage of total net sales%	Relationship	Customer	Amount	Percentage of total net sales%	Relationship
1	Note				Note			
2	Others	4,730,461	100%		Others	4,959,816	100%	
	Total Net Sales	4,730,461	100%		Total Net Sales	4,959,816	100%	

Note: No customers with sales amount exceeding 10% of total net sales.

3. In the last two years as of the date this report was printed, the number of employees, average working period, average age and education are shown in the table below

Year		2023	2024	Current year to March 31th
Number of employees	Direct Labor	712	798	795
	Indirect Labor	649	638	644
	Total	1,361	1,436	1,439
Average age		41.8	41.2	42.0
Average working period		8.5	9.4	11.5
Education	PhD	0.1%	0.14%	0.14%
	Masters	1.4%	1.67%	1.60%
	Bachelors	20.2%	19.50%	20.28%
	Senior high school	30.8%	25.56%	25.49%
	Below senior high school	47.5%	53.13%	52.50%

4. Information on the expenditures for environmental protection

The loss including compensation and total penalty because of the environmental pollution in recent years and as of the date that the annual report published. And explain the future countermeasures (including improvement measures) and possible expenditures (including the potential loss, the estimated amount of penalty, and compensation in the absence of response measures, if it cannot be reasonably determined, please state the fact that it cannot reasonably estimate):

There is no significant loss, compensation, or disposition due to environmental pollution.

5. Labor Relations

- (1) Listed below are the employee welfare, education, training, retirement system and implementation of the company, as well as the status of the agreement between the company and various employee rights and maintenance:

A. Welfare

- (A) Employee Stock Ownership Trust: According to the annual profit, the company additionally allocates a certain amount to purchase company's stocks, and allocate to employees according to their grades, seniority to retain talents and increase the employee's Centripetal force.
- (B) Cash gift: Cash gift for Dragon Festival, Moon Festival, Chinese New Year, marriage, birthday, maternity allowance, hospitalization allowance and funeral and travel subsidy.
- (C) Insurance and Retirement: All employees of the company participate in labor insurance, national health insurance and employer's liability insurance, and contribute pension monthly based on the regulation.
- (D) Medical service/Health protection: Health examination, on-site service (special medical consultation)
- (E) Other benefits: Perfecting promotion channels, distribute bonus according to the annual profit, and pay the bonus according to comprehensive considerations such as contribution, grade, and seniority.

B. Employee further study and training system:

- (A) The company plans to hold internal and external training for employees' further study and training.
- (B) The company has formulated employee training regulations, and plans relevant training courses according to the requirements of the functions and professions, to enhance employee knowledge, improve the overall quality of employees and business performance.

C. Retirement system and implementation situation:

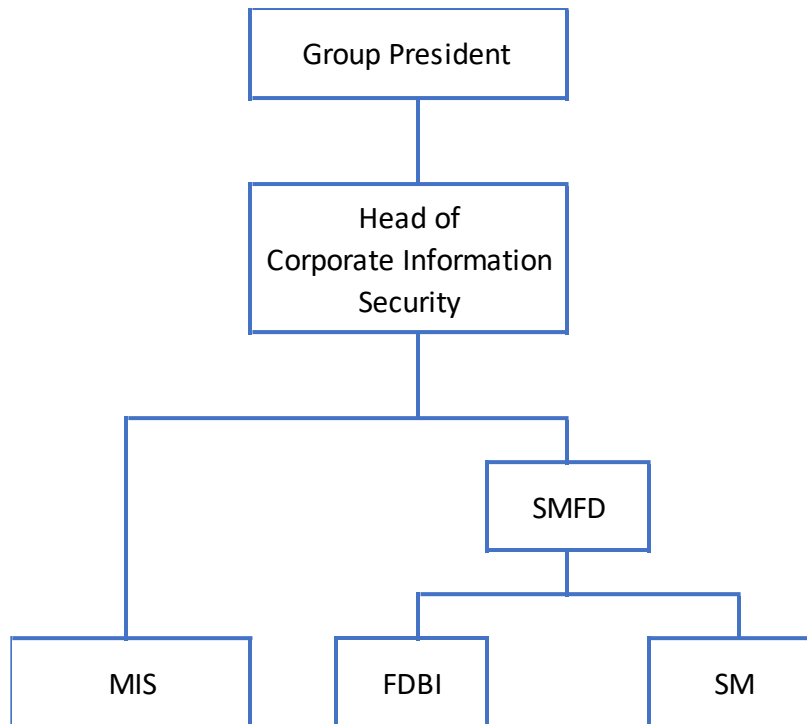
For the employees who applied the old pension system, the company has formulated labor pension regulation according to the relevant regulations of Labor Standards Act. The company entrusts actuaries to make actuarial calculations, accrue labor pension provisions monthly and deposits the pension funds in a dedicated account in Bank of Taiwan. The calculation and payment methods are based on the provisions of the labor retirement scheme. The employees who applied to the new pension system, according to the provisions of the Labor Pension Act, the monthly pensions are 6% of the wages and deposit to the individual retirement accounts.

- D. The agreement between the investor and the employee and the maintenance of employee rights and interests:
- (A) The company pays much attention to the employees' opinions. We hold regular labor conference and also conduct employee satisfaction survey so as to maintain a good relationship.
 - (B) The company conducts regular workplace safety inspections and sets up AED equipment, labor safety education training, employee health examination and weekly appointed doctors to our factories to provide health consultation and also provide our employees with a safe and healthy working environment. Fire drills are conducted at least once a year in each plant to ensure that employees can adequately respond to unforeseen disasters. The Group has set up security guards at the entrances of the various plants or has access control at each office area to control personnel access to ensure that employees have a safe working environment. The Group equipped various types of environmental protection facilities to the production line, including noise reduction facilities, heat recycling, etc.; besides, when operating the transportation facilities and overhead cranes in a warehouse, employees are required to understand the safety regulations in advance and to follow the rules to maintain a safe working environment.
 - (C) The company has formulated management regulations based on the various labor laws and regulations, and with reference to international human rights conventions to enable the employee to have an equal and fair working environment, and protect the working interests of employees. The company complies with the regulations of various labor laws and is committed to the improvement of employee benefits. If the employee has a complaint, he or she may appeal to the immediate supervisor, HR supervisor or the Personnel Appraisal and Appeal Committee. When the administrative center received the complaint and submitted it to the Personnel Appraisal and Appeal Committee, they should launch an investigation. The opinions of the employees can be given full attention. Also, the company doesn't discriminate against same-sex marriage and support gender equality as well as the concept of equal pay for equal work. We will work together with all sectors of the society to narrow the gap of payment between different genders.
- (2) The loss incurred by labor disputes in the most recent fiscal year and as of the date of this annual report and the potential expenditures as well as the countermeasures to be taken in the future:
None

6. Information Security Management

(1) Organizational Chart of KMC Information Security

To strengthen information security management and to ensure data, system, and cyber security, the Company has established the “Computer Information Internal Control Cycle” as well as “Information Integration Division” so that the Group President and the Head of Corporate Information Security could supervise its operation. The team is in charge of establishing an information security system, including cyber security management and system management and working with the Company's audit unit to conduct internal and external information security auditing.



(2) Information Security Policy

- a. The Company periodically conducts information security educational training and promotion, including information security policy, information security laws and regulations, information security operation procedure, and IT equipment know-how, aiming to make the employees understand the importance of information security and potential risks, to raise their awareness towards information security, and to encourage them to comply with related regulations.
- b. To prevent the information system and files from the danger of computer viruses, the Company adopts detection and preventive measures and establishes a proactive intrusion detection system for intrusion and malware attacks, ensuring to fulfill the requirements of computer information security.
- c. To prevent outages of critical assets, key business or communication systems caused by natural disasters or man-made material events, the Company has established the Information System Sustainable Operation policy.

(3) Practical Management Measures and Resources Invested in Information Security Management

Item	Practical Management Measures
Firewall Protection	<ul style="list-style-type: none"> ● Setting connection regulations for firewall settings. ● Opening additional access application for special connection needs.
Web User Control and Management Mechanism	<ul style="list-style-type: none"> ● Adopting automatic webpage protection system to control and manage users' online behavior. ● Automatically filtering webpages that might contain Trojan horses, ransom viruses, or malware programs for users.
Antivirus Software	<ul style="list-style-type: none"> ● Using enterprise-level antivirus software and automatically upgrading virus patterns to reduce the possibility of virus infection.
Operating System Upgrade	<ul style="list-style-type: none"> ● Automatically upgrading the operating system. The Information Department will help upgrade for those who do not do so in time.
Mail Security Control	<ul style="list-style-type: none"> ● Automatic email scanning protection for threats is aimed to prevent unsafe attachments, phishing emails, and spam and to expand the protection range of malware links before the users receive the emails. ● The antivirus software scans for unsafe attachments even after personal computer receives the email.
Data Back-up Mechanism	<ul style="list-style-type: none"> ● The critical information system database conducts daily back-ups. ● Conducting offsite backup mechanism at several sites.
Credential Data Authority Control	<ul style="list-style-type: none"> ● Critical files of different departments are saved at internal network storage equipment and folder authority control is conducted according to department staff authority to avoid sharing folders and credential data breaches.
System Restoration Plan Procedure	<ul style="list-style-type: none"> ● System restoration from critical events: The IT Management Department and computer suppliers can sign the system restoration from critical events agreement, which shall include the effective period, applicable maintenance time period, and clauses specifying that the suppliers shall provide spare equipment when the maintenance fails to be completed within an acceptable time period. ● Identifying the system failure is due to hardware or software issues. If it's due to hardware issues, responsible personnel shall contact the supplier for the inspection and repair as well as the test and acceptance after system restoration. If it's due to the software, relevant units shall be contacted to identify the causes and it shall be investigated whether the issue was due to human error. Responsible personnel shall contact the supplier or IT Management Department for the reinstallation. ● Testing the availability of the redundant devices from time to time

Item	Practical Management Measures
Cyber Security Insurance	<ul style="list-style-type: none"> ● After assessing the coverage and applicable industries of cybersecurity insurance on the market, our company has decided not to purchase cybersecurity insurance for the time being. However, in response to the challenges posed by information security, we have implemented relevant hardware and software, such as firewalls, antivirus programs, and intrusion prevention systems. We continue to monitor trends in the information security environment and strengthen our employees' awareness of cybersecurity crises, as well as the response capabilities of our cybersecurity personnel.

- (4) The impact of historically severe information security events and countermeasures
 In 2024 and as of the date of this Annual Report, KMC has not suffered any losses due to material information security incidents.

7. Important Contracts
 None

V. Financial Information

1. Most Recent of consolidated and individual Financial Report please refer the website:

(1) Official website: <http://www.kmc-international.com/index/Financial-Statement>

(2) MOPS: <https://emops.twse.com.tw/>

VI. Review and Analysis of Financial Position and Financial Performance, and Risk Assessment

1. Financial Status

Unit: NT\$ thousand

Item \ Year	2023	2023	Difference	
			Amount	%
Current Assets	6,257,379	5,979,203	278,176	4.7%
Property, Plant and Equipment	3,496,597	3,414,642	81,955	2.4%
Goodwill	1,341,078	1,339,745	1,333	0.1%
Total Assets	13,234,912	12,061,719	1,173,193	9.7%
Current Liabilities	3,086,384	2,395,071	691,313	28.9%
Non-current Liabilities	1,826,470	2,026,922	(200,452)	-9.9%
Total Liabilities	4,912,854	4,421,993	490,861	11.1%
Share Capital	1,260,008	1,260,000	8	0.0%
Retained Earnings	5,760,623	5,358,529	402,094	7.5%
Total Equity	8,322,058	7,639,726	682,332	8.9%
Analysis of deviation over 20% and the indicated amount exceeds NTD 10 million :				
Current Liabilities : The main reason is that decrease in short term borrowings.				

2. Financial Performance

Unit: NT\$ thousand

Item	Year		Difference	%
	2023	2023		
Net Revenue	4,959,816	4,730,461	229,355	4.8%
Cost of good sold	2,886,557	2,889,384	2,827	0.1%
Gross profit	2,073,259	1,841,077	232,182	12.6%
Operating Expenses	991,242	910,269	80,973	8.9%
Income from Operations	1,078,643	929,670	148,973	16.0%
Non-operating Income and Expenses	117,366	89,336	28,030	31.4%
Income before Income Tax	1,196,009	1,019,006	177,003	17.4%
Income Tax Expenses	279,501	277,244	2,257	0.8%
Net Income	916,508	741,762	174,746	23.6%
Analysis of deviation over 20% and the indicated amount exceeds NTD 10 million :				
(1) Net profit after tax: The primary reason is the increase in operating revenue due to adjustments in the product mix sales and differences in non-operating income and expenses.				
(2) Non-operating income and expenses: The main reason is the difference in foreign exchange gains and losses resulting from fluctuations in exchange rates between the two years.				

A. Sales Volume Forecast and Related Information:

The main business of KMC doesn't have any significant change and the market is also mature and tends to grow steadily. Therefore, it is expected that the sales revenue and the revenue growth rate will rise steadily.

B. Possible impact to the company's financials and operations as well as related response plans:

The above deviations had no major impact on KMC's financial performance and it is expected that the operation of KMC will remain stable. Hence, there is no significant uncertainties of KMC's financials and operations in the future.

3. Cash Flow

(1) Analysis of Cash Flow

Unit: NT\$ thousand

Cash Balance 12/31/2023	Net Cash Provided by Operating Activities in 2024	Net Cash Used in Investing and Financing Activities in 2024	Effect of Exchange Rate Changes on Cash and Cash Equivalents in 2024	Cash Balance 12/31/2024	Remedy for Liquidity Shortfall	
					Investment Plan	Financing Plan
3,988,388 (Note1)	1,314,589	655,488 (Note2)	148,865	4,796,354	-	-

1. Operating activities: Net cash inflows NT\$ 1,314,589 thousand, mainly because net cash inflows from operation and the collection of account receivables is going without a hitch.
2. Investing activities: Net cash outflows NT\$ 280,473 thousand, and it is primary for capital expenditures.
3. Financing activities: Net cash outflows NT\$ 375,015 thousand, and it is primary for cash dividend payment and repayment of bank loans.
4. The supplementary countermeasures of cash shortage: N/A.

Note1: Total cash include cash and Financial assets at amortized cost – current.

Note2: Net Cash Used in Investing and Financing Activities in 2023 exclude Financial assets at amortized cost – current.

(2) Cash flow analysis for the past two fiscal years and the corrective measure to be taken in response to illiquidity:

Item \ Year	2024	2023	Difference (%)
Cash flow ratio (%)	42.6	45.4	-6.2
Cash Flow Adequacy Ratio (%)	131	126	4.0
Cash reinvestment ratio (%)	10	1.0	900

A. Analysis of change in variance:

Cash flow ratio and Cash reinvestment ratio : The Company's operating performance has increased, and the cash inflow has also increased. Therefore, our cash flow ratio and Cash reinvestment ratio were lower than 2023.

B. The corrective measure to be taken in response to illiquidity: Not applicable.

(3) Cash Flow Projection for Next Year:

Unit: NT\$ thousand

Cash Balance 12/31/2024	Net Cash Provided by Operating Activities in 2025	Net Cash Used in Investing and Financing Activities in 2025	Cash Balance 12/31/2025	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
4,796,354 (Note)	1,100,000	1,000,000	4,896,354	N/A	N/A

A. Estimated cash balance for the coming year: NT\$ 4,896,354 thousand

B. Estimated remedy for cash deficit and liquidity analysis: N/A.

Note: Total cash include cash and Financial assets at amortized cost – current.

4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year:

The company didn't have major capital expenditures during the most recent fiscal year.

5. Long-term Investment Policy and Results

(1) Investment policy in the last fiscal year, the main reason for profits or losses, the improvement plan

NT\$ thousand

Subsidiaries	Net Income(loss) of Subsidiaries	Investment Policy	main reason for profits or losses	Improvement plan
KMC CHAIN INDUSTRIAL CO.,LTD	458,421	Manufacturing and selling various chains and components of bicycle.	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
PRO (TAIWAN) PROCUREMENT CO., LTD	2,810	Selling various bicycle components	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
K.M.C. Automobile Transmission Co., Ltd	49,294	Manufacturing and selling various chains and components of vehicle.	Operation of vehicle component grew steadily	N/A
Kynamic Inc	(8,122)	Selling various bicycle components	The Company is in the startup phase and does not yet have profit.	N/A
KMC Industries (Vietnam) Company Limited	(10,244)	Selling various chains and components of motorcycle	The indicated amount is not significant, so detailed analysis is not required.	N/A
KMC Global GmbH	(3,371)	Selling various components of bicycle other than bicycle chains	The Company is in the startup phase and does not yet have profit.	N/A
KMC(B.V.I.) Holding Co., Ltd.	21,742	Investing activities	The subsidiaries make profits.	N/A
KMC CHAIN (VIETNAM) CO., LTD.	17,508	Manufacturing and selling various chains and components of motorcycle.	Operation of motorcycle component grew steadily	N/A
K.M.C. CHAIN EUROPE N.V.	9,337	Selling various bicycle chains and components	The indicated amount is not significant, so detailed analysis is not required.	N/A
KME B.V.	896	Self-owned real estate and factory leasing	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
KMC CHAIN AMERICAN CORPORATION	(5,438)	Selling various bicycle chains and components	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
Kynamic Europe B.V.	(1,694)	Selling various components of e-bike and also to provide e-bike after-sales service.	The indicated amount is not significant, so detailed analysis is not required.	N/A

Subsidiaries	Net Income(loss) of Subsidiaries	Investment Policy	main reason for profits or losses	Improvement plan
PT Kuei Meng Chain Indonesia	(5,294)	Selling various motorcycle chains and components	The indicated amount is not significant, so detailed analysis is not required.	N/A
KMC Investment (China) Co., Ltd	492,698	Investing activities and selling various chains and components of bicycle.	The subsidiaries make profits.	N/A
KMC Transmission (Tianjin) Co., Ltd	53,184	Manufacturing and selling various chains and components of bicycle.	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
KMC Chain (Shenzhen) Co., Ltd.	65,749	Manufacturing and selling various chains and components of bicycle.	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
KMC TRANSMISSION (SUZHOU) CO., LTD.	67,652	Manufacturing and selling various chains and components of bicycle.	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
KMC Automotive Transmission Co., Ltd.	14,136	Manufacturing and selling various chains and components of vehicle.	Operation of vehicle component grew steadily	N/A
KMC Transton Company Limited.	27,735	Manufacturing and selling various chains and components of garage door opener.	Operation of door opener component grew steadily	N/A
Shenzhen Kmc Industrial Co., Ltd.	17,023	Manufacturing, selling various chains and components of door opener.	Operation of door opener component grew steadily	N/A
Taichang Tec International Trading Co., Ltd.	11,254	Selling various bicycle chains and components	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
Suzhou Kmc Industry and Trade Co., Ltd.	179,104	Selling various bicycle chains and components	The decline in profits were subject to inventory adjustments between industry production and sales but the bicycle market's operations have grown steadily.	N/A
Suzhou Maya Trading Co., Ltd.	(2,796)	Selling various bicycle chains and components	The indicated amount is not significant, so detailed analysis is not required.	N/A
KMC International Trading (Taicang) Co., Ltd.	2,410	Selling various chains and components	Operation of motorcycle component grew steadily	N/A

Subsidiaries	Net Income(loss) of Subsidiaries	Investment Policy	main reason for profits or losses	Improvement plan
KMC (Suzhou) Automotive Transmission Co., Ltd.	16,277	Manufacturing and selling various chains and components of vehicle.	The indicated amount is not significant, so detailed analysis is not required.	N/A

(2) Investment plan for next year

The company will follow the Group's development strategy and market conditions to determine the investment plan. At the same time, the management has established a future development strategy. Base on the current technology and products, the Company will continue to expand the components of the motorcycle transmission, automotive transmission and garage door opener. Besides, the Company will also continue to deepen its cultivation in the bicycle industry and expand its business scope.

6. Risk analysis and assessment

- A. The effect of fluctuation of interest rate and exchange rate and inflation on the income status of the Company, and the responses:

Unit: NT\$ in thousand

	2023		2024	
	Amount	Percentage for Net profit before tax	Amount	Percentage for Net profit before tax
Interest expense	42,192	4.10%	53,574	4.48%
Exchange gain (loss)	(734)	(0.07%)	22,005	1.84%

1. Interest rate fluctuation:

- (1) The effect to the company's profit and loss: Because of the operation expansion and increase in capital expenditure, the interest expense account to 4.48% of income before tax in 2024.
- (2) The countermeasure in the future: If there is an increase in interest expenses due to the requirement of bank loans for business in the future, the effect of interest rate changes on the company's profit and loss will increase. The company will also pay attention to changes in interest rates and take necessary measures to reduce the impact of interest rates on the company's profit or loss.

2. Exchange rate fluctuation:

- (1) The impact on the company's profit and loss: The principle of the company's foreign currency exchange is the natural hedge. The exchange loss in the year 2024 is because of the fluctuations in foreign currency assets held.
- (2) Future countermeasures: Collect exchange rate changes information at any time and keep a close connection with financial institutions to understand the movement of the exchange rate and take appropriate hedging measures. Also, KMC uses foreign currency derivative contracts for hedging, such as currency forwards or export loans, to protect against currency exchange rate risks associated with certain forecasted transactions.

3. Inflation:

- (1) The impact on the company's profit and loss: As of the date of the annual report published, there no significant effect on the company's profit and loss because of the inflation.
- (2) Future countermeasures: The company pays close attention to changes in the relevant economic environment and changes in market conditions in order to avoid the adverse impact of inflation on the company's profit or loss.

- B. The policy of engagements in high risk and high leverage investment, financing a third party, endorsement and guarantee in favor of a third party, and derivative trade, the main reason for profits or losses, and the responses in the future:

- a. The company did not engage in transactions such as high-risk and highly leveraged investments in the most recent year; besides, the fund loan to others and endorsement guarantees were based on the company's and subsidiary's internal control policy and relevant regulations.
- b. The currency forwards transactions engaged in by KMC are mainly for hedging purposes so as to protect against currency exchange rate risks associated with operations and fund management. All derivative financial transactions entered in 2022 by KMC were strictly for hedging and not for speculative purposes. Also, the currency possessed should be in line with the actual foreign currency demand for import and export transactions. Moreover, all the derivative transactions should follow the company's regulations stated in the "Operating Procedures of Acquisition or Disposal of Asset". The relative calculations of the fair value are provided based on the assessment done by the banks.

C. R&D plan in the future and estimated expenses of R&D:

Having set itself the goal of becoming “The Most Valuable Chain Brand”, KMC consistently invests in product design and innovation to provide its corporate customers and end users with bicycle chain products of the finest quality and best compatibility with conventional transmission systems.

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 so as to enhance the riding experience and fun. In line with this trend, KMC has also begun to develop new products and will integrate its own accumulated capabilities in materials, tooling and manufacturing processes to launch new generation chain product series. KMC has elevated the drivetrain system paradigm through the introduction of the “KMC DRIVETRAIN EXPERT” concept—an integrated drivetrain solution comprising chain, chainring, and cassette components. These elements are meticulously designed and engineered to work in harmony, reducing wear and enhancing overall durability. With high compatibility across diverse riding conditions, this system meets the performance needs of a wide range of users. In the area of environmentally conscious product development, KMC introduced the GO Series waxed chains, formulated with 100% biodegradable natural wax. These chains offer water resistance, anti-stick properties, and abrasion protection, which collectively help reduce drivetrain friction and wear, simplify maintenance, and extend the lifespan of drivetrain systems. Additionally, the newly launched HL1B chain focuses on maximum strength and durability. Designed without increasing weight, it achieves a tensile strength of 1,350 kgf and features enhanced roller construction and broad compatibility. It is particularly well-suited for high-load applications such as BMX bikes and E-Cargo.

The R&D expenses are expected to be at least 0.5% of the consolidated revenue in the future.

- D. The effect of national and international changes in vital policies and legal environment on the financial and business operation of the Company, and the responses to such changes:
The company complies with national policies and decrees, and financial and legal units can adequately follow the significant policy and legal changes, and make the adjustment in the company's internal systems and business activities to ensure that the company operates smoothly.
- E. The effect of technological and industrial change on the financial position and operation of the Company, and the responses to the change:
The company pays attention to the evolution of the technology of the transmission industry at any time and proceeds to assess and R&D to meet the market trend. No significant technological change leads to a substantial impact on the company's financial business in the recent year.
- F. The effect of corporate image on crisis management and the responses to the crisis:
The company always pays attention to corporate image and actively participates in public charity activities to meet its responsibilities as a member of the society.
- G. Expected result and possible risks deriving from mergers and acquisitions, and the responses:
None.
- H. Expected result and possible risks deriving from plant expansion, and the responses:
None.

I. The risk deriving from concentration of purchase or sales, and the responses:

a. Main Vendors

Unit: NT\$ in thousand

item	2023				2024			
	Vendor	Amount	Percentage of total net purchases%	Relationship	Vendor	Amount	Percentage of total net purchases%	Relationship
1	ANSTEEL	253,410	24.9%	None	ANSTEEL	307,402	26.1%	None
2	Others	764,510	75.1%		Others	872,751	73.9%	
	Total net purchase	1,017,920	100.0%		Total net purchase	1,180,153	100.0%	

Note: The company also embarked on the development of other raw material suppliers to reduce the risk of concentration of vendors.

b. Main customers

Unit: NT\$ in thousand

Item	2023				2024			
	Customer	Amount	Percentage of total net sales %	Relationship	Customer	Amount	Percentage of total net sales%	Relationship
1	Note				Note			
2	Others	4,730,461	100%		Others	4,959,816	100%	
	Total net sales	4,730,461	100%		Total net sales	4,959,816	100%	

Note: No customers with sales amount exceeding 10% of total net sales.

- J. Effect upon and risk to the company in the event a major quantity of shares belonging to a director or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: In 2022 and as of the date of publication of the annual report, there was no major quantity of shares being transferred or changed hands.
- K. Effect upon and risk to the company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: There was no any change in governance personnel or top management in 2022 and as of the date of publication of the annual report
- L. Major law suits, non-contentious matters, or administrative actions involving the directors general manager, owners, shareholders that hold more than 10% of the equity shares, with sentence or pending on court decision, the result of which may significantly affect the shareholders' equity or stock price of the Company, the action taken in response to the aforementioned disputes, the target amount involved, the date on which the law suit started, the parties concerned, and the status as of the day this report was printed: None
- M. Other Material Risks
Information security risk assessment and analysis:

In order to implement information security management and regulations, the company has not only stipulated internal control regulations for computer and information operations but also formed the Information Integration Department to reinforce the company's maintenance and management concerning information security. Moreover, we regularly strengthen our employees' information security awareness to minimize the risk and impact of information security-related problems. The following measures have been implemented with an emphasis on the risk assessment of information system-related disasters:

1. File and information equipment safety and control:
 - (a) Increasing backup storage media: Virtual tape library (VTL) and Network Attached Storage (NAS) devices.
 - (b) The Information Integration Department regularly backs up important system files, programs, and data daily, while backup records are kept for future reference.
 - (c) The remote backup mechanism is adopted, and the media storage environment must comply with ISO27001 data center security standards. Furthermore, the backup records are stored in VTL and NAS systems.
 - (d) Access control is applied to various storage media and no external connections are permitted.
 - (e) The usability of various backup equipment is tested from time to time.
2. Intrusion and virus detection/protection:
 - (a) The Information Integration Department utilizes corporate anti-virus software, and the latest virus database and anti-virus software component are downloaded daily. After updating and testing the anti-virus software of the main system, the update will be delivered to various computers according to schedule.
 - (b) When external data storage media and personal computer assets are brought into the company, an application must be submitted to the Information Integration Department and a virus scan must be executed. Endpoint protection will detect whether the external storage media is accessing the company's information equipment.
 - (c) Corporate firewall and information security analysis systems are established to effectively block packets of unknown origin from attacking the connection and network service. Additionally, it can automatically screen and prevent the transmission of viruses.
 - (d) Install an enterprise-level anti-spam system to block the spam and virus emails as well as automatically filtering and blocking the delivery of suspicious emails.
3. Information security check and control:
 - (a) When network packets are transmitted or received through the Internet, email, and communication software, the company's firewall, corporate anti-virus software and anti-spam system will conduct a scan to prevent the attack of hackers or computer viruses.
 - (b) Reinforcing information security-related education and training among employees, reminding them to beware of emails, verify the authenticity of their source, and never click on the attached files or links contained within an email of unknown origin to prevent installing backdoors unawares. Users should avoid receiving or downloading emails or software that are not related to the company's business via the company's network to prevent taking up network resources and increasing the chance of virus infection.
 - (c) Without authorization from a superior, the company's employees are prohibited to send company-related information externally via the Internet, email, or communication software.
7. Other important notice: None.

VII. Special Notes

- (1) Subsidiaries information and Business Scop of Subsidiaries refer the website:
Official website: <http://www.kmc-international.com/>
- (2) Shareholders in Common of KMC and Its Subsidiaries with Deemed Control and Subordination: None.
- (3) Private placement securities in 2024 and as of the date of this annual report refer the Official website:
MOPS: <https://emops.twse.com.tw/>

VIII. Other Disclosed Matters

1. Situations might materially affect shareholders' equity or the price of Company's securities set forth in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act during the most recent fiscal year and up to the date of publication of the annual report:
None.
2. Internal control system statements for each year, audit committee review reports for each year's financial reports, and the most recent consolidated and individual financial reports refer the website:
MOPS: <https://emops.twse.com.tw/>

KMC (Kuei Meng) International Inc.

Chairman: Wu, Ying-Chin

