Ticker Number：5306

KMC(Kuei Meng) International Inc.
2026 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA

(Translation)

May 29, 2026

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I. Call Meeting to Order

II. Meeting Agenda

KMC (Kuei Meng) International Inc.
2026 Annual Shareholders' Meeting
Meeting Agenda
(Translation)

Time: 10:00 a.m., May 29st, 2026

Place: FUSHIN Hotel (Address: No. 336, Chenggong Rd., North Dist., Tainan City, Taiwan.)

Type of Meeting: Physical Shareholders' Meeting

I. Chairman's Address

II. Report Items:
   1. Report on 2025 Directors' and Employees' Compensation.
   2. To report the business of 2025.
   3. To report 2025 distribution of cash dividends.
   4. Audit Committee's review report.

III. Proposal Items:
   1. Adoption of the 2025 Annual Business Report and Financial Statements.
   2. Adoption of the 2025 Earnings Distribution.

IV. Discussion Items:
   1. Amendment to the Operating procedures for Acquisition and Disposal of Assets.

V. Election Matters:
   Re-election of directors, including independent directors.

VI. Other Matters
   Proposals to release the new board of directors and representatives from the non-competition restrictions.

VII. Extemporary Motions

VIII. Meeting Adjourned

I. Chairman's Address

II. Report Items

1. Report on 2025 Directors' and Employees' Compensation.

Explanation:

(1) The Board of Directors approved 2025 directors' and employees' compensation on March 12th, 2026. The directors' and employees' compensation are to be distributed in cash.

(2) 2025 directors' compensation is NT$8,400,000, for information on the remuneration received by directors, including the remuneration policy, content and amount of individual remuneration is attached hereto as Attachment I (page 8). 2025 employees' compensation is NT$7,500,000.

2. To report the business of 2025.

Explanation: The 2025 Business Report is attached hereto as Attachment II (page 9-13).

3. To report 2025 distribution of cash dividends.

Explanation:

KMC's Articles of Incorporation authorize the Board of Directors to approve quarterly cash dividends. The amounts and payment dates of 2025 quarterly cash dividends are demonstrated in the table below:

2025	Approval Date (month/day/year)	Payment Date (month/day/year)	Cash Dividends Per Share (NT$)	Total Amount (NT$)
First quarter	05/12/2025	10/15/2025	1.0149	127,877,000
Second quarter	08/12/2025	01/16/2026	0.8618	108,590,000
Third quarter	11/12/2025	04/17/2026	1.0341 (Note 1)	130,298,000
Fourth quarter	03/12/2026	07/25/2026	0.8349 (Note 1)	105,193,000

Note 1: The cash dividend per share was adjusted, as authorized by the Board of Directors, based on the number of actual common shares outstanding on the record date for dividend payment.

4. Audit Committee's review report.

Explanation: The Audit Committee's review report is attached hereto as Attachment III (page 14).

III. Proposal Items

1. Proposal: Adoption of the 2025 Annual Business Report and Financial Statements. (Proposed by the Board)

   Explanation:

   (1) KMC's 2025 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Mr. Liao, Hing-Ju and Ms. Li, Chi-Chen of Deloitte & Touche.

   (2) The 2025 Annual Business Report, Independent Auditors' Report and the aforementioned Financial Statements were reviewed by Audit Committee.

   (3) Please refer to Attachment II, III and IV (page 9-13, 14, 15-34).

   Resolution:

2. Proposal: Adoption of the 2025 Earnings Distribution. (Proposed by the Board)

   Explanation:

   (1) The Board has adopted the 2025 earnings distribution in accordance with the Company Act and Articles of Incorporation. Please refer to Attachment V (page 35).

   (2) The 2025 Earnings Distribution Table was reviewed by Audit Committee.

   Resolution:

IV. Discussion Items

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

   Explanation:

   (1) In order to comply with the publications of the Financial Supervisory Commission Jing-Guang-Zheng-Fa-Zi No. 1140383333 on July 24, 2025 needs, the company amended the Operating Procedures for Acquisition and Disposal of Assets.

   (2) Please refer to Attachment VII for a comparison of the contents before and after amendment (page 40-42).

   Resolution:

V. Election Matters

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

Explanation:

(1) The tenure of the 13th-term Board of Directors will expire on May 30, 2026. Seven directors (including three independent directors) will be elected at this annual general shareholders’ meeting.

(2) The Company shall have seven Board of Director members (including three independent directors) in accordance with the Articles of Incorporation. The tenure of new directors will be three years, starting from May 29, 2026 and will expire on May 28, 2029.

(3) According to Incorporation Act.12-1, the election of Directors shall be conducted using the candidate nomination system. The shareholders shall elect directors from among those listed in the slate of director candidates, and the independent directors and non-independent directors shall be elected at the same time, but in separately calculated numbers. The list and the relative information of candidates nominated to be Directors are followed, please refer to the Attachment VI (page 36-39).

Resolution:

VI. Other Matters

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

Explanation:

(1) According to Article 209 of the Company Act , a director who conducts business within the business scope of the Company for himself or others shall explain at the shareholders’ meeting the essential contents of such conduct and obtain the shareholders’ approval.

(2) Proposal to approve the lifting of non-competition restrictions on Directors and their representatives elected at the 2025 Annual General Shareholders’ Meeting concurrently work for other companies, without prejudice to the interests of the Company.

(3) Please refer to Attachment VI (page 36-39) for the concurrent positions of directors elected by the shareholders' meeting.

Resolution:

VII. Extemporary Motion

VIII. Meeting Adjourned

III. Attachment

Attachment I Remuneration paid to directors and independent directors

December 31st, 2025; in NT$ thousands

Title	Name	Directors Remuneration								Total Amount of A, B, C, and D to Net Income		Remuneration Received as Employee								Total Amount of 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 Consoli dated entities	KMC	All Consoli dated entities	KMC	All Consoli dated entities	KMC	All Consoli dated entities	KMC	All Consoli dated entities	KMC	All Consoli dated entities	KMC	All Consoli dated entities	KMC		All Consoli dated entities		KMC	All Consoli dated entities	
																Cash	Stock	Cash	Stock			
Chairman	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin (note4)	600	1,200	0	0	0	0	0	0	600	1,200	0	3,761	0	54	0	0	0	0	600	5,015	None
Director	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang (note4)	600	1,200	0	0	0	0	0	0	600	1,200	3,717	3,717	0	0	0	0	0	0	4,317	4,917	None
Legal Director	KMC TRANSTON INDUSTRIES LIMITED	0	0	0	0	8,400	8,400	0	0	8,400	8,400	0	0	0	0	0	0	0	0	8,400	8,400	None
Director	Kao, Ting-Nan	600	600	0	0	0	0	0	0	600	600	0	0	0	0	0	0	0	0	600	600	None
Director	Hsu, Yang-Kang	600	600	0	0	0	0	0	0	600	600	0	0	0	0	0	0	0	0	600	600	None
Independent Director	Tsai, Hsueh-Ling	600	600	0	0	0	0	36	36	636	636	0	0	0	0	0	0	0	0	636	636	None
Independent Director	Peng, Yu-Min	600	600	0	0	0	0	36	36	636	636	0	0	0	0	0	0	0	0	636	636	None
Independent Director	Chang, Chia-Ming	600	600	0	0	0	0	36	36	636	636	0	0	0	0	0	0	0	0	636	636	None

Note：

1. 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.
2. 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 consultansts, stc.) in the most recent year: None.
3. The proportion of directors' remuneration (including related remuneration for part-time employees) paid by all consolidated entities in the financial report in 2025 to the net profit was 1.7% and 2.22% respectively.
4. The Directors Remuneration of company all paid to the Corporate Director, KMC TRANSTON INDUSTRIES LIMITED. The total Remuneration for the Representative also disclosed in total amount.

Attachment II

Attachment II 2025 Business Report

KMC (Kuei Meng) International Inc.
2025 Business Report

Dear Shareholders,

In 2025, the global bicycle industry saw the pressures of inventory liquidation and demand volatility gradually subside compared to the preceding two years. As the supply-demand balance stabilizes, the broader industry remains in a phase of post-adjustment recovery. The industry’s trajectory is evolving from a volume-driven growth model toward a phase of qualitative advancement, with an increasing emphasis on product value, technological sophistication, and supply chain resilience.

Driven by global green energy initiatives, the rise in urban micro-mobility, and a sustained consumer focus on health and sustainability, the market remains resilient. Specifically, electric bicycles, high-end segments, and the aftermarket continue to show strong fundamental support. However, with the overall economic environment still affected by factors such as high interest rates, inflation, and geopolitical concerns, the recovery of market demand requires continued observation.

Against this backdrop, the Company continues to maintain a prudent management strategy, focusing on high value-added products and long-term competitiveness. Through product structure upgrades, flexible capacity adjustments, and supply chain optimization, the Company steadily navigates industry changes, strengthening overall operational quality and risk resilience.

In a year full of challenges, with joint efforts of all KMC colleagues, the 2025 consolidated revenue reached NT$4.68 billion, the gross profit was NT$2.07 billion; a gross profit margin of 45%; the net income was NT$0.96 billion, and EPS was NT$7.66.

I. Business results of 2025:

1. The implementation results of business plan:

Following a two-year adjustment period, the Company continues to refine its operational management, maintaining disciplined control over production volumes and inventory levels. Simultaneously, the Company is optimizing its product mix to enhance the overall profitability profile. As inventory levels across major markets revert to healthy levels and demand for high-end segments and the aftermarket gains traction, the Company's overall operational momentum and key performance indicators (KPIs) have begun to stabilize. For the 2025 fiscal year, the Company reported consolidated revenue of NT$4.678 billion, with consolidated gross profit reaching NT$2.069 billion. Consolidated net income after tax stood at NT$965 million, resulting in basic earnings per share (EPS) of NT$7.66. Total equity reached NT$8.886 billion, representing a year-over-year increase of NT$564 million. Meanwhile, the Company's cash position strengthened to NT$5.372 billion, up NT$576 million from the previous year.

The Assets , Liabilities, Equity and Cash flow of FY25

Unit: NT$ thousands

Item	FY25	FY24	Changed
Total Assets	13,848,112	13,234,912	613,200
Total liabilities	4,961,610	4,912,854	48,756
Total Equity	8,886,502	8,322,058	564,444
Cash flows from operating activities	1,163,984	1,314,589	-150,605
Cash outflows from investing activities	638,932	2,102,262	-1,463,330
Cash outflows from finance activities	684,084	375,015	309,069
Total cash(note)	5,372,088	4,796,354	575,734

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

Profitability analysis:

Unit: NT$ thousands

Item	FY25	FY24	The percentage changed
Revenue	4,677,894	4,959,816	-5.68%
Gross profit	2,068,799	2,073,259	0.22%
Operating profit	1,024,124	1,078,643	-5.05%
Net profit	964,950	916,508	5.29%
Gross margin	44.2%	41.8%	
Operating margin	21.9%	21.7%	
Net margin	20.6%	18.5%	
Basic EPS in NT$	7.66	7.27	

2. Research and Development Status:

Adhering to the R&D strategy of "focusing on core technology and continuous innovation," KMC has maintained a long-term commitment to advancing product development and technical sophistication across both its bicycle and non-cycling component portfolios. Beyond prioritizing product performance and durability, the R&D roadmap integrates system-level requirements, cross-industry applications, and sustainable design principles. In terms of bicycle components, efforts are continuously made to advance drivetrain technologies to meet the efficiency, reliability, and longevity requirements of high-end models and electric bicycles. Simultaneously, KMC is leveraging its non-cycling expertise to penetrate new markets, effectively diversifying the Company's portfolio and mitigating exposure to cyclical industry volatility. Through stable R&D investment, the Company continues to consolidate its technological image in the professional market.

In 2025, the R&D efforts of KMC on bike components are summarized as follows:

A. KMC continues to enhance the development technology of high-end bicycle drivetrain systems, targeting the performance demands of time trials and triathlons. This focus has culminated in the development of the TT Racing Chain, a specialized solution tailored for the most competitive racing environments. By optimizing material compositions and integrating precision processes including precision forging and proprietary heat treatment, the metal structure of the chain plates has been improved. This allows the chain to deliver superior rigidity and durability while maximizing power transfer efficiency. Its high-precision forming design effectively reduces component wear resistance, demonstrating stable and efficient pedaling output in various riding scenarios such as starting, accelerating, and high-speed cruising. The TT Racing Chain is positioned as a high-performance product in the high-end competition market.

B. Leveraging its deep expertise in high-end drivetrain engineering, KMC has launched the XFlat Chain, a specialized solution engineered to tackle the unique demands of 12-speed and 13-speed systems. Engineered for precise shifting and stability, the chain features stringent tolerances for pitch and plate thickness. The optimized chamfered edges and lead-in angles on both inner and outer plates ensure rapid, seamless gear transitions, significantly minimizing the risk of chain skipping and mechanical noise. With a high-wear-resistant surface treatment, it can maintain low-friction operation even under high loads. The flat top outer plate structure of the XFlat series enhances lateral rigidity for more direct and stable power transfer. Meanwhile, the lightweight X12L and XSL Flat variants further reduce mass without compromising structural integrity, catering to the ultimate performance requirements of competitive and high-end cyclists.

C. Driven by a commitment to sustainability, KMC has developed GO CHAIN WAX, a new wax-based lubrication technology designed to provide the drivetrain with optimal cleanliness and ultra-low friction protection. The product uses a 100% biodegradable natural wax formula with strong penetration capabilities. Once dry, it forms a micron-level tough protective film inside the chain, effectively preventing the accumulation of dust and dirt. Leveraging GO WAXED pretreatment technology, each chain undergoes a factory-applied deep-immersion waxing process. This provides riders with an exceptionally smooth pedaling sensation from day one, eliminating the need for tedious degreasing. This not only enhances power efficiency but also significantly extends the lifespan of components, building an efficient and environmentally friendly "green transmission ecosystem.”

II. Summary of 2026 Business Plan:

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

Facing the uncertain global economic and industrial environment in 2025, KMC continues to maintain a prudent management strategy. By maintaining strategic agility across production and sales cycles, the Company remains focused on achieving sustainable, long-term growth at scale. Operational priorities are centered on increasing the share of high-value products, bolstering market presence within the aftermarket and professional segments, and deepening strategic alignment with long-term partners. In the bicycle components business, strategic focus remains on optimizing the bike chain portfolio and advancing R&D for products compatible with next-generation electrification and smart-tech systems. Regarding non-cycling components, operational efforts center on supply stability and technical deepening to reinforce competitiveness within established markets.

The market demand for bicycle, motorcycle, automobile, and garage door opener businesses managed by KMC is fundamentally stable. However, actual sales performance will still be adjusted according to global economic conditions, changes in industry prosperity, market supply and demand structure, and business development capabilities. Consequently, the Company maintains active dynamic management and rigorous production-sales planning to facilitate ongoing strategic adjustments.

2. Sales volume forecast and the accordance of fact

KMC aims to become a globally competitive brand in transmission systems and chains as its long-term development goal. Guided by principles of stable operation, future initiatives will prioritize product value enhancement, the expansion of application domains, and the optimization of operational efficiency to successfully navigate evolving industrial structures and competitive landscapes.

III. Company's development strategy in the future:

Given the persistent uncertainties in tariff and trade policies, notably the ongoing U.S. adjustments to import duties on steel, aluminum, and select cycling components, the global supply chain and cost structures face significant pressure. To mitigate these impacts, KMC’s global strategy centers on accelerating market diversification and enhancing supply chain resilience.

Regarding market positioning, the Company continues to deepen its presence across emerging markets in Europe and Asia, as well as other diversified regions, to minimize geographic dependency. In supply chain management, KMC will continue to strengthen the coordinated operations and division efficiency of its global production bases. In response to changes in regional market demand, customer order conditions, and the overall business environment, the Company will flexibly adjust capacity allocation, production scheduling, and shipment arrangements to enhance the flexibility and efficiency of its supply system. Meanwhile, the Company will continue to optimize procurement management, inventory levels, and logistics distribution mechanisms to improve delivery stability and service quality, mitigate the impact of external environmental changes on operations, and further reinforce overall supply chain resilience and competitive advantages in the market.

In terms of product strategy, while continuing to strengthen its position in the bicycle drivetrain market, KMC remains focused on developing high value-added and high-end components to enhance product technology and added value. The Company will also expand new business product lines, leveraging its core technologies to develop products such as saw chains and transmission chains, thereby broadening application fields and revenue sources. Through brand building and service enhancement, the Company aims to strengthen product differentiation and maintain competitiveness and resilience amid cost fluctuations and changing market conditions.

In addition, KMC will continue to promote process optimization and digital management of operations to enhance organizational efficiency and decision-making timeliness, thereby steadily seizing medium- and long-term development opportunities in the industry.

IV. Macroeconomic, Regulatory, and Operational Influences

The global macroeconomic environment is still affected by factors such as the monetary policies of major countries, geopolitical risks, and inflationary pressures, resulting in uneven recovery rates across regional markets. Concurrently, intensifying regulatory standards for environmental protection, carbon management, and supply chain transparency are fundamentally reshaping the manufacturing sector's operational models and cost structures. KMC remains dedicated to embedding sustainability within the core of its R&D, production, and sales frameworks. By championing green supply chain initiatives aligned with ESG principles, the Company ensures continued compliance with evolving international trends and statutory requirements.

In recent years, issues such as protective tariff measures, human rights regulations, European carbon tax policies, and labor shortages in various countries have continued to pose challenges to global supply chains and the corporate operating environment. In response to industrial policies, environmental protection requirements, and labor standards, governments around the world have successively adjusted relevant regulations and management measures, resulting in varying degrees of impact on corporate supply chain deployment, production costs, raw material procurement, and human resource utilization.KMC remains committed to its prudent management principles and continues to closely monitor international political and economic developments, as well as regulatory trends. The Company will timely adjust capacity allocation and operating strategies, while strengthening supply chain management and risk control capabilities, in order to enhance its overall competitiveness.

Reflecting on the volatile external and macroeconomic shifts of 2025, KMC’s various business units demonstrated operational resilience, successfully converting market challenges into strategic momentum for systemic upgrades. The Company's management team remains committed to prudence and pragmatism, focusing on the continuous refinement of core technologies and the optimization of organizational structures. By maintaining a proactive stance toward future market dynamics, the Company aims to deliver consistent performance and long-term value to shareholders.

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

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

Attachment III

Attachment III Audit Committee’s Review Report

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

The Board of Directors has prepared the Company’s 2025 Business Report, Financial Statements and the proposal of distribution of earnings. The financial statements including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows) and consolidated financial statements. In addition, the board of directors appointed Hing-Ju, Liao and Chi-Chen, Li of Deloitte & Touche to audit KMC’s financial statements and has issued an audit report relating to the financial statements.

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

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

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

The Company’s 2025 Financial Statements, Business Report and the proposal of distribution of earnings which had been resolved by the Board of Directors have been reviewed by the Audit Committee and found that they are in compliance with relevant laws and regulations. According to relevant requirements of the Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law, we hereby submit this report.

KMC(Kuei Meng) International Inc.

Chairman of the Audit Committee

Ms. Chang, Chia-Ming
March 27, 2026

Attachment IV

Attachment IV Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT
(Consolidated Financial Statements)

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

Opinion

We have audited the accompanying consolidated financial statements of KMC (KUEI MENG) International Inc. and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan, the Republic of China (ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2025 is as follows:

<u>Revenue recognition</u>

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

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

1. We understood and tested the operating effectiveness of internal controls and operation procedures in sales and payment collection cycle.

2. We selected a moderate number of samples from sales revenue and inspected delivery documents or documents of customs, and relevant documents of collections to tested the authenticity of the sales.

Other Matter

We have also audited the parent company only financial statements of KMC (KUEI MENG) International Inc. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors’ report are Hing-ju, Liao and Chi-Chen Li.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2026

Notice to Readers

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

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

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,149,128	16	$ 2,253,257	17
Financial assets at fair value through profit or loss-current (Notes 4, 7 and 20)	-	-	100	-
Financial assets at amortized cost - current (Notes 4 and 8)	1,424,560	10	1,781,837	14
Notes receivable (Notes 4, 9 and 28)	40,660	-	65,214	1
Accounts receivable (Notes 4, 9 and 28)	676,508	5	768,589	6
Accounts receivable from related parties (Notes 4, 9, 28 and 34)	43,386	-	59,318	-
Other receivables (Notes 4)	66,276	1	39,139	-
Other receivables from related parties (Notes 34)	19,197	-	10,044	-
Current tax assets (Note 30)	1,867	-	1,197	-
Inventories (Notes 4 and 10)	1,249,066	9	1,108,632	8
Prepayments (Note 12)	115,785	1	116,578	1
Other current assets (Notes 4 and 12)	58,774	-	53,474	-
Total current assets	5,845,207	42	6,257,379	47
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss-non-current (Notes 4 and 8)	1,798,400	13	761,260	6
Investments accounted for using equity method (Notes 4 and 13)	13,093	-	13,980	-
Property, plant and equipment (Notes 4, 14 and 34)	3,561,772	26	3,496,597	26
Right-of-use assets (Notes 4, 15 and 34)	759,764	5	787,622	6
Investment properties (Notes 4 and 16)	86,818	1	191,803	2
Goodwill (Notes 4 and 18)	1,341,237	10	1,341,078	10
Other intangible assets (Notes 4 and 19)	116,244	1	132,977	1
Deferred tax assets (Notes 4 and 30)	209,763	1	148,584	1
Other financial assets - non-current (Note 11)	1,869	-	1,869	-
Other non-current assets (Note 12)	113,945	1	101,763	1
Total non-current assets	8,002,905	58	6,977,533	53
TOTAL	$ 13,848,112	100	$ 13,234,912	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 21)	$ 1,017,028	7	$ 1,405,000	10
Short-term bills payable (Notes 4 and 21)	-	-	99,875	1
Contract liabilities - current (Notes 28)	21,908	-	36,685	-
Notes payable (Note 22)	944	-	944	-
Accounts payable (Note 22)	194,762	2	282,255	2
Accounts payable to related parties (Notes 22 and 34)	25,985	-	29,490	-
Dividends payable (Notes 27)	238,888	2	349,359	3
Other payables (Note 23)	255,274	2	261,186	2
Current tax liabilities (Notes 4 and 30)	347,055	3	107,141	1
Lease liabilities - current (Notes 4, 15 and 34)	2,582	-	4,248	-
Puttable Bonds maturing within one year or one operating cycle (Notes 4 and 21)	985,628	7	-	-
Long-term borrowings due within one year or one operating cycle (Notes 4 and 21)	39,875	-	265,402	2
Other current liabilities (Notes 4, 21 and 25)	2,619	-	244,799	2
Total current liabilities	3,132,548	23	3,086,384	23
NON-CURRENT LIABILITIES				
Bonds Payable (Notes 4 and 20)	-	-	969,153	7
Long-term borrowings (Notes 4 and 21)	1,031,171	8	361,249	3
Provisions - non-current (Note 24)	6,531	-	6,163	-
Deferred tax liabilities (Notes 4 and 30)	434,722	3	440,877	4
Lease liabilities - non-current (Notes 4, 15 and 34)	2,110	-	3,664	-
Deferred revenue - non-current (Notes 4 and 25)	125	-	2,851	-
Net defined benefit liabilities - non-current (Notes 4 and 26)	37,122	-	37,959	-
Other non-current liabilities	317,281	2	4,554	-
Total non-current liabilities	1,829,062	13	1,826,470	14
Total liabilities	4,961,610	36	4,912,854	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)				
Capital stock - common stock	1,260,008	9	1,260,008	9
Capital surplus	1,760,303	13	1,760,303	13
Retained earnings				
Legal reserve	1,339,645	10	1,242,489	9
Special reserve	859,445	6	361,280	3
Unappropriated earnings	4,051,059	29	4,156,854	32
Total retained earnings	6,250,149	45	5,760,623	44
Other equity	(383,928)	(3)	(458,922)	(3)
Total equity attributable to owners of the Company	8,886,532	64	8,322,012	63
	(30)	-	46	-
Total equity	8,886,502	64	8,322,058	63
TOTAL	$ 13,848,112	100	$ 13,234,912	100

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

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 28, 34 and 38)	$ 4,677,894	100	$ 4,959,816	100
OPERATING COSTS (Notes 10 and 29)	2,609,095	56	2,886,557	58
GROSS PROFIT	2,068,799	44	2,073,259	42
OPERATING EXPENSES (Notes 9, 29 and 34)				
Selling and marketing expenses	473,644	10	427,376	9
General and administrative expenses	519,703	11	515,227	10
Research and development expenses	51,489	1	41,686	1
Expected credit loss (gain)	(6,077)	-	6,953	-
Total operating expenses	1,038,759	22	991,242	20
OTHER OPERATING INCOME AND EXPENSES (Notes 29)	(5,916)	-	(3,374)	-
PROFIT FROM OPERATIONS	1,024,124	22	1,078,643	22
NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 13, 25, 29 and 34)				
Interest income	101,519	2	93,576	2
Other income	49,738	1	80,133	1
Other gains and losses	179,208	4	(4,146)	-
Share of profit of associates	352	-	1,377	-
Finance cost	(60,215)	(1)	(53,574)	(1)
Total non-operating income and expenses	270,602	6	117,366	2
PROFIT BEFORE INCOME TAX	1,294,726	28	1,196,009	24
INCOME TAX EXPENSE (Notes 4 and 30)	329,776	7	279,501	6
NET PROFIT	964,950	21	916,508	18
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 26)	929	-	(749)	-
Income tax expense relating to items that will not be reclassified subsequently to profit or loss (Note 30)	(186)	-	150	-
	743	-	(599)	-

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 27)	74,991	1	280,195	6
Other comprehensive income (loss) for the year, net of income tax	74,991	1	280,195	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,040,684	22	$ 1,196,104	24
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 965,023	21	$ 916,561	18
Non-controlling interests	(73)	-	(53)	-
	$ 964,950	21	$ 916,508	18
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,040,760	22	$ 1,196,156	24
Non-controlling interests	(76)	-	(56)	-
	$ 1,040,684	22	$ 1,196,104	24
EARNINGS PER SHARE (Note 31)				
Basic	$ 7.66		$ 7.27	
Diluted	$ 7.32		$ 6.97	

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

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company								
			Retained Earnings			Other Equity			
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2024	1,260,000	1,760,215	1,157,020	596,364	3,605,145	(739,116)	7,639,628	98	7,639,726
Appropriation of earnings (Note 27)									
Legal reserve	-	-	85,469	-	(85,469)	-	-	-	-
Special reserve	-	-	-	(235,084)	235,084	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(513,868)	-	(513,868)	-	(513,868)
Net profit (loss) for the year ended December 31, 2024	-	-	-	-	916,561	-	916,561	(53)	916,508
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	(599)	280,194	279,595	1	279,596
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	915,962	280,194	1,196,156	(52)	1,196,104
Equity component of convertible bonds issued by the Company (Notes20 and 27)	8	88	-	-	-	-	96	-	96
BALANCE, DECEMBER 31, 2024	1,260,000	1,760,303	1,242,489	361,280	4,156,854	(458,922)	8,322,012	46	8,322,058
Appropriation of earnings (Note 27)									
Legal reserve	-	-	97,156	-	(97,156)	-	-	-	-
Special reserve	-	-	-	498,165	(498,165)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(476,240)	-	(476,240)	-	(476,240)
Net profit (loss) for the year ended December 31, 2025	-	-	-	-	965,023	-	965,023	(73)	964,950
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	743	74,994	75,737	(3)	75,734
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	965,766	74,994	1,040,760	(76)	1,040,684
Equity component of convertible bonds issued by the Company (Notes20 and 27)	-	-	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2025	$ 1,260,008	$ 1,760,303	$ 1,339,645	$ 859,445	$ 4,051,059	$ (383,928)	$ 8,886,532	$ 30	$ 8,886,502

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

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,294,726	$ 1,196,009
Adjustments for:		
Depreciation expenses	329,786	363,687
Amortization expenses	22,609	26,292
Expected credit loss (gain) recognized on accounts receivable	(6,077)	6,953
Finance costs	60,215	53,574
Interest income	(101,519)	(93,576)
Share of profit of associates	(352)	(1,377)
Loss (gain) on disposal of property, plant and equipment	5,916	3,374
Disposal of investment property interests	(237,901)	-
Write-down of inventories	-	33,529
Unrealized loss (gain) on foreign currency exchange	(12,723)	267
Provision for liabilities	368	2,821
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	100	100
Notes receivable	24,554	32,144
Accounts receivable	101,947	(106,450)
Accounts receivable from related parties	23,959	(16,045)
Other receivables	2,314	(17,236)
Inventories	(140,331)	(132,430)
Prepayments	793	3,221
Other current assets	(5,300)	(18,067)
Other non-current assets	12,310	3,990
Contract liabilities	(14,777)	14,430
Accounts payable	(85,874)	64,441
Accounts payable to related parties	(16,948)	6,288
Other payables	(6,299)	46,006
Deferred Revenue	(2,726)	(2,966)
Other current liabilities	(242,180)	240,585
Net defined benefit liability	92	489
Other non-current liabilities	314,645	-
Cash generated from operations	1,321,327	1,710,053
Income tax paid	(157,343)	(395,464)
Net cash generated from operating activities	1,163,984	1,314,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(679,863)	(1,821,789)
Acquisition of property, plant and equipment	(349,915)	(340,327)
Proceeds from disposal of property, plant and equipment	18,256	9,218
Proceeds from the disposal of investment properties	337,589	-
Increase in refundable deposits	(998)	(1,545)
Decrease in refundable deposits	1,460	223
Acquisition of intangible assets	(4,651)	(2,089)

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
Increase in other non-current assets	(13,952)	(674)
Increase in prepayments for equipment	(10,966)	(24,070)
Interest received	64,099	78,791
Net cash used in investing activities	(638,932)	(2,102,262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	10,289,600	9,697,000
Repayments of short-term borrowings	(10,680,847)	(9,473,771)
Proceeds from short-term bills payable	500,000	500,000
Repayments of short-term bills payable	(601,413)	(501,119)
Proceeds from long-term borrowings	2,213,912	1,187,916
Repayments of long-term borrowings	(1,770,516)	(1,348,848)
Guarantee deposits received	903	-
Refund of guarantee deposits received	(2,730)	(20)
Repayment of the principal portion of lease liabilities	(4,554)	(10,023)
Cash dividends	(586,711)	(390,049)
Interest paid	(41,728)	(36,101)
Net cash used in financing activities	(684,084)	(375,015)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	54,903	148,865
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(104,129)	(1,013,823)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,253,257	3,267,080
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,149,128	$ 2,253,257

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

INDEPENDENT AUDITORS' REPORT
(Parent Company Only Financial Statements)

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

Opinion

We have audited the accompanying standalone financial statements of KMC (KUEI MENG) International Inc. (the "Company"), which comprise the standalone balance sheets as of December 31, 2025 and 2024, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2025 and 2024, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Company's standalone financial statements for the year ended December 31, 2025 is as follows:

<u>Revenue recognition</u>

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

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

5. We understood and tested the operating effectiveness of internal controls and operation procedures in sales and payment collection cycle.

6. We selected a moderate number of samples from sales revenue and inspected delivery documents or documents of customs, and relevant documents of collections to test the authenticity of the sales.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hing-ju, Liao and Chi-Chen Li.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2026

Notice to Readers

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

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

KMC (KUEI MENG) INTERNATIONAL INC.
STANDALONE BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 320,711	3	$ 405,280	3
Financial Assets at fair value through profit or loss-current (Notes 4, 7 and 16)	-	-	100	-
Financial assets at amortized cost - current (Notes 4 and 8)	232,242	2	10,747	-
Notes receivable (Notes 4, 9 and 22)	2,472	-	2,026	-
Accounts receivable (Notes 4, 9 and 22)	90,356	1	94,659	1
Accounts receivable from related parties (Notes 4, 9, 22 and 28)	262,225	2	523,682	5
Other receivables (Note 4)	1,380	-	700	-
Other receivables from related parties (Notes 4 and 28)	6,600	-	6,885	-
Inventories (Notes 4 and 10)	38,403	-	33,755	-
Other current assets (Note 15)	4,994	-	6,647	-
Total current assets	959,383	8	1,084,481	9
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 11)	10,998,421	91	10,472,150	90
Property, plant and equipment (Notes 4 and 12)	3,874	-	647	-
Right-of-use assets (Notes 4 and 13)	3,526	-	5,026	-
Other intangible assets (Notes 4 and 14)	3,213	-	9,871	-
Deferred tax assets (Notes 4 and 24)	53,965	1	66,809	1
Other non-current assets (Note 4)	6,231	-	3,848	-
Total non-current assets	11,069,230	92	10,558,351	91
TOTAL	$ 12,028,613	100	$ 11,642,832	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	$ 294,028	3	$ 1,100,000	10
Short-term bills payable (Notes 4 and 17)	-	-	99,875	1
Accounts payable (Note 18)	4,826	-	72,41	-
Accounts payable to related parties (Notes 18 and 28)	336,341	3	344,983	3
Other payables (Note 19)	29,452	-	33,674	-
Dividends payable	238,888	2	349,359	3
Other payable to related parties (Note 28)	10,716	-	2,074	-
Current tax liabilities (Notes 4 and 24)	212,676	2	84,033	1
Lease liabilities - current (Notes 4, 13 and 28)	1,935	-	1,826	-
Puttable Bonds maturing within one year or one operating cycle (Notes 4 and 16)	985,628	8	1,826	-
Other current liabilities (Notes 4, 17, 19 and 22)	11,680	-	25,389	-
Total current liabilities	2,126,170	18	2,048,454	18
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 7 and 16)	-	-	969,153	8
Long-term borrowings (Notes 4 and 17)	1,013,000	8	300,000	3
	1,283	-	-	-
Lease liabilities - non-current (Notes 4, 13 and 28)	1,628	-	3,213	-
Total non-current liabilities	1,015,911	8	1,272,366	11
Total liabilities	3,142,081	26	3,320,820	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Capital stock - common stock	1,260,008	10	1,260,008	11
Capital surplus	1,760,303	15	1,760,303	15
Retained earnings				
Legal reserve	1,339,645	11	1,242,489	10
Special reserve	859,445	7	361,280	3
Unappropriated earnings	4,051,059	34	4,156,854	36
Total retained earnings	6,250,149	52	5,760,623	49
Other equity	(383,928)	(3)	(458,922)	(4)
Total equity attributable to owners of the Company	8,886,532	74	8,322,012	71
TOTAL	$ 12,028,613	100	$ 11,642,832	100

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

KMC (KUEI MENG) INTERNATIONAL INC.
STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 28)	$ 1,726,309	100	$ 1,738,529	100
OPERATING COSTS (Notes 10 and 28)	959,223	56	886,958	51
GROSS PROFIT	767,086	44	851,571	49
Unrealized gain on transactions with subsidiaries (Note 4)	(312,127)	(18)	(2,078,644)	(119)
Realized gain on transactions with subsidiaries (Note 4)	374,591	22	1,925,732	111
REALIZED GROSS PROFIT	829,550	48	698,659	41
OPERATING EXPENSES (Notes 9, 23 and 28)				
Selling and marketing expenses	64,168	4	48,264	3
General and administrative expenses	73,879	4	70760	4
Research and development expenses	542	-	572	-
Expected credit loss (gain)	(395)	-	(310)	-
Total operating expenses	138,194	8	119,286	7
PROFIT FROM OPERATIONS	691,356	40	579,373	34
NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 23 and 28)				
Interest income	11,873	1	12,864	1
Other income	2,422	-	2,018	-
Other gains and losses	(25,994)	(2)	(9,308)	(1)
Share of profit of associates	494,203	29	490,705	28
Finance cost	(45,748)	(3)	(42,870)	(2)
Total non-operating income and expenses	436,756	25	453,409	26
PROFIT BEFORE INCOME TAX	1,128,112	65	1,032,782	60
INCOME TAX EXPENSE (Notes 4 and 24)	163,089	9	116,221	7
NET PROFIT	965,023	56	916,561	53

KMC (KUEI MENG) INTERNATIONAL INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of subsidiaries accounted for using the equity method	743	-	(599)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 21)	9,017	-	425	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method (Note 21)	65,977	4	279,769	16
	74,994	4	280,194	16
Other comprehensive income (loss) for the year, net of income tax	75,737	4	279,595	16
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,040,760	60	$ 1,196,156	69
EARNINGS PER SHARE (Note 25)				
Basic	$ 7.66		$ 7.27	
Diluted	$ 6.32		$ 6.97	

The accompanying notes are an integral part of the standalone financial statements. (Concluded)

KMC (KUEI MENG) INTERNATIONAL INC.

STANDALONE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company						
			Retained Earnings			Other Equity	
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE, JANUARY 1, 2024	1,260,000	1,760,215	1,157,020	596,364	3,605,145	(739,116)	7,639,628
Appropriation of earnings (Note 21)							
Legal reserve	-	-	85,469	-	(85,469)	-	-
Special reserve	-	-	-	(235,084)	235,084	-	-
Cash dividends distributed by the Company	-	-	-	-	(513,868)	-	(513,868)
Net profit for the year ended December 31, 2024	-	-	-	-	916,561	-	916,561
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	(599)	280,194	279,595
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	915,962	280,194	1,196,156
Equity component of convertible bonds issued by the Company (Notes 16 and 21)	8	88	-	-	-	-	96
BALANCE, DECEMBER 31, 2024	1,260,000	1,760,303	1,242,489	361,280	4,156,854	(458,922)	8,322,012
Appropriation of earnings (Note 21)							
Legal reserve	-	-	97,156	-	(97,156)	-	-
Special reserve	-	-	-	498,165	(498,165)	-	-
Cash dividends distributed by the Company	-	-	-	-	(476,240)	-	(476,240)
Net profit for the year ended December 31, 2025	-	-	-	-	965,023	-	965,023
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	743	74,994	75,737
Total comprehensive income for the year ended December 31, 2025	-	-	-	-	965,766	74,994	1,040,760
Equity component of convertible bonds issued by the Company (Notes 16 and 21)	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2025	$ 1,260,000	$ 1,760,303	$ 1,242,489	$ 361,280	$ 4,156,854	$ (458,922)	$ 8,322,012

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

KMC (KUEI MENG) INTERNATIONAL INC.
STANDALONE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,128,112	$ 1,032,782
Adjustments for:		
Depreciation expenses	2,791	3,361
Amortization expenses	6,658	7,125
Expected credit loss (gain) recognized on accounts receivable	(395)	(310)
Finance costs	45,748	42,870
Interest income	(11,873)	(12,864)
Share of profit of associates	(494,203)	(490,705)
Unrealized (realized) gain on the transactions with subsidiaries	(62,464)	152,912
Unrealized loss (gain) on foreign currency exchange	(6,414)	1,754
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	100	100
Notes receivable	(446)	5,640
Accounts receivable	5,342	(44,309)
Accounts receivable from related parties	(269,375)	(403,544)
Other receivables(include related parties)	417	108
Inventories	(4,648)	(18,581)
Other current assets	1,653	(2,715)
Accounts payable	(2,415)	1,243
Accounts payable to related parties	(19,392)	156,834
Other payables	(4,421)	(2,360)
Other payables to related parties	8,286	402
Other current liabilities	(13,709)	13,475
Cash generated from operations	848,102	443,218
Income tax paid	(20,319)	(224,439)
Net cash generated from operating activities	827,783	218,779
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(221,495)	23,523
Increase in prepayments for equipment	(6,469)	(3,156)
Interest received	11,213	12,971
Dividends received from subsidiaries and associates	457,644	188,943
Net cash generated in investing activities	240,893	222,281

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,181,600	8,584,000
Repayments of short-term borrowings	(6,990,847)	(8,562,442)
Proceeds from short-term bills payable	499,597	500,000
Repayments of short-term bills payable	(600,916)	(501,119)
Proceeds from long-term borrowings	2,206,000	1,832,000
Repayments of long-term borrowings	(1,493,000)	(1,837,000)
Repayment of the principal portion of lease liabilities	(1,984)	(1,975)
Cash dividends	(586,711)	(390,049)
Acquisition of additional interests in subsidiaries	(351,511)	(68,348)
Interest paid	(27,562)	(25,583)
Net cash used in financing activities	(1,165,334)	(470,516)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	12,089	4,358
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(84,569)	(25,098)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	405,280	430,378
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 320,711	$ 405,280

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

(Concluded)

Attachment V

Attachment V 2025 Earnings Distribution Table

KMC (Kuei Meng) International Inc.
2025 Earnings Distribution Table

Unit: NT$

Items	Amount
Accumulated un-appropriated earnings at the beginning of the period	3,931,551,522
Retained earnings adjustment for the beginning of the period	743,533
Adjusted Accumulated un-appropriated earnings at the beginning of the period	3,932,295,055
2025 Net Profit	965,022,641
Less: Setting aside 10% legal reserve	(96,576,617)
Less: Setting aside special reserves	74,993,209
Earnings available for distribution as of December 31, 2025	4,875,734,288
Distribution Item [Note 1] :	
1Q25 Cash Dividends to Shareholders	(127,877,000)
2Q25 Cash Dividends to Shareholders	(108,590,000)
3Q25 Cash Dividends to Shareholders	(130,298,000)
4Q25 Cash Dividends to Shareholders	(105,193,000)
Un-appropriated Earnings	4,403,776,288

Note 1: Cash dividends were approved by the Board of Directors and to be reported at the Annual Shareholders’ Meeting.

Attachment VI

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

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

Title/Name	Shareholdings (shares)	Spouse & Minor Shareholding	Education and important experience
Independent Directors: Chang, Chia-Ming	0	0	Vice-president of Capital Market Department, KGI Securities MBA, Drexel University Department of Accounting, National Chengchi University

Note 1: The Company has issued a total of 126,000,772 shares. Pursuant to Article 26 of the Securities and Exchange Act, the minimum number of shares that must be collectively held by all directors is 8,000,000 shares. At present, the total number of shares held by the director candidates is 47,762,256 shares, which has met the minimum shareholding requirement.

Attachment VI List of Director Candidates for Release from Non-Competition Restrictions

Title	Name	Selected Current Positions at Other Companies
Directors	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	The Authorized Representative of the Juristic Person acts as the Chairman of Kynamic Inc., the Authorized Representative of the Juristic Person acts as the Director of PRO (TAIWAN) PROCUREMENT CO., LTD, chairman of KMC(BVI) Holding Co., Ltd., director of KMC CHAIN EUROPE N.V., director of KMC Chain American Corporation, chairman of KMC Chain (Shenzhen) Co., Ltd., the Authorized Representative of the Juristic Person acts as the Chairman of KMC TRANSTON INDUSTRIES LIMITED, the Authorized Representative of the Juristic Person acts as the Chairman of LO,CHI-NI Investment Co., Ltd., director of PEI-JUI Investment Co., Ltd., director of CHENG-YUAN Investment Co., Ltd., the Authorized Representative of the Juristic Person acts as the Supervisor of HSUN-LI Investment Co., Ltd., chairman of K.M.C. Global Co., Ltd., director of KMC BEARING INDUSTRIAL CO., LTD. the Authorized Representative of the Juristic Person acts as the Supervisor of Supreme Profit International Co., Ltd., director of Nan-hua Universal Investment Co., Ltd., director of President Industry Development (Shenzhen) Co.,Ltd., director of Surmount Technological (Shenzhen) Co., Ltd., director of K.M.C. Transmission (Tianjin) Co., Ltd., chairman of K.M.C. Transmission (Chengdu) Co., Ltd., director of Cycling Life-Style Foundation, chairman of Taiwan Bicycle Association
Directors	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang	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., Supervisor of KMC BEARING INDUSTRIAL CO., LTD. the Authorized Representative of the Juristic Person acts as the Director of Kynamic Inc., chairman of KMC Investment (China) Co., Ltd., chairman of KMC Transmission (Tianjin) Co., Ltd., chairman of KMC Chain (Suzhou) Co., Ltd., vice chairman of KMC Chain (Shenzhen) Co., Ltd., chairman of Suzhou Kmc Industry and Trade Co., Ltd., chairman of Taichang Tec Industry Co., Ltd., chairman of KMC International Trading (Taicang) Co., Ltd., chairman of Shenzhen KMC Industrial Co., Ltd., chairman of KMC Chain (Vietnam) Co., Ltd., chairman of PT. Kuei Meng Chain Indonesia, the Authorized Representative of the Juristic Person acts as the Director of KMC TRANSTON INDUSTRIES LIMITED, director of President Industry Development (Shenzhen) Co.,Ltd., director of Surmount Technological (Shenzhen) Co., Ltd., chairman of K.M.C. Transmission (Tianjin) Co., Ltd., director of K.M.C. Transmission (Chengdu) Co., Ltd.

Title	Name	Selected Current Positions at Other Companies
Directors	Chang Hsing Investment Co., Ltd Representative Kao, Ting-Nan	Chairman of WHOLE MAN ENTERPRISE CO., LTD., chairman of Chang Hsing Investment Co., Ltd., chairman of Chang You Investment Co., Ltd., chairman of Chang Bo Investment Co., Ltd.
Directors	Hsu, Yang-Kang	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. , the Authorized Representative of the Juristic Person acts as the Chairman of Klasshine International 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.
Independent Directors	Tsai, Hsueh-Ling	Independent Director of NeoCore Technology Co., Ltd., independent Director of Tekom Technologies Inc., chairman of Shanghua Eastern Management Consulting Co., Ltd.
Independent Directors	Peng, Yu-Min	Chairman of RePV Tech , INC., Chairman of Chieh Min Investment Co., Ltd., Independent Director of LCY TECHNOLOGY CORP., Independent Director of Shiny Chemical Industrial Co.,Ltd.,
Independent Directors	Chang, Chia-Ming	Independent Director of CHROMA ATE INC., Independent Director of P-DUKE Technology Co., Ltd., Supervisor of RePV Tech , INC.

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

Before Amendment	After Amendment
Article 12: The procedures for acquisition or disposal of assets by the Company and the limitation of amounts thereof should be as follows: 1. The acquisition or disposal of long term security investment should be reviewed and appraised by the department responsible therefor and implemented after approval by the Board of Directors while the Board can authorize the Chairman to handle the matter and report to the Board for recognition on an after-the-event basis. 2. The acquisition or disposal of short term security investment should be reviewed and appraised by the department responsible therefor and implemented within the limits of amount set forth in this Article. 3. The acquisition or disposal of real estate should be reviewed and appraised by the department responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairman to handle the matter and report to the Board for recognition on an after-the-event basis. 4. The acquisition of other fixed assets, memberships or intangible assets should be handled by the department responsible therefor in accordance with relevant internal rules of the Company after approval by the Board. The disposal of other fixed assets should be directly handled by the department responsible therefor in accordance with relevant internal rules of the Company. 5. Responsible Departments: Acquisition or disposal of long/short term security investments: Finance Department or other related departments. Acquisition or disposal of real estate and other fixed assets, memberships and intangible assets: Management Department or other related departments. 6. Limits of Amount: Total amount of investments that	Article 12: The procedures for acquisition or disposal of assets by the Company and the limitation of amounts thereof should be as follows: 1. The acquisition or disposal of long term security investment should be reviewed and appraised by the department responsible therefor and implemented after approval by the Board of Directors; provided, however, that the Board of Directors may authorize the Chairman to approve and handle such matters within the authorized limit, and such matters should be submitted to the next Board meeting for recordation after the fact. 2. The acquisition or disposal of short-term securities investments should be evaluated by the responsible executing unit and implemented upon approval by the Board of Directors; provided, however, that the Board of Directors may authorize the Chairman to approve and handle such matters within the authorized limit, and such matters should be submitted to the next Board meeting for recordation after the fact. 3. The acquisition or disposal of real property, equipment, and right-of-use assets should be reviewed and appraised by the department responsible therefor and implemented after approval by the Board; provided, however, that the Board of Directors may authorize the Chairman to approve and handle such matters within the authorized limit, and such matters should be submitted to the next Board meeting for recordation after the fact. 4. The acquisition of other fixed assets, memberships or intangible assets should be handled by the department responsible therefor in accordance with the relevant internal rules of the Company after approval by the Board. The disposal of other fixed

Before Amendment	After Amendment
acquisition of real estate or securities by the Company and its subsidiaries for non-operating purpose shall be limited as follows: (1) The accumulated amount of all short term security investments for short term fund dispatching shall not exceed 50% of the Company's shareholders' equity as stated in its latest financial statement and the net value of security acquisition from the same company shall not exceed 20% of the Company's shareholders' equity as stated in its latest financial statement. Each subsidiary's investments in the preceding paragraph shall not exceed 20% and 10% of its shareholders' equity as stated in its latest financial statement. (2) The accumulated amount of all long term security investments shall not exceed 60% of the Company's shareholders' equity as stated in its latest financial statement and the net value of security acquisition from the same company shall not exceed 30% of the Company's shareholders' equity as stated in its latest financial statement. The subsidiary which is not investment holding company, its investments in the preceding paragraph shall not exceed 20% and 10% of its shareholders' equity as stated in its latest financial statement. The amount which is authorized by the Board of Directors: (1) When engaging in derivatives transactions, the Company shall follow the Section 4 in the Operating Procedures. (2) Except for the derivatives transactions, the chairman may acquire or dispose of assets within 50 million of each case.	assets should be directly handled by the department responsible therefor in accordance with the relevant internal rules of the Company<u>; provided, however, that the Board of Directors may authorize the Chairman to approve and handle any of the foregoing matters within the authorized limit, and such matters should be submitted to the next Board meeting for recordation after the fact.</u> 5. Responsible Departments: Acquisition or disposal of long/short term security investments: Finance Department or other related departments. Acquisition or disposal of real estate and other fixed assets, memberships and intangible assets: Management Department or other related departments. 6. Limits of Amount: Total amount of investments that acquisition of real estate or securities by the Company and its subsidiaries for non-operating purpose shall be limited as follows: (1) The accumulated amount of all short term security investments for short term fund dispatching shall not exceed 50% of the Company's shareholders' equity as stated in its latest financial statement and the net value of security acquisition from the same company shall not exceed 20% of the Company's shareholders' equity as stated in its latest financial statement. Each subsidiary's investments in the preceding paragraph shall not exceed 20% and 10% of its shareholders' equity as stated in its latest financial statement. (2) The accumulated amount of all long term security investments shall not exceed 60% of the Company's shareholders' equity as stated in its latest financial statement and the net value of security acquisition from the same company shall not exceed 30% of the Company's shareholders' equity as stated in its latest financial statement. The subsidiary which is not investment holding company, its investments in the preceding paragraph

Before Amendment	After Amendment
	shall not exceed 20% and 10% of its shareholders' equity as stated in its latest financial statement. The amount which is authorized by the Board of Directors: (1) When engaging in derivatives transactions, the Company shall follow the Section 4 in the Operating Procedures. (2) Except for the derivatives transactions, the chairman may acquire or dispose of assets within 50 million of each case.
Article 38 These Procedures shall be approved by the Board of Directors and submitted to the shareholders' meeting for consent; the same shall apply to any amendments hereto.	Article 38 These Procedures shall be <u>approved by the Audit Committee and</u> the Board of Directors, and subsequently submitted to the shareholders' meeting for consent. The same shall apply to any amendments hereto.

IV. Appendix

Appendix Ⅰ

Appendix I Shareholding of Directors

KMC(Kuei Meng) International Inc.
Shareholding of Directors

1. In accordance with Article 26 of the Securities and Exchange Act, the Company's directors shall at least hold a total of 8,000,000 shares.

2. As of March 31, 2025, the entire directors of the Company held 47,762,256 shares. The shareholdings of directors recorded in the shareholder register is as follows:

Book closure date: March 31, 2025

Position	Name	Number of shares held
Chairman	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	47,412,256
Director	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang	47,412,256
Director	Chang Hsing Investment Co., Ltd Representative Kao, Ting-Nan	350,000
Director	Hsu, Yang-Kang	0
Independent Director	Peng, Yu-Min	0
Independent Director	Chang, Chia-Ming	0
Independent Director	Tsai, Hsueh-Ling	0
Shareholdings of all directors		47,762,256

Note 1: Total issued shares: 126,000,772 shares on March 31nd, 2025 (book closure date).

Appendix Ⅱ

Appendix II Articles of Incorporation

Articles of Incorporation of KMC (Kuei Meng) International Inc

Chapter 1 General Provisions

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

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

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

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

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

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

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

Chapter 2 Capital Stock

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

Article 6: The company’s stocks are all registered, signed or stamped by the representative of the company’s directors, and issued after obtaining a visa according to law. After the company’s public offering, stocks may be issued without a physical entity, and other securities are the same, but they should be registered with the securities centralized custodial institution.

Article 6, Session 1: Delete.

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

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

Chapter 3 Shareholder’s meeting

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

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

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

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

electronic voting shall be conducted in accordance with the relevant laws and regulations.

Chapter 4 Directors and audit committee charter (Financial Advisors)

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

Article 12, Session 1:

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

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

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

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

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

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

The remuneration to independent Directors (Financial Advisors) adopts regular amount.

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

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

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

Article 18: Delete

Chapter 5 Managerial personnel

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

Chapter 6 Accounting (Financial Report)

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

Article 21: In case there is surplus after the close of each fiscal year, the Corporation shall allocate 0.4~5% as the remuneration for employees, at least 0.1% shall be set aside for salary adjustments or bonuses for junior employees and the remuneration may be distributed by ways of stick dividend or cash dividend. The subjects of the distribution shall include the employees of the subordinate company with certain conditions and proportion of the distribution authorized by the Board of Directors.
Less than 3% of above mentioned earnings of the Corporation can be distributed as the remuneration for the Directors (Financial Advisors) in accordance with the resolution of the Board of Directors. The subject of the distribution shall not include the managerial personnel who act as proxy of the Directors. The allocation of employee and director compensation must be approved by a quorum in attendance which shall be composed of at least two-thirds of all the directors, and a majority vote from the attending directors, and reported at the shareholders' meeting.

The recipients of the director compensation in the first item do not include directors who also serve as managers.

Employee compensation may be distributed in the form of stock or cash, and the recipients may include employees of subsidiaries or controlled companies that meet specific conditions; the same applies to the adjustment of salaries specified in the first item.

Article 21, Section 1: The distribution of earnings or the covering of losses may be made on a quarterly basis after the close of each quarter. When the earnings are to be distributed in cash, the distribution shall be approved by the Board of Directors in accordance with Article 228-1 and Paragraph V of Article 240 of the Company Law and reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for acceptance.

The Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings, the Corporation shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Corporation, then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.

The industrial development of the Corporation is undergoing the business expansion phase and in great demand for funds; consequently, the distribution of surplus should be made in accordance with Company Act and the Corporation's articles of incorporation subject to the management of Corporation's capital and the business performance before determining the method of stock dividend. The principle of stock dividend shall follow the stability and balance policy, and the method of stock dividend (cash dividend or stock dividend) and the amount will be proposed by the Board of Directors in accordance with the business results, financial status and the management of capital.

In accordance with the dividend policy of the Corporation, the annual allocation of surplus to the shareholders shall not be less than 20%, the method of dividend can be made by cash or stock. While the cash dividend shall not be less than 20% of the total amount of cash and stock dividend.

Distribute all or part of dividends and bonuses or statutory surplus reserve and capital reserve, if cash is distributed, authorize the board of directors to attend with more than two-thirds of the directors, and after more than half of the attending directors agree, and report Shareholders meeting.

Chapter 7 Annex

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

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

Article 24: The Statute was established on February 20th, 1989.

The first revised edition of the statute was made on October 12th, 1989.

The second revised edition of the statute was made on November 11th, 1990.

The third revised edition of the statute was made on December 9th, 1990.

The fourth revised edition of the statute was made on June 15th, 1991.

The fifth revised edition of the statute was made on July 4th, 1991.
The sixth revised edition of the statute was made on June 12th, 1992.
The seventh revised edition of the statute was made on June 4th, 1993.
The eighth revised edition of the statute was made on April 15th, 1994.
The ninth revised edition of the statute was made on April 28th, 1995.
The tenth revised edition of the statute was made on May 17th, 1996.
The eleventh revised edition of the statute was made on June 12th, 1997.
The twelfth revised edition of the statute was made on May 14th, 1998.
The thirteenth revised edition of the statute was made on May 26th, 2000.
The fourteenth revised edition of the statute was made on June 20th, 2002.
The fifteenth revised edition of the statute was made on June 25th, 2004.
The sixteenth revised edition of the statute was made on May 3rd, 2007.
The seventeenth revised edition of the statute was made on June 22nd, 2009.
The eighteenth revised edition of the statute was made on June 4th, 2010.
The nineteenth revised edition of the statute was made on October 4th, 2011.
The twentieth revised edition of the statute was made on June 21st, 2012.
The twenty-first revised edition of the statute was made on June 25th, 2013.
The twenty-second revised edition of the statute was made on June 24th, 2014.
The twenty-third revised edition of the statute was made on June 24th, 2016.
The twenty-fourth revised edition of the statute was made on June 23rd, 2017.
The twenty-fifth revised edition of the statute was made on June 20rd, 2019.
The twenty-sixth revised edition of the statute was made on June 24rd, 2020.
The twenty-seven revised edition of the statute was made on July 1st, 2021.
The twenty-eight revised edition of the statute was made on June 30th, 2022.
The twenty-nine revised edition of the statute was made on June 29rd, 2025

Appendix Ш
Appendix III Rules and Procedures of Shareholders' Meeting

KMC(Kuei Meng) International Inc.
Rules and Procedures for Shareholders' Meeting

Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles.

Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, this Corporation has the paid-in capital of NT$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.

This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.

3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.
Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be

submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

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

Article 6 This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

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

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

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

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

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

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

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

Article 6-1 To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
   A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
   B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
   C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
   D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

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

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

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

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

Article 8 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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

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

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

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Company Act, the ballots shall be retained until the conclusion of the litigation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 22 When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix IV
Appendix IV Procedures for Election of Directors

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

Article 1
To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles.

Article 2
Except as otherwise provided by law and regulation or by articles of incorporation of the Company, elections of directors shall be conducted in accordance with these Procedures.

Article 3
The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

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

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4
Delete.

Article 5
The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 6
Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified

directors will be elected
When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in the Company's articles of incorporation, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 7
The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 8
The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 9
The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 10
Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 11
If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 12
A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 13
The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors shall be announced by the chair on the site.
The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14
The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 15
These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix V
Appendix V Operating Procedures for Acquisition and Disposal of Assets (Before Amendment)

KMC (Kuei Meng) International Inc. (“the Company”)

Operating Procedures for Acquisition and Disposal of Assets

Chapter 1 General Principles

Article 1
These operating procedures (“Operating Procedures”) are promulgated pursuant to Article 36-1 of the Securities and Exchange Act ("the Act") and other relevant laws and rules.

Article 2
The Company shall comply with these Operating Procedures when handling the acquisition and disposal of assets, provided that where another act or regulation provides otherwise, the provisions of such act shall prevail.

Article 3
The term "assets" as used in these Regulations includes the following:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. Other major assets.

Article 4
Terms used in these Regulations are defined as follows:
1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5
Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
   (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
   (2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
   (3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
   (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Chapter 2 Disposition Procedures
Section 1 Establishment of Disposition Procedures

Article 6
After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where the Company’s audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7
With respect to a the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where the Company’s audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.

Article 8
In acquiring or disposing of real property, equipment, or right-of-use assets there of where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or

special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

2. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
   (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount
   (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Section 2 Acquisition or Disposal of Assets

Article 9

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 10

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 33, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 11

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 12

The procedures for acquisition or disposal of assets by the Company and the limitation of amounts thereof should be as follows:

1. The acquisition or disposal of long term security investment should be reviewed and appraised by the department responsible therefor and implemented after approval by the Board of Directors while the Board can authorize the Chairman to handle the matter and report to the Board for recognition on an after-the-event basis.
2. The acquisition or disposal of short term security investment should be reviewed and appraised by the department responsible therefor and implemented within the limits of amount set forth in this Article.
3. The acquisition or disposal of real estate should be reviewed and appraised by the department responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairman to handle the matter and report to the Board for recognition on an after-the-event basis.
4. The acquisition of other fixed assets, memberships or intangible assets should be handled by the department responsible therefor in accordance with relevant internal rules of the Company after approval by the Board. The disposal of other fixed assets should be directly handled by the department responsible therefor in accordance with relevant internal rules of the Company.
5. Responsible Departments:
   Acquisition or disposal of long/short term security investments: Finance Department or other related departments.
   Acquisition or disposal of real estate and other fixed assets, memberships and intangible assets: Management Department or other related departments.
6. Limits of Amount:
   Total amount of investments that acquisition of real estate or securities by the Company and its subsidiaries for non-operating purpose shall be limited as follows:
   (1) The accumulated amount of all short term security investments for short term fund dispatching shall not exceed 50% of the Company’s shareholders’ equity as stated in its latest financial statement and the net value of security acquisition from the same company shall not exceed 20% of the Company’s shareholders’ equity as stated in its latest financial statement. Each subsidiary’s investments in the preceding paragraph shall not exceed 20% and 10% of its shareholders' equity as stated in its latest financial statement.
   (2) The accumulated amount of all long term security investments shall not exceed 60% of the Company’s shareholders’ equity as stated in its latest financial statement and

the net value of security acquisition from the same company shall not exceed 30% of the Company's shareholders' equity as stated in its latest financial statement. The subsidiary which is not investment holding company, its investments in the preceding paragraph shall not exceed 20% and 10% of its shareholders' equity as stated in its latest financial statement.

The amount which is authorized by the Board of Directors:

(1) When engaging in derivatives transactions, the Company shall follow the Section 4 in the Operating Procedures.

(2) Except for the derivatives transactions, the chairman may acquire or dispose of assets within 50 million of each case.

Section 3 Related Party Transactions

Article 13

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10-1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 14

When a the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article33, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between a the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article12 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

2. Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where the Company’s audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.

Article 15

The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion. Where The Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 16

When the results of The Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
   (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
   (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where The Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned

transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 17

Where The Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where The Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Supervisors shall comply with Article 218 of the Company Act. Where the Company's audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When The Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 18 Trading principle and approach

1. When the Company engage in derivatives trading, the type of derivatives are used for hedging purpose only, which includes foreign exchange forward and foreign exchange option.
2. Operating or hedging strategies: The foreign exchange derivatives transactions mentioned in the preceding paragraph is used for reducing the foreign exchange risk during operating and fund dispatching. The Company shall not engage in trades on any other derivatives for trading purpose. And the currency of the position held shall be the same as the one used actually in the Company's import/export transactions.
3. Authorization:

   Finance treasury management: Responsible for foreign exchange management system, for example: collect market information about foreign exchange; evaluate trend and risk and familiar with financial instruments and transaction skill. Besides, accepting the instructions from financial officer, being authorized to manage the foreign exchange positions and preventing risk in accordance with Company's policy then submitting the report of hedged and non-hedged position on Board meeting periodically.

   General accounting department: Responsible for the transaction confirmation, settlement and enter the transaction into the account book.

Audit department: To measure, monitor and control the risk of transactions in financial department and report to the Board of Directors in the event of a material deficiency.

4. Performance evaluation: When engaging in derivatives transactions, the Company shall daily record the transactions in detail in order to control the performance, and shall also settle exchange gains and losses monthly, quarterly, half yearly and yearly.
5. Transaction contract dollar amount:
   (1) Transactions to avoid exchange risk: The total amount of the contracts shall not exceed the aggregate amount of import and export in the current year.
   (2) Transactions to avoid interest rate risk: The total amount of the contracts shall not exceed the amount of total debt.
   (3) Transactions to avoid the exchange rate and interest rate risk arising from projects: The total amount of the contracts shall not exceed the aggregate amount of the project budget.
6. Maximum loss limit:

   For hedging transactions, the upper limit of losses is 20% of the contract amount for all contracts in aggregate or for any individual contract.

Article 19 Operating procedures

1. Level of authorization:

The level of authorization for derivatives transactions: The Company shall engage in transactions after chairman’s approval.

2. The unit responsible for implementation and transaction process:
   (1) Execution of transactions: The financial department trading personnel shall engage in transactions with financial institutions after chairman’s approval in accordance with the provisions of the preceding paragraph. After the complete, the trading personnel shall fill out the transaction form indicate the content in accordance with the transaction record provided from financial institutions, assess the position and provide a copy of the transaction record to general accounting department personnel after supervisory ratification.
   (2) Confirmation of transactions: The general accounting department personnel shall confirm the transaction terms in accordance with the copy of transaction record provided from trading personnel and then make the settlement and enter the transaction into the account book. The treasury personnel shall maintain the statement monthly and provide to the general accounting department personnel for accounting evaluation basis.
3. When engaging in derivatives transaction, the Company shall comply with these Operating Procedures to authorize relevant personnel and submit in the coming Board meeting.

Article 20 Risk management measures

1. Scope of risk management:

   (1) Credit risk management: The Company shall only deal with to those counterparties who have banking relationship with. After trading, the general accounting department personnel who enter the transaction into the account book shall finish the form of budget control and check the bank statement with the counterparties regularly.

   (2) Market/ price risk management: General accounting department personnel who enter the transaction into the account book should always check whether the total amount of transaction meets the limits in accordance with the Operating Procedures. General accounting department personnel should always conduct market assessment, and pay attention to the impact on the possible position of the profit and loss due to the market fluctuation. ◦

   (3) Liquidity, cash flow risk management: To ensure to market liquidity, the Company shall choose the financial institutions with adequate equipment, information and trading capacity. Trading personnel shall always pay attention to cash flow to make sure the Company has the sufficient cash to make the settlement.

   (4) Operating risk management: The Company shall comply with the authorized trading amount and the rules of operating procedure.

   (5) Legal risk management: Any legal document between the Company and banks shall be based on the principle of financial department signature. And document shall be signed after reviewing by internal legal personnel if necessary.

2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

3. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.

4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

Article 21 Internal audit system:

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

Article 22 Regular evaluation methods and the handling of irregular circumstances

The positions of derivatives shall be evaluated by financial department once a week; however, for hedging purpose, the positions shall be evaluated every two weeks. Trading position, term of contract, evaluation of loss/gain contingency and the points of future management shall be listed in the report and then submit to the Board of Directors periodically.

Board of Directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk and periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance. Senior management personnel authorized by the Board of Directors shall periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the Operating Procedures. When irregular circumstances are found in the evaluation report (for example, trading position is excess than the limits of loss), the report shall be submitted to the board of directors immediately and appropriate measures shall be adopted. Where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.

Article 23 Public disclosure of information

1. In the event of losses by engaging in derivatives transactions up to the maximum loss limit on total trading or for individual contracts, the Company shall publicly announce and report the relevant information on the FSC's designated website within 2 days counting inclusively from the date of occurrence of the event.
2. The Company shall enter the information on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

Article 24

The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under the preceding article shall be recorded in detail in the log book. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing. Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors. Where the Company’s audit committee has been established in accordance with the provisions of the Act, the provisions of paragraph 2 relating to supervisors shall apply mutatis mutandis to the audit committee.

Article 25

The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries’ issued shares or authorized capital.

Article 26

The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 27

A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of approval of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 28

Each person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 29

The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets that affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 30

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 31

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 32

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not the Company, the Company shall sign an agreement with that company whereby the latter is required to abide by the provisions of Article 27, Article 28, and Article 31.

Chapter 3 Public Disclosure of Information

Article 33

Under any of the following circumstances, The Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
   (1) For The Company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more
   (2) For The Company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more.
5. Acquisition or disposal by The Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million; among such cases, if the public company has paid-in capital of NT$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT$1 billion or more.
6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT$500 million.
7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the

mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of domestic government bonds.

(2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
5. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When The Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 34

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled

date set forth in the contract.

3. Change to the originally publicly announced and reported information.

Article 35

Information required publicly announced and reported in accordance with the provisions of Chapter 3 on acquisitions and disposals of assets by a subsidiary of the Company that is not The Company in Taiwan shall be reported by the Company. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 33 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20% of paid-in capital or 10% of the total assets. For the calculation of 10% of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted.

Article 36

Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding supervisors set out in Articles 6, 8, and 14, and in Article 21, paragraph 2, shall apply mutatis mutandis to the audit committee. And the provisions regarding independent directors set out in Article 17, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.

Article 37

When handling with the acquisition and disposal of assets, the personnel of the Company shall comply with these Operating Procedures for preventing losses by the inappropriate operations. If there is any violation of related regulations and the Operating Procedures, the penalty is in accordance with related Personnel Articles of the Company.

Article 38

The Operating Procedures shall be enforced after approved by the Board of Directors and consented by the shareholders’ meeting; the same procedure shall be followed when amended.

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