

KMC (Kuei Meng) International Inc. (“the Company”)
Guidelines for the Adoption of Codes of Ethical Conduct for Directors, Supervisors
and Managerial Officers

Article 1 Purpose of Adoption

The Code of Ethics is adopted for the purpose of directing the directors and managers of the Company to act in conformity with the standard of ethics, and ensuring that the stakeholders of the Company understand the ethical standard of the Company.

Article 2 Persons Subject to Code of Ethics

The Company’s general managers 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.

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.

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.

Article 5 Minimizing Incentives to Pursue Personal Gain

The company shall prevent its directors, supervisors, or managerial officers from engaging in any of the following activities:

(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.

Article 6 Confidentiality

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.

Article 7 Fair trade

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.

Article 8 Safeguarding and Proper Use of Company Assets

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 the assets will all directly impact the company's profitability.

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.

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.

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.

Article 12 Complaint System

If director of the Company violates the code of ethical conduct, he (or she) could ask supervisor for 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.

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.

Article 14 Method of Disclosure

The Company shall disclose the code of ethical conduct it has adopted and any amendments to it, in its annual reports and public prospectus and on the MOPS.

Article 15 Amendment

If the code of ethical conduct has any matters not mentioned herein, the Company shall handle with accordance with the relevant laws, regulations and Articles of Incorporation of the Company.

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.