

KMC(Kuei Meng) International Inc.
Minutes of 2020 Annual General Shareholders' Meeting
(Translation)

Time: 09:00 a.m. , June 24, 2020

Place: Zenda Suites C Hall (Address : No.2, Dasyue Rd., East District. Tainan City 701, Taiwan.)

Attendance: All shares represented by shareholders present are 97,800,197 shares (including 69,667,776 shares the voting rights of which are exercised by the electronic means), or 77.61% of the total 126,000,000 outstanding shares, which has formed a quorum in accordance with Article 174 of the provisions of the Company Act.

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

Recorder: Chen, Yung-Jen

Directors present: Director Wang, Chiung-Fen, Independent Director, Wang, Ming-Lung,

Attendant supervisor: Supervisor, Kao, Ting-Nan and Hsu, Yang-Kang

Attendance: Deloitte & Touche Accountant, Yang, Chao-Chin

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

I. Chairman Remarks

II. Report Matters

1. 2019 Distribution of Employees' and Directors' Remuneration.

Explanation:

(1) The Board of Directors approved 2019 employees' profit sharing bonus and directors' compensation. The employees' profit sharing bonus and directors' compensation are to be distributed in cash.

(2) 2019 employees' total profit sharing bonus is NT\$12,600,000, 2019 directors' compensation is NT\$8,400,000.

2. 2019 Business Reports.

Explanation:

The 2019 Business Report is attached as page 9-12, Attachment I .

3. Supervisor’s Review Report on the 2019 Financial Statements.

Explanation:

The 2019 Supervisor’s Review Report is attached as page13, Attachment II .

4. Amendment to the Ethical Corporate Management Best Practice Principles

Explanation:

- (1) In order to comply with the amendments to related commercial laws, the company amend the Ethical Corporate Management Best Practice Principles.
- (2) Please refer to the page14-17 , Attachment III for a comparison of the contents before and after amendment ◦

5. Amendment to the Guidelines for the Adoption of Codes of Ethical Conduct

Explanation:

- (1) In order to comply with the amendments to related commercial laws, the company amend the Guidelines for the Adoption of Codes of Ethical Conduct.
- (2) Please refer to the page18-21 , Attachment IV for a comparison of the contents before and after amendment ◦

III. Acknowledgement Matters

1. Proposal: Adoption of the 2019 Business Report and Financial Statements.(Proposed by the Board)

Explanation:

- (1) KMC’s 2019 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Mr. Yang, Chao-Chin and Mr. Liu, Yu- Shiang of Deloitte & Touche.
- (2) The 2019 Business Report, Supervisor’s Review Report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, page [9-13,22-32], Attachment I , II , V .

Resolution: The voting results are as followed:

97,800,197 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes 95,343,900 shares(including 67,755,489 shares the voting rights of which are exercised by the electronic means)	97.48%
Dissentient votes 4,833 shares(including 4,833 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes 0 shares	0.00%
Abstained votes 2,451,464 shares (including 1,907,454 shares the voting rights of which are exercised by the electronic means)	2.50%

The proposal has been adopted by voting without any modification.

2. Proposal: Adoption of the Proposal for Distribution of 2019 Profits. (Proposed by the Board)

Explanation:

- (1) The Board has adopted a Proposal for Distribution of 2019 Profits in accordance with the Company Act and Articles of Incorporation. Please refer to the 2019 Profit Distribution Table, please refer to page 33, Appendix VI.
- (2) To proposed total dividend to shareholders is NT\$ 567,000,000. NT\$4.5 for per share.
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and other relevant issues.
- (4) In the event that, before the distribution record date, the proposed profit distribution is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a buyback of shares or issuance of new shares for transferring treasury shares to employees or employee stock options, it is proposed that the Board of Directors be authorized to adjust the cash distributed ratio to each share based on the number of actual shares outstanding on the record date for distribution..

Resolution: The voting results are as followed:

97,800,197 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes 95,343,938 shares(including 67,755,527 shares the voting rights of which are exercised by the electronic means)	97.48%
Dissentient votes 4,833 shares (including 4,833 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes 0 shares	0.00%
Abstained votes 2,451,426 shares (including 1,907,416 shares the voting rights of which are exercised by the electronic means)	2.50%

The proposal has been adopted by voting without any modification.

IV. Proposals and Discussions

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

Explanation:

- (1) In order to comply with the amendments to related commercial laws, the company amends the Articles of Incorporation.
- (2) Please refer to the page34-36 , Attachment VII for a comparison of the contents before and after amendment.

Resolution: The voting results are as followed:

97,800,197 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes 95,326,088 shares(including 67,737,677 shares the voting rights of which are exercised by the electronic means)	97.47%
Dissentient votes 4,833 shares (including 4,833 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes 0 shares	0.00%
Abstained votes 2,469,276 shares (including 1,925,266 shares the voting rights of which are exercised by the electronic means)	2.52%

The proposal has been adopted by voting without any modification.

2. Proposal: Amendment to the Rules of Procedure for Shareholders Meetings. (Proposed by the Board)

Explanation

- (1) In order to comply with the amendments to related commercial laws, the company amends the Rules of Procedure for Shareholders Meetings.
- (2) Please refer to the page37-40 , Attachment VIII for a comparison of the contents before and after amendment.

Resolution: The voting results are as followed:

97,800,197 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes 95,325,972 shares(including 67,737,561 shares the voting rights of which are exercised by the electronic means)	97.47%
Dissentient votes 4,949 shares (including 4,949 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes 0 shares	0.00%
Abstained votes 2,469,276 shares (including 1,925,266 shares the voting rights of which are exercised by the electronic means)	2.52%

The proposal has been adopted by voting without any modification.

3. Proposal: Amendment to the Procedures for Election of Directors and Supervisors. (Proposed by the Board)

Explanation

- (1) In order to comply with the amendments to related commercial laws, the company amends the Procedures for Election of Directors and Supervisors.
- (2) Please refer to the page41-43 , Attachment IX for a comparison of the contents before and after amendment.

Resolution: The voting results are as followed:

97,800,197 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes 95,325,088 shares(including 67,736,677 shares the voting rights of which are exercised by the electronic means)	97.46%
Dissentient votes 4,833 shares (including 4,833 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes 0 shares	0.00%
Abstained votes 2,470,276 shares (including 1,926,266 shares the voting rights of which are exercised by the electronic means)	2.52%

The proposal has been adopted by voting without any modification.

V. Election Matters

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

Explanation :

1. The tenure of the 11th-term Board of Directors will be expiring on June 22th 2020 , and the shareholders' general meeting was re-elected in 2020 .
2. In order to implement corporate governance, Audit Committee consists of all the Board of Directors, and the 1nd-term of Audit Committee will take effect after the re-election of new directors.
3. The Company shall have 7 Board of Director members (including 3 independent directors) in accordance with the Articles of Incorporation. The tenure of new directors will be 3 years from June 24th 2020 to June 23th 2023.
4. 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 page 44 , Attachment X .

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

Act No.	Name	Votes Received	Title
60546	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	120,676,129	Director
60546	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang	107,679,705	Director
61568	Kao,Ting-Nan	90,751,035	Director
D1211*****	Hsu,Yang-Kang	85,037,690	Director
C1005*****	Wang,Ming-Lung	84,423,082	Independent Director
S1004*****	Zeng,Wen-Zhe	82,589,043	Independent Director
D2200*****	Tsai,Hsueh-Ling	82,458,094	Independent Director

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 does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. Proposal to approve the lifting of non-competition restrictions on Directors and their representatives elected by the 2020 Annual General Shareholders’ Meeting in accordance with the law in order to leverage on the expertise and relevant experience of the Directors.

The details of positions and duties concurrently served in other companies are presented below:

Title	Name	Items of competitive conduct in which the director is permitted to engage	Scope of business
Non-independent director	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	KMC TRANSTON INDUSTRIES LIMITED, Director	1. International import and export trading business. 2. Agenting for the distribution, quotation and bidding of aforementioned domestic and foreign manufacturers’ products.
Non-independent director	KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Jui-Chang	KMC TRANSTON INDUSTRIES LIMITED, Director	
Non-independent director	Kao, Ting-Nan	WHOLE MAN ENTERPRISE CO., LTD., Director	1. Manufacturing and selling of bicycle parts and supplies. 2. Manufacturing and selling of motor vehicle parts and supplies.

Resolution: The voting results are as followed:

97,800,197 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes 84,765,844 shares (including 57,177,433 shares the voting rights of which are exercised by the electronic means)	86.67%
Dissentient votes 10,556,050 shares (including 10,556,050 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes 0 shares	0.00%
Abstained votes 2,478,303 shares (including 1,934,293 shares the voting rights of which are exercised by the electronic means)	2.53%

The proposal has been adopted by voting without any modification.

VII. Adjournment: 09:32 a.m. , June 24, 2020

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

Attachment

Attachment I

Attachment I 2019 Business Report

KMC (Kuei Meng) International Inc.
2019 Business Report

Dear Shareholders,

I would very much like to thank our shareholders for their ongoing support without which KMC could not have performed in excellence in 2019, with record high revenue and after tax profit. Trade protectionism has affected world trade since 2018. In response, KMC sought to localize all over the world to adapt to the change in the environment with in-depth development in Mainland China, Taiwan, the ASEAN countries, Europe, and America, in manufacturing and sale channels. These highlighted the core competence of the Company in responding to the unpredictable environment. The increasing penetration of electric bikes and high-end bicycles and the growing demand in the repair markets of Europe and USA helped to push the operation of KMC forward.

Ever since 2011, KMC has always upheld the principle of "from small to large, from simple and complex and resource integration" to carry out the integration plan. KMC completed its integration plan in 2017 whereby the territory of the chain operation for bicycles, motorcycles, automotive parts and components, and household driving market have been properly established in Mainland China and other parts of the world. The phase II development plan was kicked off in 2018. KMC acquired 100% of the equity shares of Suzhou maya trading co. ltd for enhancing the diversity of product lines and marketing with several brands for the proper deployment of product lines and improvement of efficiency .This investment not only obtains expected results, but also makes the overall KMC operation closer to the market and customers, and create a win-win situation.

I. Business results of 2019:

1. The implementation results of business plan:

KMC has achieved record high consolidated revenue in 2019 amounting to NT\$5,240,000,000 (annual growth of 3.6%), with consolidated after tax profit amounting to NT\$1,000,000,000 (annual growth of 6.3%), and basic earnings per share at NT\$8.00. KMC was benefited from the rebound of the domestic demand market in China, the repair market of bicycle chain and high-end sports and entertainment, and the growth of the shipment of chains exclusive to electric bikes. The gradual recovery of the market beyond bicycle chain also contributed to the result. At the same time, KMC has spared no effort in optimizing its product portfolio and lean management, which contributed to the record high revenue in 2019 with 6.3% increase in profit as compared with the same period of 2018, which was also record high. The operation other than bicycle chains in 2019 was clouded by the rise in tariff in the buyer countries and the depreciation of currency that led to the reduced orders from customers. The performance of the automotive timing system operation was also not as expected under the subsidizing policy of the government on automotive factories in China, the increase in production of new energy

cars, and the drop in the demand for fuel cars under the expectation of the transition from China V to China VI standard, which were unfavorable.

2. The year of 2019 Budget Implementation Status:

Unit: TWD thousands

Item	Actual amount	Budget amount	Achieved rate %
Operating revenue	5,239,635	5,200,000	101%
Gross profit	2,143,280	2,100,000	102%
Operating profit	1,253,552	1,200,000	105%
Net profit after tax	1,007,490	980,000	103%

3. Financial and Profitability analysis:

Unit: TWD one thousand

Item	2019	2018	The percentage changed
Operating revenue	5,239,635	5,056,832	3.6%
Gross profit	2,143,280	2,138,990	0.2%
Operating profit	1,253,552	1,225,582	2.3%
Net profit after tax	1,007,490	947,666	6.3%
Cross profit margin	40.9%	42.3%	
Operating margin	23.9%	24.2%	
Net margin	19.2%	18.7%	
EPS in NT\$	8.00	7.52	

4. Research and Development Status:

To ensure a leading position in the industry, to understand the needs of consumers and continuous upgrading advanced technology are most important tasks we have been doing over the past many years. KMC integrates its deep cultivation of the basic metal materials with self-developed unique structure of chain piece and high-precision molds supplemented by a variety of heat treatment and surface treatment to create KMC's leading position in the chain market. The durability, hardness, and convenience in replacement, and the smooth shifting of speed for bicycle chain will be the gravity of KMC in research and development

II. Summary of 2020 Business Plan:

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

KMC is a specialized bicycle chain manufacturer that has won the recognition of corporate customers and end users for its manufacturing and technical capabilities, in recent years, we have joined numerous design competitions at home and abroad to sharpen our competences in design and development, we're abreast with market trends and our products are receiving increasing exposure in the international media. The revenues from the bicycle business unit, automotive parts and components business unit, the automotive timing system and garage door system accounted for 77.3%, 10.2%, 6.3%, and 6.2% in 2019, respectively.

In 2018, KMC was ranked among the 21st ~35th position of the “Interbrand Survey” for the first time and won the “Best Brand of Taiwan”. In 2019, KMC was once again ranked among the top 35 of “Interbrand”. KMC will continue its performance and aim at globalization, and emerge as the most influential international brand through global development by branding power.

KMC committed considerable resources in the development of the market of high-end bicycle chains and repair market. First of all, KMC stepped further in the diversification of the parts and components of electric bikes. Further to the use of exclusive chain, exclusive gear system has also been introduced that gave greater variety of the product line. Secondly, KMC seeks to increase its share in the repair market of Europe and USA. The lucrative profit in the repair market has long been the prime force driving for profit growth for KMC. In the last 3 years, this market has annual growth of more than 10%. The increase of the penetration rate of electric bikes and high-end bicycles will help to push the repair market forward, which in turn will enhance the performance of KMC in profitability.

KMC has completed the inception of SAP in the plants of Taiwan and Mainland China. This system helps to integrate the information, which has been scattered in different departments in the past. The linking between management and manufacturing in real-time helps to upgraded the transparency of data in the production process so that the managers can adjust and review the time axis of the operation data with flexibility, from monthly, weekly and even daily. They could respond to the unpredictable environment quickly through standard operation procedures to optimize the operation efficiency of the Company.

In vital production policy, KMC will continue to increase advanced production process and capacity to satisfy the needs of the customers and provide them with quicker and instance support in production and sale. At the same time, KMC also seeks to reinforce its “short supply chain” capacity with its foundation of localized production in different places of the world to withstand the rise of global trade protectionism for assurance of absolute advantage of leadership in the industry.

2. Sales volume forecast and the accordance of fact
Bicycle , motorcycle, automobile and GDO market has shown steady growth for many year; however, the sales volume forecast will be evaluated and properly adjusted according to the current industrial environment, market supply and demand and the business exploration ability.
- III. Company's development strategy in the future:

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

In 2020, KMC will focus on three aspects of development in automotive parts and components. First of all, it will align with the development trend of electric bikes and increase its stake in the diversification of parts and components for electric bikes. Secondly, KMC seeks

to increase its share in the repair market of Europe and USA. The lucrative profit in the repair market has long been the prime force driving for profit growth for KMC. In the last 3 years, this market has annual growth of more than 10%. The increase of the penetration rate of electric bikes and high-end bicycles will help to push the repair market for further growth, which in turn will enhance the overall performance of KMC. Thirdly, it is the chains for high-end sport vehicles. A number of manufacturers will launch ultra-high performance system in new models, which is expected to bring about another wave of upgrade and replacement for new vehicles, and in turn drive the demand for high-end chains. In the operation beyond bicycle chain, the diminishing of influence from unfavorable factors allows KMC to bolster its operation in the repair operation in ASEAN region in the area of parts and components for motorcycles. In the area of automotive timing system, KMC will speed up its paces in working in conjunction with major customers in the development of automotive timing system and different parts and components. As for the garage door system, KMC will increase the number of projects of system parts for joint development with customers.

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

As well as getting along with the rising of global urbanization level, those issues getting more serious including environmental protection, traffic, public health, the governments worldwide have gradually included bicycle as the best option of green vehicle. KMC pays no less attention to the value of environmental protection and emphasizes on sustainable coexistence. Being a member of the green transportation industry, and as a leading manufacturer of chains and made the first eco-friendly chain with carbon footprint accreditation, KMC will continue to work hard to achieve the goal of carbon reduction. The bicycle is also the best outdoor leisure and sports equipment in tourism due to its great benefit to physical and mental health; also, riding bicycle has become a current high-class life style. With above mentioned facts, the growing trend of cycling has been promoted. These facts are believed make contribution to long-term and stable development of bicycle.

Tracing back to 2019, the overall business environment might be affected by the emergence of new business model as well as new products and new sports; however, these changing factors will eventually become another drive that promotes industrial upgrading. The company's management team should adapt prudent and pragmatic attitude in respond to various possible changes in the future. Besides, with all the staffs have deep recognition of the ardent expectations from the shareholders and the general public, we will look forward to the future by actively enhancing operational performance as the returns to shareholders' supports.

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

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

Attachment II

Attachment II Supervisor's Review Report

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

To: Shareholders' Annual General Meeting for Year 2020, KMC(Kuei Meng) International Inc.

The Board of Directors has prepared and submitted to the undersigned, the 2019 Business Report, Financial Statements and the proposal of distribution of earnings. The Financial Statements have been duly audited by Certified Public Accountants Chao Chin Yang and Yu-Shiang Liu of Deloitte Touche Tohmatsu International Taiwan. The above Business Report, Financial Statements and the proposal of distribution of earnings have been examined and determined to be correct by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

The Supervisor

Mr. Kao, Ting-Nan

Mr. Hsu, Yang-Kang

March 19, 2020

Attachment III

Attachment III: Ethical Corporate Management Best Practice Principles before and after revision

Before Amendment	After Amendment
<p>Article 2 Prohibition of Unethical Conduct When engaging in commercial activities, directors, supervisors, managers, employees or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively "Unethical Conduct") for purposes of acquiring or maintaining Benefits. The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.</p>	<p>Article 2 Prohibition of Unethical Conduct When engaging in commercial activities, directors, supervisors, managers, employees or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively "Unethical Conduct") for purposes of acquiring or maintaining Benefits. The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.</p>
<p>Article 8 Prohibition of Offering and Accepting Bribes When conducting business, the Company and the directors, supervisors, managers, employees, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits including rebates, commissions, facilitation payment or in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. But matter which is compliance with laws and regulations of the places where the Company and its business groups and organizations operate shall be excluded.</p>	<p>Article 8 Prohibition of Offering and Accepting Bribes When conducting business, the Company and the directors, supervisors, managers, employees, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits including rebates, commissions, facilitation payment or in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. But matter which is compliance with laws and regulations of the places where the Company and its business groups and organizations operate shall be excluded.</p>
<p>Article 9 Prohibition of Offering Illegal Political Donations When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees, and substantial controllers shall comply with the</p>	<p>Article 9 Prohibition of Offering Illegal Political Donations When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees, and substantial controllers shall comply with the Political</p>

Before Amendment	After Amendment
Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.
<p>Article 10 Prohibition of Improper Charitable Donations or Sponsorship</p> <p>When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	<p>Article 10 Prohibition of Improper Charitable Donations or Sponsorship</p> <p>When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>
<p>Article 11 Prohibition of Unjustifiable Presents, Hospitality or Other Improper Benefits</p> <p>The Company and its directors, supervisors, managers, employees, and substantial controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions</p>	<p>Article 11 Prohibition of Unjustifiable Presents, Hospitality or Other Improper Benefits</p> <p>The Company and its directors, supervisors, managers, employees, and substantial controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions</p>
<p>Article 13 Legal Compliance for Conducting Business</p> <p>The directors, supervisors, managers, employees, and substantial controllers of the Company shall comply with laws and regulations and the prevention programs when conducting business.</p>	<p>Article 13 Legal Compliance for Conducting Business</p> <p>The directors, supervisors, managers, employees, and substantial controllers of the Company shall comply with laws and regulations and the prevention programs when conducting business.</p>
<p>Article 14 Avoiding Conflicts of Interest of Directors, Supervisors and, Managerial officers</p> <p>The Company shall establish regulations for preventing conflicts of interest, and offer appropriate means for directors, supervisors and managers to voluntarily explain whether the interests would potentially conflict with those of the Company.</p> <p>The directors of the Company shall be highly self-disciplined, when attending or present at the board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, shall state the important aspects of the stake in the meeting. Such person shall be prohibited from discussing and participating in voting on any proposals if there is likelihood that the interests of</p>	<p>Article 14 Avoiding Conflicts of Interest of Directors, Supervisors and, Managerial officers</p> <p>The Company shall establish regulations for preventing conflicts of interest, and offer appropriate means for directors, supervisors and managers to voluntarily explain whether the interests would potentially conflict with those of the Company.</p> <p>The directors of the Company shall be highly self-disciplined, when attending or present at the board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, shall state the important aspects of the stake in the meeting. Such person shall be prohibited from discussing and participating in voting on any proposals if there is likelihood that the interests of</p>

Before Amendment	After Amendment
<p>the Company would be prejudiced, shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline and should not support one another in improper ways. The Company's directors, supervisors and managers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person</p>	<p>the Company would be prejudiced, shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline and should not support one another in improper ways. The Company's directors, supervisors and managers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person</p>
<p>Article 16 Operational Procedures and Guidelines</p> <p>The operational principles and rules established by the Company for the prevention of Unethical Conduct shall specifically regulate the rules of business conduct for the Company's directors, supervisors, managers, employees, and substantial controllers. The procedures and guidelines should at least contain the following matters:</p> <ol style="list-style-type: none"> 1. Standards for determining whether improper benefits have been offered or accepted. 2. Procedures for offering legitimate political donations. 3. Procedures and the standard rates for offering charitable donations or sponsorship. 4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled. 5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business. 6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct. 7. Handling procedures for violations of these Principles. 8. Disciplinary measures on offenders 	<p>Article 16 Operational Procedures and Guidelines</p> <p>The operational principles and rules established by the Company for the prevention of Unethical Conduct shall specifically regulate the rules of business conduct for the Company's directors, supervisors, managers, employees, and substantial controllers. The procedures and guidelines should at least contain the following matters:</p> <ol style="list-style-type: none"> 1. Standards for determining whether improper benefits have been offered or accepted. 2. Procedures for offering legitimate political donations. 3. Procedures and the standard rates for offering charitable donations or sponsorship. 4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled. 5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business. 6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct. 7. Handling procedures for violations of these Principles.

Before Amendment	After Amendment
	8. Disciplinary measures on offenders
<p>Article 17 Training and Reviews The Company shall periodically organize training or awareness programs for its directors, supervisors, managers, employees and substantial controllers to have them fully understand the Company's resolution to implement the Principles and the consequences of committing Unethical Conduct. The Company shall combine the Principles with its employee performance evaluation system and human resource policies to establish a clear and effective reward and punishment system.</p>	<p>Article 17 Training and Reviews The Company shall periodically organize training or awareness programs for its directors, supervisors, managers, employees and substantial controllers to have them fully understand the Company's resolution to implement the Principles and the consequences of committing Unethical Conduct. The Company shall combine the Principles with its employee performance evaluation system and human resource policies to establish a clear and effective reward and punishment system.</p>
<p>Article 20 Review and Amendment to the Principles The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, supervisors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.</p>	<p>Article 20 Review and Amendment to the Principles The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, supervisors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.</p>
<p>Article 21 The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p>	<p>Article 21 The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to <u>audit committee charter</u> and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p>

Attachment IV

Attachment IV: Guidelines for the Adoption of Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers before and after revision

Before Amendment	After Amendment
<p>Article 2 Persons Subject to Code of Ethics The Company's general managers or their equivalents, assistant general managers ` supervisors or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the company</p>	<p>Article 2 Persons Subject to Code of Ethics The Company's general managers ` supervisors or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the company</p>
<p>Article 3 Principle of Integrity The directors, supervisors and managers shall uphold the principle of honesty and credibility and comply with the behavior of professional standards when performing their duties.</p>	<p>Article 3 Principle of Integrity The directors, supervisors and managers shall uphold the principle of honesty and credibility and comply with the behavior of professional standards when performing their duties.</p>
<p>Article 4 Prevention of Conflict of Interest The directors, supervisors and managers of the Company shall deal with corporate events objectively and efficiently, and shall not improperly take benefits based on the Personnel's position for themselves, their spouses, parents, children or relatives within three degrees of kinship. In the event that the aforementioned Personnel's affiliates receive loans or guarantees, engage in material assets transactions, or purchase (or sell) products from (or to) the Company, which shall comply with "Procedures for Lending Funds to Other Parties", "Procedures for Endorsement & Guarantee", "Procedures for Acquisition or Disposal of Assets" and regulation of procurement and supply</p>	<p>Article 4 Prevention of Conflict of Interest The directors, supervisors and managers of the Company shall deal with corporate events objectively and efficiently, and shall not improperly take benefits based on the Personnel's position for themselves, their spouses, parents, children or relatives within three degrees of kinship. In the event that the aforementioned Personnel's affiliates receive loans or guarantees, engage in material assets transactions, or purchase (or sell) products from (or to) the Company, which shall comply with "Procedures for Lending Funds to Other Parties", "Procedures for Endorsement & Guarantee", "Procedures for Acquisition or Disposal of Assets" and regulation of procurement and supply</p>
<p>Article 5 Minimizing Incentives to Pursue Personal Gain The company shall prevent its directors, supervisors, or managerial officers from engaging in</p>	<p>Article 5 Minimizing Incentives to Pursue Personal Gain The company shall prevent its directors, supervisors, or managerial officers from engaging in</p>

Before Amendment	After Amendment
<p>any of the following activities:</p> <p>(1) Seeking an opportunity to pursue personal gain or obtaining personal gain by using company property or information or taking advantage of their positions. (2) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.</p>	<p>any of the following activities:</p> <p>(1) Seeking an opportunity to pursue personal gain or obtaining personal gain by using company property or information or taking advantage of their positions. (2) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.</p>
<p>Article 6 Confidentiality</p> <p>The directors, supervisors, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the business, the technology and the intellectual property rights, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p>	<p>Article 6 Confidentiality</p> <p>The directors, supervisors, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the business, the technology and the intellectual property rights, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p>
<p>Article 7 Fair trade</p> <p>Directors, supervisors, and managerial officers of the Company shall treat all clients, suppliers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p>	<p>Article 7 Fair trade</p> <p>Directors, supervisors, and managerial officers of the Company shall treat all clients, suppliers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p>
<p>Article 8 Safeguarding and Proper Use of Company Assets</p> <p>All directors, supervisors, and managerial officers of the Company have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of</p>	<p>Article 8 Safeguarding and Proper Use of Company Assets</p> <p>All directors, supervisors, and managerial officers of the Company have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of</p>

Before Amendment	After Amendment
the assets will all directly impact the company's profitability.	the assets will all directly impact the company's profitability.
<p>Article 9 Legal Compliance All directors, supervisors, and managerial officers of the Company shall comply with the Securities and Exchange Act and other relevant laws and regulations.</p>	<p>Article 9 Legal Compliance All directors, supervisors, and managerial officers of the Company shall comply with the Securities and Exchange Act and other relevant laws and regulations.</p>
<p>Article 10 Encouraging Reporting on Illegal or Unethical Activities The company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>Article 10 Encouraging Reporting on Illegal or Unethical Activities The company shall raise awareness of ethics internally and encourage employees to report to a company <u>Independent Director</u>, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall use its best efforts to ensure the safety of informants and protect them from reprisals.</p>
<p>Article 11 Disciplinary measures. When a director, supervisor, or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the business title, name, date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.</p>	<p>Article 11 Disciplinary measures. When a director, supervisor, or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the business title, name, date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.</p>
<p>Article 12 Complaint System If director of the Company violates the code of ethical conduct, he (or she) could ask supervisor for</p>	<p>Article 12 Complaint System If director of the Company violates the code of ethical conduct, he (or she) could ask supervisor for</p>

Before Amendment	After Amendment
<p>investigation. If supervisor violates the code, he (or she) could ask other supervisor for investigation. If manager violates the code and is punished, he (or she) could complain by a relevant complaint system with remedies.</p>	<p>investigation. If <u>Independent Director</u> violates the code, he (or she) could ask other <u>Independent Director</u> for investigation. If manager violates the code and is punished, he (or she) could complain by a relevant complaint system with remedies.</p>
<p>Article 13 Procedures for Exemption The code of ethical conduct adopted by a company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, the information of the business title, name of the exemption person, on the date on which the board of directors adopted the resolution for exemption, the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS.</p>	<p>Article 13 Procedures for Exemption The code of ethical conduct adopted by a company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, the information of the business title, name of the exemption person, on the date on which the board of directors adopted the resolution for exemption, the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS.</p>
<p>Article 16 Enforcement The code of ethical conduct of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p>	<p>Article 16 Enforcement The code of ethical conduct of the Company shall be implemented after the board of directors grants the approval, and shall be sent to <u>audit committee charter</u> and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p>

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of KMC (KUEI MENG) International Inc. and its subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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, 2019 is as follows:

Revenue recognition

The Group sells its products in Asia, the Americas and Europe. Sales revenue is significant to the consolidated financial statements and is presumed risk account under the Regulations Governing Auditing and Attestation of Financial Statements; thus, we deemed the authenticity of sales of specific customers whose gross margin rate has significant growth than last year to be a key audit matter. The revenue recognition accounting policy is disclosed in Notes 4(o) and 27 to the consolidated financial statements.

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

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

Other Matter

We have also audited the parent company only financial statements of KMC (KUEI MENG) International Inc. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chao-Chin Yang and Yu-Shiang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2020.

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

ASSETS	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,765,933	18	\$ 2,073,429	20
Financial assets at amortized cost - current (Notes 4, 7 and 8)	59,396	1	8,554	-
Notes receivable (Notes 4 and 9)	107,758	1	113,675	1
Accounts receivable (Notes 4 and 9)	870,226	9	817,389	8
Accounts receivable from related parties (Notes 4, 9 and 34)	52,471	-	56,275	1
Other receivables (Notes 4 and 34)	35,606	-	28,867	-
Current tax assets (Notes 4 and 29)	20,768	-	25,030	-
Inventories (Notes 4 and 10)	880,476	9	1,109,335	11
Prepayments (Notes 3, 12 and 20)	216,037	2	145,605	2
Other current assets (Note 12)	64,404	1	61,998	1
Total current assets	<u>4,073,075</u>	<u>41</u>	<u>4,440,157</u>	<u>44</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 13)	12,764	-	12,140	-
Property, plant and equipment (Notes 4, 14 and 34)	3,072,048	31	3,174,144	31
Right-of-use assets (Notes 3, 4, 15 and 34)	908,305	9	-	-
Investment properties (Notes 4 and 16)	133,458	1	98,395	1
Goodwill (Notes 4 and 18)	1,339,550	13	1,226,567	12
Other intangible assets (Notes 4 and 19)	273,515	3	144,756	1
Deferred tax assets (Notes 4 and 29)	85,605	1	87,633	1
Other financial assets - non-current (Notes 4 and 11)	3,244	-	3,244	-
Long-term prepayments for lease (Note 20)	-	-	924,734	9
Other non-current assets (Notes 3 and 12)	59,608	1	74,144	1
Total non-current assets	<u>5,888,097</u>	<u>59</u>	<u>5,745,757</u>	<u>56</u>
TOTAL	<u>\$ 9,961,172</u>	<u>100</u>	<u>\$ 10,185,914</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 21)	\$ 898,177	9	\$ 1,712,132	17
Short-term bills payable (Notes 4 and 21)	99,955	1	-	-
Notes payable (Note 22)	944	-	6,507	-
Accounts payable (Note 22)	300,948	3	319,894	3
Accounts payable to related parties (Notes 22 and 34)	35,725	-	37,284	1
Other payables (Note 23)	283,846	3	301,816	3
Current tax liabilities (Notes 4 and 29)	143,778	2	135,127	1
Lease liabilities - current (Notes 3, 4, 15 and 34)	2,828	-	-	-
Current portion of long-term borrowings (Notes 4 and 21)	1,270,000	13	-	-
Deferred revenue - current (Notes 4 and 24)	7,060	-	-	-
Other current liabilities (Note 23)	37,993	-	22,718	-
Total current liabilities	<u>3,081,254</u>	<u>31</u>	<u>2,535,478</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 21)	1,085,000	11	2,000,000	20
Deferred tax liabilities (Notes 4 and 29)	472,527	5	534,999	5
Lease liabilities - non-current (Notes 3, 4, 15 and 34)	1,791	-	-	-
Deferred revenue - non-current (Notes 4 and 24)	7,060	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 25)	32,926	-	40,759	-
Other non-current liabilities	2,131	-	3,584	-
Total non-current liabilities	<u>1,601,435</u>	<u>16</u>	<u>2,579,342</u>	<u>25</u>
Total liabilities	<u>4,682,689</u>	<u>47</u>	<u>5,114,820</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Capital stock - common stock	<u>1,260,000</u>	<u>13</u>	<u>1,260,000</u>	<u>12</u>
Capital surplus	<u>1,541,021</u>	<u>15</u>	<u>1,541,021</u>	<u>15</u>
Retained earnings				
Legal reserve	449,234	4	354,469	4
Special reserve	571,153	6	448,150	4
Unappropriated earnings	<u>2,267,714</u>	<u>23</u>	<u>2,038,363</u>	<u>20</u>
Total retained earnings	<u>3,288,101</u>	<u>33</u>	<u>2,840,982</u>	<u>28</u>
Other equity	<u>(810,893)</u>	<u>(8)</u>	<u>(571,153)</u>	<u>(5)</u>
Total equity attributable to owners of the Company	5,278,229	53	5,070,850	50
NON - CONTROLLING INTERESTS	<u>254</u>	<u>-</u>	<u>244</u>	<u>-</u>
Total equity	<u>5,278,483</u>	<u>53</u>	<u>5,071,094</u>	<u>50</u>
TOTAL	<u>\$ 9,961,172</u>	<u>100</u>	<u>\$ 10,185,914</u>	<u>100</u>

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

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27, 34 and 38)	\$ 5,239,635	100	\$ 5,056,832	100
OPERATING COSTS (Notes 10, 28 and 34)	<u>3,096,355</u>	<u>59</u>	<u>2,917,842</u>	<u>58</u>
GROSS PROFIT	<u>2,143,280</u>	<u>41</u>	<u>2,138,990</u>	<u>42</u>
OPERATING EXPENSES (Notes 28 and 34)				
Selling and marketing expenses	389,771	7	406,677	8
General and administrative expenses	450,905	9	426,196	8
Research and development expenses	34,104	1	43,493	1
Expected credit loss	<u>9,049</u>	<u>-</u>	<u>22,866</u>	<u>1</u>
Total operating expenses	<u>883,829</u>	<u>17</u>	<u>899,232</u>	<u>18</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 28 and 34)	<u>(5,899)</u>	<u>-</u>	<u>(14,176)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>1,253,552</u>	<u>24</u>	<u>1,225,582</u>	<u>24</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 24, 28 and 34)				
Other income	92,646	2	82,624	2
Other gains and losses	(18,516)	-	(11,343)	-
Share of profit of associates	624	-	872	-
Finance cost	<u>(35,354)</u>	<u>(1)</u>	<u>(39,118)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>39,400</u>	<u>1</u>	<u>33,035</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,292,952	25	1,258,617	25
INCOME TAX EXPENSE (Notes 4 and 29)	<u>285,462</u>	<u>6</u>	<u>310,951</u>	<u>6</u>
NET PROFIT	<u>1,007,490</u>	<u>19</u>	<u>947,666</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 25)	8,291	-	(2,898)	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss (Note 29)	<u>(1,658)</u>	<u>-</u>	<u>580</u>	<u>-</u>

(Continued)

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
	<u>6,633</u>	<u>-</u>	<u>(2,318)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 26)	(239,199)	(4)	(103,639)	(2)
Income tax expense relating to items that may be reclassified subsequently to profit or loss (Notes 26 and 29)	<u>(535)</u>	<u>-</u>	<u>(19,376)</u>	<u>(1)</u>
	<u>(239,734)</u>	<u>(4)</u>	<u>(123,015)</u>	<u>(3)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(233,101)</u>	<u>(4)</u>	<u>(125,333)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 774,389</u>	<u>15</u>	<u>\$ 822,333</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,007,486	19	\$ 947,655	19
Non-controlling interests	<u>4</u>	<u>-</u>	<u>11</u>	<u>-</u>
	<u>\$ 1,007,490</u>	<u>19</u>	<u>\$ 947,666</u>	<u>19</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 774,379	15	\$ 822,334	16
Non-controlling interests	<u>10</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 774,389</u>	<u>15</u>	<u>\$ 822,333</u>	<u>16</u>
EARNINGS PER SHARE (Note 30)				
Basic	\$ 8.00		\$ 7.52	
Diluted	\$ 7.99		\$ 7.51	

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

(Continued)

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company						Total	Non-controlling Interests	Total Equity
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations			
BALANCE, JANUARY 1, 2018	\$ 1,200,000	\$ 1,541,021	\$ 250,180	\$ 362,881	\$ 1,882,584	\$ (448,150)	\$ 4,788,516	\$ 245	\$ 4,788,761
Appropriation of the 2017 earnings (Note 26) :									
Legal reserve	-	-	104,289	-	(104,289)	-	-	-	-
Special reserve	-	-	-	85,269	(85,269)	-	-	-	-
Cash dividends distributed by the Company - NT\$ 4.5 per share	-	-	-	-	(540,000)	-	(540,000)	-	(540,000)
Share dividends distributed by the Company - NT\$ 0.5 per share	60,000	-	-	-	(60,000)	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	947,655	-	947,655	11	947,666
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	(2,318)	(123,003)	(125,321)	(12)	(125,333)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	945,337	(123,003)	822,334	(1)	822,333
BALANCE, DECEMBER 31, 2018	1,260,000	1,541,021	354,469	448,150	2,038,363	(571,153)	5,070,850	244	5,071,094
Appropriation of the 2018 earnings (Note 26) :									
Legal reserve	-	-	94,765	-	(94,765)	-	-	-	-
Special reserve	-	-	-	123,003	(123,003)	-	-	-	-
Cash dividends distributed by the Company - NT\$ 4.5 per share	-	-	-	-	(567,000)	-	(567,000)	-	(567,000)
Net profit for the year ended December 31, 2019	-	-	-	-	1,007,486	-	1,007,486	4	1,007,490
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	6,633	(239,740)	(233,107)	6	(233,101)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,014,119	(239,740)	774,379	10	774,389
BALANCE, DECEMBER 31, 2019	\$ 1,260,000	\$ 1,541,021	\$ 449,234	\$ 571,153	\$ 2,267,714	\$ (810,893)	\$ 5,278,229	\$ 254	\$ 5,278,483

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,292,952	\$ 1,258,617
Adjustments for:		
Depreciation expenses	292,281	233,474
Amortization expenses	52,170	85,160
Expected credit loss loss recognized on accounts receivable	9,049	22,866
Finance costs	35,354	39,118
Interest income	(24,949)	(29,833)
Share of profit of associates	(624)	(872)
Loss on disposal of property, plant and equipment	5,899	14,176
Write-downs of inventories	-	15,081
Unrealized (gain) loss on foreign currency exchange	12,646	(21,621)
Changes in operating assets and liabilities		
Notes receivable	15,384	(10,804)
Accounts receivable	46,908	61,433
Accounts receivable from related parties	3,739	(15,272)
Other receivables	(1,154)	(8,949)
Inventories	233,921	(190,383)
Prepayments	(104,568)	52,182
Other current assets	(4,869)	(12,839)
Notes payable	(5,563)	(29,946)
Accounts payable	(36,139)	46,063
Accounts payable to related parties	(1,559)	20,295
Other payables	(52,127)	30,791
Deferred revenue	14,668	-
Other current liabilities	6,681	(13,445)
Net defined benefit liability	(7,833)	(26,260)
Cash generated from operations	1,782,267	1,519,032
Income tax paid	(316,384)	(340,820)
Net cash generated from operating activities	<u>1,465,883</u>	<u>1,178,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(50,842)	-
Acquisition of subsidiaries (Note 31)	(347,046)	(392,590)
Acquisition of property, plant and equipment	(305,162)	(317,203)
Proceeds from disposal of property, plant and equipment	13,467	6,089
Increase in refundable deposits	(1,739)	(6,373)
Decrease in refundable deposits	2,095	5,133
Acquisition of other intangible assets	(4,240)	(57,865)
Acquisition of investment properties	(2,612)	(1,698)
Increase in other financial assets	-	(217)
Decrease in other non-current assets	129	-
Interest received	<u>22,949</u>	<u>29,003</u>

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

KMC (KUEI MENG) INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Net cash used in investing activities	<u>(673,001)</u>	<u>(735,721)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	11,087,120	17,233,375
Repayments of short-term borrowings	(11,923,642)	(16,661,490)
Proceeds from short-term bills payable	3,250,000	2,327,201
Repayments of short-term bills payable	(3,152,401)	(2,651,966)
Proceeds from long-term borrowings	5,150,000	6,715,000
Repayments of long-term borrowings	(4,795,000)	(6,735,000)
Proceeds from guarantee deposits received	-	250
Refund of guarantee deposits received	(281)	-
Repayment of the principal portion of lease liabilities	(3,251)	-
Cash dividends	(567,000)	(540,000)
Interest paid	<u>(33,004)</u>	<u>(39,259)</u>
Net cash used in financing activities	<u>(987,459)</u>	<u>(351,889)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(112,919)</u>	<u>(32,676)</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(307,496)	57,926
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,073,429</u>	<u>2,015,503</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,765,933</u>	<u>\$ 2,073,429</u>

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

Attachment VI

Attachment VI 2019 Profit Distribution Table

KMC (Kuei Meng) International Inc.
2019 Profit Distribution Table

in NT\$

Items	Amount
Accumulated un-appropriated earnings at the beginning of the period	1,253,594,718
Retained earnings adjustment for the beginning of the period	6,633,000
Adjusted Accumulated un-appropriated earnings at the beginning of the period	1,260,227,718
2019 Net Profit	1,007,486,463
Less: appropriated as legal reserve (10%)	(101,411,946)
Less: special reserve by law	(239,740,142)
Earnings available for appropriation at the end of 2019	1,926,562,093
Allocation Items	
Cash Dividends to Shareholders(NT\$4.5 per share)	(567,000,000)
Un-appropriated Earnings	1,359,562,093

Attachment VII

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

Before Amendment	After Amendment
<p>Chapter 4 Directors and Supervisors (Financial Advisors)</p>	<p>Chapter 4 Directors and <u>audit committee charter</u> (Financial Advisors)</p>
<p>Article 12 The Corporation shall have five to nine Directors, two to three Supervisors 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 supervisor system is abolished from the date on which the audit committee is established in accordance with the law. The term of the supervisors who are already elected ends on the date on which the audit committee of the Company is established. The establishment of the audit committee, the exercise of its duties and relevant matters shall be governed by the Company Act, the Securities and Exchange Act and applicable laws.</p>	<p>Article 12 <u>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.</u></p>
<p>Article 12-1 The Corporation shall have five to seven Directors, two to three Supervisors (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 nomination of Directors and related announcement shall comply with the relevant regulations including Company Act and Securities and Exchange Act. The election of independent Directors and non-independent directors shall be held together provided the number of independent Directors and non-independent Directors elected shall be calculated separately</p>	<p>Article 12-1 The Corporation shall have five to seven Directors, two to three Supervisors (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.</p>
<p>Article 16 The Board of Directors is authorized to determine the salary for all the Directors and Supervisors (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 and</p>	<p>Article 16 The Board of Directors is authorized to determine the salary for all the Directors and Supervisors (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 and</p>

Before Amendment	After Amendment
Supervisors (Financial Advisors) adopts regular amount	Supervisors (Financial Advisors) adopts regular amount
Article 16-1 The company may purchase liability insurance for the Directors and Supervisors (Financial Advisors) to reduce the risk of being sued by shareholders or other related people.	Article 16-1 The company may purchase liability insurance for the Directors and Supervisors (Financial Advisors) to reduce the risk of being sued by shareholders or other related people.
Article 18 The functions of the supervisors (Financial advisors) are as follows: 1. Checking the final accounts. 2. Monitor the Corporation's business and financial status and is authorized to request the Board of Directors to propose reports as needed. 3. Convene the special shareholder's meeting in accordance with Company Act as needed. Manage all the other matters in accordance of Company Act	Article 18 delete
Article 21 In case there is surplus after the close of each fiscal year, the Corporation shall allocate 0.5~5% as the remuneration for employees and the remuneration may be distributed by ways of 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 and Supervisors (Financial Advisors) in accordance with the resolution of the Board of Directors. The subject of the distribution shall not include the managerial personnel who act as proxy of the Directors. The distribution of remuneration to employees, Directors and Supervisors (Financial Advisors) shall be reported at the shareholder's meeting. In case the Corporation still has accumulated losses, a certain amount of earnings shall be reserved before the distribution of remuneration to employees, Directors and Supervisors (Financial Advisors) in accordance with the proportion mentioned in the preceding paragraph.	Article 21 In case there is surplus after the close of each fiscal year, the Corporation shall allocate 0.5~5% as the remuneration for employees and the remuneration may be distributed by ways of 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 and Supervisors (Financial Advisors) in accordance with the resolution of the Board of Directors. The subject of the distribution shall not include the managerial personnel who act as proxy of the Directors. The distribution of remuneration to employees, Directors and Supervisors (Financial Advisors) shall be reported at the shareholder's meeting. In case the Corporation still has accumulated losses, a certain amount of earnings shall be reserved before the distribution of remuneration to employees, Directors and Supervisors (Financial Advisors) in accordance with the proportion mentioned in the preceding paragraph.
Article 24 The Statute was established on February 20th, 1989. The first revised edition of the statute was made on October 12th, 1989.	Article 24 The Statute was established on February 20th, 1989. The first revised edition of the statute was made on October 12th, 1989.

Before Amendment	After Amendment
<p>The second revised edition of the statute was made on November 11th, 1990.</p> <p>The third revised edition of the statute was made on December 9th, 1990.</p> <p>The fourth revised edition of the statute was made on June 15th, 1991.</p> <p>The fifth revised edition of the statute was made on July 4th, 1991.</p> <p>The sixth revised edition of the statute was made on June 12th, 1992.</p> <p>The seventh revised edition of the statute was made on June 4th, 1993.</p> <p>The eighth revised edition of the statute was made on April 15th, 1994.</p> <p>The ninth revised edition of the statute was made on April 28th, 1995.</p> <p>The tenth revised edition of the statute was made on May 17th, 1996.</p> <p>The eleventh revised edition of the statute was made on June 12th, 1997.</p> <p>The twelfth revised edition of the statute was made on May 14th, 1998.</p> <p>The thirteenth revised edition of the statute was made on May 26th, 2000.</p> <p>The fourteenth revised edition of the statute was made on June 20th, 2002.</p> <p>The fifteenth revised edition of the statute was made on June 25th, 2004.</p> <p>The sixteenth revised edition of the statute was made on May 3rd, 2007.</p> <p>The seventeenth revised edition of the statute was made on June 22nd, 2009.</p> <p>The eighteenth revised edition of the statute was made on June 4th, 2010.</p> <p>The nineteenth revised edition of the statute was made on October 4th, 2011.</p> <p>The twentieth revised edition of the statute was made on June 21st, 2012.</p> <p>The twenty-first revised edition of the statute was made on June 25th, 2013.</p> <p>The twenty-second revised edition of the statute was made on June 24th, 2014.</p> <p>The twenty-third revised edition of the statute was made on June 24th, 2016.</p> <p>The twenty-fourth revised edition of the statute was made on June 23rd, 2017.</p> <p>The twenty-fifth revised edition of the statute was made on June 20rd, 2019</p>	<p>The second revised edition of the statute was made on November 11th, 1990.</p> <p>The third revised edition of the statute was made on December 9th, 1990.</p> <p>The fourth revised edition of the statute was made on June 15th, 1991.</p> <p>The fifth revised edition of the statute was made on July 4th, 1991.</p> <p>The sixth revised edition of the statute was made on June 12th, 1992.</p> <p>The seventh revised edition of the statute was made on June 4th, 1993.</p> <p>The eighth revised edition of the statute was made on April 15th, 1994.</p> <p>The ninth revised edition of the statute was made on April 28th, 1995.</p> <p>The tenth revised edition of the statute was made on May 17th, 1996.</p> <p>The eleventh revised edition of the statute was made on June 12th, 1997.</p> <p>The twelfth revised edition of the statute was made on May 14th, 1998.</p> <p>The thirteenth revised edition of the statute was made on May 26th, 2000.</p> <p>The fourteenth revised edition of the statute was made on June 20th, 2002.</p> <p>The fifteenth revised edition of the statute was made on June 25th, 2004.</p> <p>The sixteenth revised edition of the statute was made on May 3rd, 2007.</p> <p>The seventeenth revised edition of the statute was made on June 22nd, 2009.</p> <p>The eighteenth revised edition of the statute was made on June 4th, 2010.</p> <p>The nineteenth revised edition of the statute was made on October 4th, 2011.</p> <p>The twentieth revised edition of the statute was made on June 21st, 2012.</p> <p>The twenty-first revised edition of the statute was made on June 25th, 2013.</p> <p>The twenty-second revised edition of the statute was made on June 24th, 2014.</p> <p>The twenty-third revised edition of the statute was made on June 24th, 2016.</p> <p>The twenty-fourth revised edition of the statute was made on June 23rd, 2017.</p> <p>The twenty-fifth revised edition of the statute was made on June 20rd, 2019</p> <p><u>The twenty-sixth revised edition of the statute was made on June 24rd, 2020</u></p>

Attachment VIII

Attachment VIII The comparison of the contents before and after amendment for the Rules of Procedure for Shareholder Meetings

Before Amendment	After Amendment
<p>Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. 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. 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 as well as being distributed on-site at the meeting place. 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 or supervisors, 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. A</p>	<p>Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. 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. 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 as well as being distributed on-site at the meeting place. 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 or supervisors, amendments to the articles of incorporation, <u>Capital reduction, application to stop public offering, director Business license, surplus capital increase</u>, public reserve transfer Capital increase 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</p>

Before Amendment	After Amendment
<p>shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the 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, 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.</p>	<p>meeting. None of the above matters may be raised by an extraordinary motion. <u>Should be called list and explain the main content in the collection, Can't make a provisional motion; its main content may be placed by the securities authority or company website, and it should be stated in the notice. The reasons for the convening of the shareholders' meeting have set out a comprehensive re-election of directors matters, and set out the date of appointment, the shareholders meeting after the re-election is completed, the same meeting shall not be returned to move or change his inauguration date period.</u></p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, 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.</p> <p>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.</p>
Article 6	Article 6

Before Amendment	After Amendment
<p>This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations 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. Shareholders and their proxies (collectively, "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. 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 or supervisors, pre-printed ballots shall also be furnished. 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.</p>	<p>This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</p> <p>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.</p> <p>Shareholders and their proxies (collectively, "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.</p> <p>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.</p> <p>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 or supervisors, pre-printed ballots shall also be furnished.</p> <p>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.</p>
<p>Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. 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</p>	<p>Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>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.</p> <p>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</p>

Before Amendment	After Amendment
<p>meeting. If the 94 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.</p>	<p>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.</p> <p>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 <u>and arrange adequate voting time.</u></p>
<p>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.</p>	<p>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.</p>
<p>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.</p>	<p>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, <u>If the result of the vote is recorded, when there are elected directors, the number of votes for each candidate shall be disclosed</u> and shall be retained for the duration of the existence of this Corporation.</p>

Attachment IX

Attachment IX The comparison of the contents before and after amendment for the Procedures for Election of Directors and Supervisors

Before Amendment	After Amendment
<p>Article 1 To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles.</p>	<p>Article 1 To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles.</p>
<p>Article 2 Except as otherwise provided by law and regulation or by articles of incorporation of the Company, elections of directors and supervisors shall be conducted in accordance with these Procedures.</p>	<p>Article 2 Except as otherwise provided by law and regulation or by articles of incorporation of the Company, elections of directors and supervisors shall be conducted in accordance with these Procedures.</p>
<p>Article 4 Supervisors of the Company shall meet the following qualifications:</p> <ol style="list-style-type: none"> 1. Integrity and a practical attitude. 2. Impartial judgment. 3. Professional knowledge. 4. Broad experience. 5. Ability to read financial statements. <p>In addition to the requirements of the preceding paragraph, at least one among the supervisors of the Company must be an accounting or finance professional.</p> <p>Appointments of supervisors shall be made with reference to the provisions on independence contained in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in order to select appropriate supervisors to help strengthen the corporation's risk management and control of finance and operations.</p> <p>At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.</p> <p>A supervisor may not serve concurrently as the director, managerial officer, or any other employee of the Company, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.</p>	<p>Article 4 delete</p>
<p>Article 6 Elections of both directors and supervisors at the Company shall be conducted in accordance with</p>	<p>Article 6 Elections of both directors and supervisors at the Company shall be conducted in accordance with</p>

Before Amendment	After Amendment
<p>the candidate nomination system and procedures set out in Article 192-1 of the Company Act. 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.</p> <p>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 supervisors are dismissed an 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</p>	<p>the candidate nomination system and procedures set out in Article 192-1 of the Company Act. 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.</p> <p>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 supervisors are dismissed an 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</p>
<p>Article 7</p> <p>The cumulative voting method shall be used for election of the directors and supervisors at this Corporation. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.</p>	<p>Article 7</p> <p>The cumulative voting method shall be used for election of the directors and supervisors at this Corporation. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.</p>
<p>Article 8</p> <p>The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors 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.</p>	<p>Article 8</p> <p>The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors 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.</p>
<p>Article 9</p> <p>The number of directors and supervisors 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</p>	<p>Article 9</p> <p>The number of directors and supervisors 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</p>

Before Amendment	After Amendment
<p>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.</p>	<p>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.</p>
<p>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 or supervisors shall be announced by the chair on the site.</p>	<p>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 or supervisors shall be announced by the chair on the site.</p>
<p>Article 14 The board of directors of the Company shall issue notifications to the persons elected as directors or supervisors.</p>	<p>Article 14 The board of directors of the Company shall issue notifications to the persons elected as directors or supervisors.</p>

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

Title/Name	Shareholdings (shares)	Education, Current Positions & Major Past Positions
Directors: KMC TRANSTON INDUSTRIES LIMITED Representative Wu, Ying-Chin	47,412,256	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	Ceo of kmc chain industrial co., ltd Mba, nanyang technological university
Directors: Mr. Kao,Ting-Nan	1,285,084	Chairman of whole man enterprise co., ltd
Directors:Mr. Hsu,Yang-Kang	0	MBA, National Taipei University of Science and Technology
Independent Directors: Wang,Ming-Lung	0	Deputy provost and Emba ceo, college of management, national cheng kung university. Professor, department of accounting, national cheng kung university. Phd finance, city university of new york Mba in finance, university of oregon, usa
Independent Directors: Tseng,Wen-Che	0	Director, executive vice president, deloitte taiwan Emba, national cheng kung university Department of accounting, soochow university
Independent Directors: Tasi,Hsueh-Ling	0	Managing attorney of hsueh-ling tsai law office Director, taiwan bar association Attorney-at-law, republic of china School of law, wisconsin state university Department of law, national taiwan university