Ticker Number：2106

KENDA RUBBER IND. CO., LTD.

2024 Annual General Shareholders' Meeting Handbook

Date：May 31, 2024

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Meeting Procedures for the 2024 Annual Shareholders' Meeting of Kenda Rubber Ind. Co. Ltd.

Type of Meeting: Physical shareholders' meeting

Time: May 31, 2024(Friday) at 9:30 am

Place: No. 146, Sec. 1, Zhongshan Rd., Yuanlin City, Changhua County (Auditorium on the ground floor of the Company)

1. Meeting begins (report the number of shares present).
2. Call the Meeting to Order.
3. Chairperson Remarks.
4. Management Presentation (Company Reports):
   (1) The Business Report of 2023.
   (2) The Audit Committee's Review Report of 2023.
   (3) The Distribution of Employees' and Directors' Remuneration Report of 2023.
   (4) The Distribution of Earnings of Cash Dividends Report of 2023.
   (5) The Status of Endorsement and Guarantee.
   (6) Other items.
5. Ratifications:
   (1) Adoption of the Business Report and Financial Statements of 2023.
   (2) Adoption of the Earnings Distribution of 2023.
6. Discussions:
   (1) Amendment to the "Rules of Procedures for Shareholders' Meetings".
7. Election matters:
   Election of the Directors (including Independent Directors).
8. Other Proposals:
   The Release of Non-competition Restrictions on Directors.
9. Questions and Motions:
10. Adjournment.

Management Presentation (Company Reports)

1. The Business Report of 2023

   Explanation: Please refer to pages 14 to 17 of this Handbook for the Business Report.

2. The Audit Committee's Review Report of 2023

   Explanation: Please refer to page 18 of this Handbook for the Audit Committee’s Audit Report

3. The Distribution of Employees' and Directors' Remuneration Report of 2023

   Explanation:

   (1) In accordance with Article 27-1 of the Company’s Articles of Incorporation, the employees’ remuneration shall be distributed at no less than 0.5% of the profits for the year; the directors’ remuneration shall be distributed at a maximum of 3% of the profits for the year.

   (2) The total amount of employees’ remuneration is NT$9,261,536; the total amount of directors’ remuneration is NT$10,894,521.

   (3) The distribution of employees’ and directors’ remuneration shall be made in cash.

4. The Distribution of Earnings of Cash Dividends Report of 2023

   Explanation:

   (1) Approved by the Board of Directors on March 11, 2024 in accordance with Article 27 of the Company’s Articles of Incorporation.

   (2) The Company proposes to distribute NT$954,890,000 in cash as a shareholders’ dividend from the earnings for the year 2023, with each share being allocated at NT$1. Cash dividends are calculated based on the shareholding percentage of the shareholders as recorded in the shareholders’ roster on the dividend distribution record date. Cash dividends are distributed up to the dollar amount (rounded up to the nearest dollar). The total fractional amount is recognized as other income to the Company.

   (3) The Chairman is hereby authorized to determine the ex-dividend date and the dividend distribution date, and to adjust the allotment amount per share in the event of any subsequent change in the number of outstanding shares due to the repurchase of the Company’s shares or the transfer of treasury shares.

5. The Status of Endorsement and Guarantee

   Note: The balance of the Company’s endorsement and guarantee as of December 31, 2023 is NT$8,775,629,000, as shown in the following statement, which is submitted for review in accordance with the Company’s endorsement and guarantee regulations.

Kenda Rubber Ind. Co., Ltd.

Statement of Endorsement and Guarantee

Party guaranteed	Representative	Name of the Bank	The commencement and end date of the endorsement	Currency	Exchange rate	Endorsement Amount	
						Foreign currency (thousand dollars)	New Taiwan Dollars (thousand dollars)
STARCO Europe A/S	Yang, Chi-Jen	Bank SinoPac	2023/07/01~2024/06/30	EUR	33.897076	20,000	677,942
STARCO Europe A/S	Yang, Chi-Jen	Mega International Commercial Bank	2023/05/10~2024/06/30	EUR	33.897076	18,200	616,927
STARCO Europe A/S	Yang, Chi-Jen	E.SUN Commercial Bank	2023/07/01~2024/06/30	USD	30.715000	10,000	307,150
STARCO Europe A/S	Yang, Chi-Jen	UNITED OVERSEAS BANK LIMITED	2023/07/01~2024/06/30	EUR	33.897076	15,000	508,456
STARCO Europe A/S STARCO GmbH STARCO Polska Sp.z o.o. STARCO SAS STARCO GS AG STARCO NV STARCO GB Ltd STARCO DML Ltd STARCO Baltic OÛ	Yang, Chi-Jen	Citi Bank	2023/07/01~2024/06/30	USD	30.715000	20,000	614,300
AMERICAN KENDA RUBBER IND. CO., LTD.	Yang, Chi-Jen	Shanghai Commercial Bank	2023/07/01~2024/06/30	USD	30.715000	15,000	460,725
AMERICANA DEVELOPMENT, INC.	Yang, Chi-Jen	Shanghai Commercial Bank	2023/07/01~2024/06/30	USD	30.715000	6,000	184,290
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen	CTBC Bank	2023/07/01~2024/06/30	USD	30.715000	13,000	399,295
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen	KGI Bank	2023/07/01~2024/06/30	USD	30.715000	10,000	307,150
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen	Shanghai Commercial Bank	2023/07/01~2024/06/30	USD	30.715000	6,000	184,290
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen	Cathay United Bank	2023/07/01~2024/06/30	USD	30.715000	5,000	153,575
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen	Bank of Taiwan	2023/07/01~2024/06/30	USD	30.715000	6,000	184,290
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen	PT.Bank Mizuho Indonesia	2023/07/01~2024/06/30	USD	30.715000	5,000	153,575
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen	Mega International Commercial Bank	2023/07/01~2024/06/30	USD	30.715000	10,000	307,150
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen	Standard Chartered Bank, Indonesia Branch	2023/07/01~2024/06/30	USD	30.715000	5,000	153,575
PT. KENDA RUBBER INDONESIA	Yang, Chi-Jen Yang, Ying-Ming	Taishin International Bank	2023/05/10~2024/06/30	USD	30.715000	20,000	614,300
KENDA RUBBER (VIETNAM) CO., LTD.	Yang, Ying-Ming	Mizuho Bank, Ltd. Ho Chi Minh City Branch	2023/07/01~2024/06/30	USD	30.715000	20,000	614,300
KENDA RUBBER (VIETNAM) CO., LTD.	Yang, Ying-Ming	JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM	2023/07/01~2024/06/30	USD	30.715000	30,000	921,450
KENDA RUBBER (VIETNAM) CO., LTD.	Yang, Ying-Ming	CTBC Bank Ho Chi Minh City Branch	2023/07/01~2024/06/30	USD	30.715000	20,000	614,300
KENDA RUBBER (VIETNAM) CO., LTD.	Yang, Ying-Ming	UNITED OVERSEAS BANK (VIETNAM) LIMITED	2023/07/01~2024/06/30	USD	30.715000	10,000	307,150
KENDA RUBBER (VIETNAM) CO., LTD.	Yang, Ying-Ming	Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh City Branch	2023/07/01~2024/06/30	USD	30.715000	5,000	153,575
KENDA RUBBER (TIANJIN) LIMITED	Yang, Ying-Ming	Standard Chartered Bank (China) Limited	2023/07/01~2024/06/30	USD	30.715000	5,000	153,575
KENDA RUBBER (TIANJIN) LIMITED	Yang, Ying-Ming	Citi Bank	2023/07/01~2024/06/30	USD	30.715000	6,000	184,290
Total					EUR	53,200	8,775,629
					USD	227,000	

6. Other items: None.

Ratifications

Item 1: Proposed by the Board of Directors

Proposal: Adoption of the Business Report and Financial Statements of 2023.

Explanation:

1. The Company's financial statements for the year 2023 have been audited by Deloitte & Touche and an audit report has been issued accordingly. A copy of the auditors' report, together with the business report, is submitted to the Audit Committee for review and the review report is issued.
2. Please refer to pages 14 to 17 and pages 19 to 39 of this Handbook for the 2023 Business Report and Financial Statements.

Resolution:

Item 2: Proposed by the Board of Directors

Proposal: Adoption of the Earnings Distribution of 2023.

Explanation:

1. In accordance with the Company's Articles of Incorporation, the proposed distribution of the Company's 2023 earnings is as follows: The unappropriated earnings at the beginning of the period was NT$5,938,507,071, less the retained earnings of NT$14,764 due to the investments adjusted retained earnings by using equity method, plus net income after tax of NT$880,981,454 for 2023, plus the remeasurement of the defined benefit plan recognized in retained earnings of NT$31,165,436, less the Disposal of investments in equity instruments designated as fair value through other comprehensive income of NT$4,308,523, and after setting aside the legal reserve of NT$90,782,360 and the special reserve of NT$262,078,140, the distributable earnings is NT$6,493,470,174. In accordance with the Company's Articles of Incorporation, the Board of Directors resolved to distribute cash dividends in the amount of NT$954,890,000, at NT$1 per share.
2. The preceding earnings shall be distributed with first priority to the 2023 earnings followed by the previous years' undistributed earnings if there is a shortfall.
3. Please refer to the following page for the Company's "Earnings Distribution Table."

Resolution:

Kenda Rubber Ind. Co., Ltd.

Earnings Distribution Table for the Year 2023

Unit: NTD

Unappropriated retained earnings at the beginning of the year		$ 5,938,507,071
Adjusted retained earnings, accounted for using equity method	(14,764)	
Net income of 2023	880,981,454	
The remeasurement of defined benefit plans recognized in retained earnings	31,165,436	
Disposal of investments in equity instruments designated as fair value through other comprehensive income	(4,308,523)	
Net income of 2023 plus items excluded from net income of 2023 unappropriated earnings of the year		907,823,603
Less: Legal reserve		(90,782,360)
Less:Special reserve		(262,078,140)
Earnings available for distribution		6,493,470,174
Distributable items:		
Cash Dividend for shareholders' bonus (at NT$1 per share)		954,890,000
Unappropriated retained earnings		$ 5,538,580,174

Note: Special reserve is recognized in accordance with article of Financial-Supervisory-Securities-Corporate No.1090150022.

Chairman: Yang, Chi-Jen Managers: Chen, Chao-Jung Accounting Supervisor: Liu, Kuei-Chun

Discussions

Item 1: Proposed by the Board of Directors

Proposal: Amendment to the "Rules of Procedures for Shareholders' meetings". Please proceed to resolve.

Explanation:

1. The "Rules of Procedures for Shareholders' meetings" of the Company needs to be partially amended in response to the amendments to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and to protect the rights and interests of the shareholders and provide an alternative measure for shareholders who have difficulty in attending shareholders' meetings by video.
2. Comparison Table for the Amendment to the "Rules of Procedures for Shareholders' meetings" is as follow:

Article	Content of Article before Amendment	Content of Article after Amendment	Description
Article 3	Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors. None. The following is omitted.	Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors. Except as otherwise specified in the "Regulations Governing the Administration of Shareholder Services of Public Companies", any shareholders' meetings of the Company held via video conference shall be stated in the Articles of Incorporation and resolved by the board of directors. Shareholders' meetings held via video conference shall be approved by a majority of directors present at the board meeting attended by at least two-thirds of the directors. Omitted below.	Amendments are made in line with the law.
Article 6-1	To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice: The first and second subparagraph are omitted. To convene a virtual-only shareholders' meeting, appropriate alternative	To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice: The Subparagraph I and II omitted. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with	Amendments are made in line with the law.

	measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.	difficulties in attending a virtual shareholders' meeting online shall be specified. Except for the circumstances stated in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period during which shareholders may apply to the Company and other relevant matters shall be specified.	
Article 22	When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.	When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online. Except for the circumstances stated in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period during which shareholders may apply to the Company and other relevant matters shall be specified.	Amendments are made in line with the law.

Resolution:

Elections

Item 1: Proposed by the Board of Directors

Proposal: Election of the Directors (including Independent Directors). Please proceed to resolve.

Explanation:

1. The term of office of the 20th Director of the Company will be expired on 30 August, 2024 and it is proposed to be re-elected at the Annual General Meeting of Shareholders in 2024.
2. In accordance with the Company's Articles of Incorporation, 11 directors (including 3 independent directors) shall be re-elected for a term of three years from 31 May, 2024 to 30 May, 2027 and shall be eligible for re-election.
3. The Company shall adopt a candidate nomination system for the election of Directors, and the Shareholders' Meeting shall elect the candidates from the candidates' lists of Directors.
   The election of independent directors and non-independent directors will be held together. The number of independent directors and non-independent directors elected shall be calculated separately.
4. The list of candidates for Directors (including Independent Directors) was approved by the Board of Directors of the Company and the relevant information is as follows:

Serial No.	Name	Number of shares held	Education	Work experience	Nominated by Category
1	Yang, Ying-Ming	65,959,222	M.S., Chemical Engineering, Syracuse University B.S. degree in Chemical Engineering, National Taiwan University	Chairman and President, Kenda Rubber Ind., Co., Ltd. Chairman, Kenjou Ind., Co., Ltd.	Director
2	Yang, Chi-Jen	95,361,725	MBA, The City University of New York B.A. degree in Accounting, National Chengchi University	Vice Chairman and President, Kenda Rubber Ind., Co., Ltd. Chairman, American Kenda Rubber Ind., Co., Ltd.	Director
3	Chang, Hong-Der	8,044,172	Ph.D., Mechanical Engineering, Cornell University M.S., Mechanical Engineering, Columbia University B.S. degree in Agricultural Machinery, National Taiwan University	General Counsel, President and Vice President, Kenda Rubber Ind., Co., Ltd.	Director
4	Chen, Chao-Jung	0	M.S., Materials Science and Engineering, The Ohio State University B.S. degree in Chemistry, National Taiwan University	President and Vice President, Kenda Rubber Ind., Co., Ltd.	Director
5	Lin, Chien-Liang	45,545	Associate degree in Business Administration, Tamsui Institute of Business Administration	General Manager, Kenda Rubber (China) Co., Ltd. General Manager, Kenda Rubber (Shenzhen) Co., Ltd.	Director
6	Yang, Chia-Ling	30,081,817	B.S. degree in Pharmacy, China Medical University	President, Kenlight Trading Corp.	Director
7	Lin, Tsung-Chi	10,142,046	M.S., Electrical and Computer Engineering, University of Wisconsin–Madison B.S. degree in Mechanical Engineering, National Chiao Tung University	Deputy Director, Realtek Semiconductor Corp. President, Oberlin Tech. Co., Ltd	Director
8	Yang, Ying-Yuan	27,345,682	MBA, University of Maryland B.A. degree in International Business, National Taiwan University	Marketing Assistant Vice President, Kimberly-Clark Corporation Taiwan Branch Brand Director, PepsiCo Foods Taiwan Co., Ltd.	Director

Serial No.	Name	Number of shares held	Education	Work experience	Nominated by Category
9	Cho, Shih-Chao	0	MBA, University of Louisville B.A. degree in Business Management, Tatung University	Director, Administrative Vice Minister and Political Vice Minister, Bureau of Foreign Trade, Ministry of Economic Affairs Adjunct Professor, Department of Political Science, National Taiwan University	Independent Director
10	Weng, Wen-Chi	0	M.S., Investment and Financial Risk Management, City University of London B.A. degree in Political Science, National Taiwan University	Chairman, Chunghwa Post Co., Ltd. Chairman, Sinopac Financial Holdings Company Limited	Independent Director
11	Yeh, Kai-Li	0	Ph.D., Consumer Science and Retailing, Purdue University MBA, University of Central Missouri B.A. degree in Business Administration, National Chengchi University	Professor, Department of Business Administration, National Changhua University of Education Dean, College of Business Administration and Continuing and Extension Education, National Changhua University of Education Director, Language Education Center, National Changhua University of Education	Independent Director

5. Please refer to pages 60 to 62 of this Handbook for the rules for election of Directors.

Voting Results:

Other Motions

Item 1:

Proposal: The Release of Non-competition Restrictions on Directors

Explanation:

1. In accordance with the provisions of Article 209 of the Company Act, which states that “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. If the 21st term of directors elected in the company’s 2024 regular shareholders meeting have any non-compete act prohibited by Article 209 of the Company Act, under the precondition of not jeopardizing the company’s best interests, they may propose to the shareholders meeting to have the prohibition on directors from participation in competitive business released.
3. The contents of releasing the prohibition on directors from participation in competitive business are as follows.

Identity of the nominee	Name	Company	Position
Director	Yang, Ying-Ming	KENDA RUBBER (CHINA) CO., LTD.	Chairman
		KENDA RUBBER (SHENZHEN) CO., LTD.	Chairman
		KENDA RUBBER (TIANJIN) LIMITED	Chairman
		KENDA RUBBER (HONG KONG) CO., LTD.	Chairman
		KENDA GLOBAL (CHINA) INVESTMENT CO., LTD	Chairman
		KENDA RUBBER (VIETNAM) CO., LTD.	Chairman
		PT. KENDA RUBBER INDONESIA	Director
		KENDA INTERNATIONAL CORPORATION	Chairman
		KENDA GLOBAL INVESTMENT CORPORATION	Chairman
		KENDA GLOBAL HOLDING CO., LTD.	Chairman
		STARCO Europe A/S	Director

		KENFONG INDUSTRIAL CO., LTD.	Chairman
		KENJOU INDUSTRIAL CO., LTD.	Chairman
		KENLIGHT TRADING CORP.	Director
Director	Yang, Chi-Jen	KENDA RUBBER (CHINA) CO., LTD.	Director
		KENDA RUBBER (SHENZHEN) CO., LTD.	Director
		KENDA RUBBER (TIANJIN) LIMITED	Director
		KENDA GLOBAL (CHINA) INVESTMENT CO., LTD	Director
		KENDA RUBBER (VIETNAM) CO., LTD.	Director
		AMERICAN KENDA RUBBER IND.. CO., LTD	Chairman
		PT. KENDA RUBBER INDONESIA	Chairman
		AMERICANA DEVELOPMENT, INC.	Chairman
		KENDA Rubber Industrial Co, Europe GmbH	Chairman
		KENDA INTERNATIONAL CORPORATION	Director
		KENDA GLOBAL HOLDING CO., LTD.	Director
		STARCO Europe A/S	Chairman
		KENFONG INDUSTRIAL CO., LTD.	Director
		KENJOU INDUSTRIAL CO., LTD.	Director
Director	Chang, Hong-Der	KENDA RUBBER (CHINA) CO., LTD.	Director
		KENDA RUBBER (VIETNAM) CO., LTD.	Director
		KENJOU INDUSTRIAL	Director

		CO., LTD.	
Director	Chen, Chao-Jung	PT. KENDA RUBBER INDONESIA	Director
		KENDA RUBBER (VIETNAM) CO., LTD.	Director
		KENDA RUBBER (SHENZHEN) CO., LTD.	Director
		KENDA RUBBER (TIANJIN) LIMITED	Director
		KENDA GLOBAL (CHINA) INVESTMENT CO., LTD	Director
		KENDA GLOBAL INVESTMENT CORPORATION	Director
		KENFONG INDUSTRIAL CO., LTD.	Director
Director	Yang, Chia-Ling	KENLIGHT TRADING CORP.	Director, General Manager

Resolution:

Questions and Motions

Adjournment

[Attachment 1]

Business Report

According to the World Bank's latest “World Economic Outlook”, the economic growth over the past five years was the slowest in the three decades due to the weak global supply chain and the rising global energy and material prices due to the Russo-Ukrainian War. According to the 2024 “Chief Economist Outlook” published by the World Economic Forum, although the economic growth in 2024 is expected to continue slowing down, various data indicate that the severe high inflation is showing a sign of easing. At the same time, major economies have released messages that they are about to cut the interest rate. However, the timing of interest rate cuts will depend on the assessment of economic conditions made by their respective central banks, and this will bring uncertainty to economic growth. All in all, the worst time for the global economy is over, and the world's major economies are about to make adjustments and recover steadily.

The situation of the case of the high inflation in 2023 is also reflected in the profitability of the Company. The gross profit margin of the Company in 2023 grew to 19%, compared to 15% in 2022, and the EPS increased from 0.35 in 2022 to 0.92 in 2023. Although it took time for the bicycle market to recover to the level before the epidemic, other tire markets have gradually stabilized. The Company will continue to pay attention to and actively respond to the market and economic trends in conjunction with diversified global marketing channels to increase the market share for each product and expand the scale of operations.

To increase the share of the market in global passenger car tire and to meet the market demand, the Company plans to build a Phase II PCR factory in Vietnam Factory, and continues to promote automated production and real-time monitoring systems in all factories of the Group to improve the quality and ensure stable output. In addition, the Company is actively enlarging the R&D team, making use of the R&D capabilities in major markets such as the United States, Europe, and Asia, listening to consumers about their needs, and introducing more high quality products to meet market demands and expectations.

Continuously promoting sustainable development is also an important strategy of the Company. The Company works with partners of the industry, integrates internal and external resources, and focuses more on sustainable materials, carbon reduction and energy efficiency, tires for EVs, and sustainable supply chains. We have formulated various goals to build a sustainable brand in Taiwan. The Company's carbon reduction goal is to "reduce carbon by 3% per year and 25% by 2030." In response to the government's project of "Large companies leading small enterprises to a low carbon and smart manufacturing transformation", the Company has formed a "1+N" carbon management demonstration team with suppliers to assist the upstream players in the tire industry in establishing the basis for their carbon management capabilities and implement energy saving and carbon reduction in the process.

To cope with the rapidly-changing macro economic and market conditions, the Company is striving to strengthen corporate resilience and grow steadily. The company would like to thank all employees, customers, suppliers and shareholders for the long-term support. In the future, the Company will continue

to uphold the founder's belief of "integrity, quality, service, and innovation", and work with everyone to develop Kenda into a happy enterprise and create the best interests for shareholders!

The 2023 Business Report

(1) Results of the 2023 Business Plan Implementation

1. Production and Sales:

In thousand units; %

Year / Product	Production in 2023	Sales in 2023	Sales in 2022	Percentage of increase/decrease (%)
Bicycle tires	22,704	21,674	38,836	-44.19
Motorcycle tires and other bias tires	28,018	32,224	32,214	0.03
Radial tires	8,339	6,731	5,997	12.25
Inner tube	32,401	31,569	63,210	-50.06

2. Operational Status:

Consolidated

Unit: NTD Thousand; %

Year / Item	2023	2022	Percentage of increase/decrease (%)
Net operating income	34,443,676	38,617,881	-10.81%
Operating cost	27,771,016	32,947,434	-15.71%
Operating expenses	5,377,682	5,439,594	-1.14%
Profit from operations	1,294,978	230,553	461.68%
Profit after tax	880,982	338,151	160.53%

Standalone

Unit: NTD Thousand; %

Year / Item	2023	2022	Percentage of increase/decrease (%)
Net operating income	4,430,610	6,167,875	-28.17%
Operating cost	3,427,417	4,659,353	-26.44%
Operating expenses	1,098,444	1,220,771	-10.02%
Profit from operations	(118,194)	264,967	-144.61%
Profit after tax	880,982	338,151	160.53%

(2) Budget implementation

The Company’s revenue for the year 2023 were NT$34.444 billion, representing an achievement of 92.29% compared to the forecasted revenue of NT$37.323 billion for the year 2023.

(3) Analysis of revenue, expenditure, and profitability

Consolidated

Unit: NTD Thousand

Item \ Year		2023	2022	Increase (decrease) %
Revenue and Expenditure	Operating revenue	34,443,676	38,617,881	-10.81%
	Gross profit	6,672,660	5,670,447	17.67%
	Profit after tax	880,982	338,151	160.53%
Profitability Analysis	Ratio of Return on Total Assets (%)	2.91	1.35	115.56%
	Ratio of Return on Equity (%)	4.52	1.77	155.37%
	Ratio of income before tax to paid-in capital (%)	13.67	7.82	74.81%
	Profit ratio (%)	2.56	0.88	190.91%
	Earnings per share (NT$)	0.92	0.37	148.65%

Standalone

Unit: NTD Thousand

Item \ Year		203	2022	Increase (decrease) %
Revenue and Expenditure	Operating revenue	4,430,610	6,167,875	-28.17%
	Gross profit	1,003,193	1,508,522	-33.50%
	Profit after tax	880,982	338,151	160.53%
Profitability Analysis	Ratio of Return on Total Assets (%)	3.12	1.35	131.11%
	Ratio of Return on Equity (%)	4.52	1.77	155.37%
	Ratio of income before tax to paid-in capital (%)	9.69	5.15	88.16%
	Profit ratio (%)	19.88	5.48	262.77%
	Earnings per share (NT$)	0.92	0.37	148.65%

Chairman: Yang, Chi-Jen Manager: Chen, Chao-Jung Accounting Supervisor: Liu, Kuei-Chun

[Attachment 2]

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the Company's 2023 annual business report, financial statements and profit distribution proposal. The financial statements have been audited and attested by CPA Wang, Yi-Wen and CPA Tseng, Tung-Yun from Deloitte & Touche Taiwan. An Independent Auditors' Report has been issued. The above-mentioned business report, financial statements and proposal for earnings distribution have been audited by the Audit Committee and found to be in order; therefore, we hereby report the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

To

The 2024 Annual General Shareholders' Meeting

Kenda Rubber Ind. Co., Ltd.

Convener of the Audit Committee: HSIEH, CHUN-MOU

March 11, 2024

[Attachment 3]

KENDA RUBBER IND. CO., LTD.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Kenda Rubber Ind. Co., Ltd. as of and for the year ended December 31, 2023, under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kenda Rubber Ind. Co., Ltd. and subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

KENDA RUBBER IND. CO., LTD.

By

YANG, CHI-JEN 

March 13, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kenda Rubber Ind. Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Kenda Rubber Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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, 2023 and 2022, 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 the 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 of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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 key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Appropriateness of the Revenue Cutoff

The Group has worldwide sales network, and the terms of sales are different by customer or geography. Revenue is recognized when performance obligations are satisfied by the transfer of the promised goods to customers but the timing of the transfer may be based on the time of actual delivery or on the time of actual receipt of the goods. The Group's revenue recognition process involves manual inspection of relevant documents, or an estimate of arrival time of the goods shipped to customers based on historical experience to determine the timing of the transfer of control of the promised goods to customers. Therefore, mistakes may occur in the evaluation process, and revenue could be recorded in the incorrect reporting period.

The main audit procedures that we performed in respect of the cutoff of revenue recognition included the following:

1. We obtained an understanding of and reviewed the sales contracts and the terms between the Group and its customers to identify the appropriate point of revenue recognition.

2. We obtained an understanding of and evaluated the process and related controls over revenue recognition.

3. We performed cutoff testing procedures covering a certain period before and after the balance sheet date and examined relevant supporting documents to determine that revenue was recognized in the correct reporting period, as evidenced by sales terms.

Other Matter

We have also audited the parent company only financial statements of Kenda Rubber Ind. Co., Ltd. as of and for the years ended December 31, 2023 and 2022, 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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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, 2023, and are therefore the key audit matters. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Wen Wang and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

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 applied in the Republic of China.

For the convenience of readers, the independent 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.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%	January 1, 2022 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 7,537,100	17	$ 7,057,133	15	$ 7,147,717	15
Financial assets at fair value through profit or loss - current	1,314	-	1,319	-	1,832	-
Notes receivable, net (Note 8)	213,243	-	198,265	-	281,596	1
Trade receivable, net (Notes 8, 24 and 25)	3,324,917	8	3,713,612	8	3,680,318	8
Inventories (Notes 9 and 25)	9,678,291	22	12,330,155	26	12,564,442	27
Prepayments	262,530	1	280,229	1	579,919	1
Other financial assets - current (Notes 10 and 25)	2,442,407	6	1,626,218	4	1,952,874	4
Other current assets	493,966	1	616,148	1	405,940	1
Total current assets	23,953,768	55	25,823,079	55	26,614,638	57
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	413,017	1	521,443	1	479,634	1
Investments accounted for using the equity method	138,912	-	134,473	-	105,629	-
Property, plant and equipment (Notes 12 and 25)	15,639,713	36	16,334,327	35	14,732,010	32
Right-of-use assets (Note 13)	1,711,002	4	1,775,986	4	1,537,134	3
Investment properties (Note 14)	28,287	-	26,610	-	27,329	-
Deferred tax assets (Note 20)	553,643	1	449,680	1	749,812	2
Other financial assets - non-current (Note 10)	693,860	2	881,745	2	824,763	2
Other non-current assets (Note 12)	594,025	1	652,806	2	1,265,125	3
Total non-current assets	19,772,459	45	20,777,070	45	19,721,436	43
TOTAL	$ 43,726,227	100	$ 46,600,149	100	$ 46,336,074	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	$ 3,358,741	8	$ 4,590,273	10	$ 3,746,955	8
Contract liabilities - current	225,301	-	232,063	1	296,766	1
Notes payable	40,749	-	105,965	-	142,511	-
Trade payable (Note 24)	2,318,996	5	2,410,155	5	4,034,847	9
Lease liabilities - current (Note 13)	168,684	-	164,466	-	96,400	-
Other payables (Note 23)	1,557,393	4	1,612,531	3	1,770,429	4
Current tax liabilities	104,337	-	272,342	1	64,399	-
Current portion of long-term borrowings (Note 15)	2,076,196	5	1,735,672	4	1,635,081	4
Other current liabilities (Note 18)	335,266	1	110,785	-	154,651	-
Total current liabilities	10,185,663	23	11,234,252	24	11,942,039	26
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	11,850,709	27	14,018,511	30	13,816,068	30
Deferred tax liabilities (Note 20)	644,909	2	602,774	1	742,557	2
Lease liabilities - non-current (Note 13)	478,124	1	515,201	1	408,613	1
Net defined benefit liabilities (Note 16)	45,932	-	100,938	-	215,824	-
Other non-current liabilities (Note 14)	947,469	2	746,077	2	473,185	1
Total non-current liabilities	13,967,143	32	15,983,501	34	15,656,247	34
Total liabilities	24,152,806	55	27,217,753	58	27,598,286	60
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Note 17)						
Share capital	9,548,900	22	9,094,100	20	9,094,100	19
Capital surplus	41	-	41	-	41	-
Retained earnings						
Legal reserve	3,440,228	8	3,398,776	7	3,308,030	7
Special reserve	831,490	2	1,970,995	4	1,601,002	3
Unappropriated earnings	6,846,330	15	5,749,958	13	6,705,592	15
Total retained earnings	11,118,048	25	11,119,729	24	11,614,624	25
Other equity	(1,093,568)	(2)	(831,490)	(2)	(1,970,995)	(4)
Equity attributable to shareholders of the parent	19,573,421	45	19,382,380	42	18,737,770	40
NON-CONTROLLING INTERESTS	-	-	16	-	18	-
Total equity	19,573,421	45	19,382,396	42	18,737,788	40
TOTAL	$ 43,726,227	100	$ 46,600,149	100	$ 46,336,074	100

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 18 and 24)	$ 34,443,676	100	$ 38,617,881	100
COST OF REVENUE (Notes 9, 19 and 24)	27,771,016	81	32,947,434	85
GROSS PROFIT	6,672,660	19	5,670,447	15
OPERATING EXPENSES (Notes 19 and 24)				
Selling and marketing expenses	2,407,157	7	2,563,037	7
General and administrative expenses	1,486,730	4	1,378,017	3
Research and development expenses	1,489,427	4	1,490,297	4
Expected credit loss (reversed) recognized (Note 8)	(5,632)	-	8,243	-
Total operating expenses	5,377,682	15	5,439,594	14
OTHER OPERATING INCOME AND EXPENSES (Note 19)	-	-	(300)	-
INCOME FROM OPERATIONS	1,294,978	4	230,553	1
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 24)				
Interest income	256,021	1	154,479	-
Other income	204,266	1	222,189	1
Other gains and losses	94,945	-	455,793	1
Finance costs	(557,760)	(2)	(372,672)	(1)
Share of profit of associates	12,739	-	20,914	-
Total non-operating income and expenses	10,211	-	480,703	1
PROFIT BEFORE INCOME TAX	1,305,189	4	711,256	2
INCOME TAX EXPENSE (Note 20)	(424,207)	(1)	(373,105)	(1)
NET PROFIT FOR THE YEAR	880,982	3	338,151	1
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 16 and 20)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	39,242	-	95,656	-

(Continued)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(108,916)	-	33,036	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(8,076)	-	(19,292)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(196,839)	(1)	1,383,084	4
Income tax related to items that may be reclassified subsequently to profit or loss	39,368	-	(276,617)	(1)
Other comprehensive loss for the year, net of income tax	(235,221)	(1)	1,215,867	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 645,761	2	$ 1,554,018	4
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Company	$ 880,982	3	$ 338,151	1
Non-controlling interests	-	-	-	-
	$ 880,982	3	$ 338,151	1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	$ 645,761	2	$ 1,554,020	4
Non-controlling interests	-	-	(2)	-
	$ 645,761	2	$ 1,554,018	4
EARNINGS PER SHARE (Note 21)				
Basic	$ 0.92		$ 0.35	
Diluted	$ 0.92		$ 0.35	

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Shareholders of the Parent									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 9,094,100	$ 41	$ 3,308,030	$ 1,601,002	$ 6,705,592	$ (2,319,788)	$ 348,793	$ 18,737,770	$ 18	$ 18,737,788
Appropriations of 2021 earnings										
Legal reserve	-	-	90,746	-	(90,746)	-	-	-	-	-
Special reserve	-	-	-	369,993	(369,993)	-	-	-	-	-
Cash dividends to shareholders - NT$1.00 per share	-	-	-	-	(909,410)	-	-	(909,410)	-	(909,410)
Net profit for the year ended December 31, 2022	-	-	-	-	338,151	-	-	338,151	-	338,151
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	76,364	1,106,469	33,036	1,215,869	(2)	1,215,867
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	414,515	1,106,469	33,036	1,554,020	(2)	1,554,018
BALANCE AT DECEMBER 31, 2022	9,094,100	41	3,398,776	1,970,995	5,749,958	(1,213,319)	381,829	19,382,380	16	19,382,396
Appropriations of 2022 earnings										
Legal reserve	-	-	41,452	-	(41,452)	-	-	-	-	-
Special reserve	-	-	-	(1,139,505)	1,139,505	-	-	-	-	-
Cash dividends to shareholders - NT$ 0.50per share	-	-	-	-	(454,705)	-	-	(454,705)	-	(454,705)
Share dividends distributed by the Company - NT$0.50 per share	454,800	-	-	-	(454,800)	-	-	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	880,982	-	-	880,982	-	880,982
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	31,166	(157,471)	(108,916)	(235,221)	-	(235,221)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	912,148	(157,471)	(108,916)	645,761	-	645,761
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(4,309)	-	4,309	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(15)	-	-	(15)	(16)	(31)
BALANCE AT DECEMBER 31, 2023	$ 9,548,900	$ 41	$ 3,440,228	$ 831,490	$ 6,846,330	$ (1,370,790)	$ 277,222	$ 19,573,421	$ -	$ 19,573,421

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,305,189	$ 711,256
Adjustments for		
Depreciation expense	1,797,187	1,829,400
Amortization expense	15,490	13,744
Expected credit loss recognized (reversed)	(5,632)	8,243
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	5	513
Finance costs	557,760	372,672
Interest income	(256,021)	(154,479)
Dividend income	(46,832)	(66,517)
Share of profit of associates	(12,739)	(20,914)
Net gain on disposal of property, plant and equipment	(2,814)	(644)
Reversal of impairment loss on non-financial assets	(45,341)	(29,810)
Net gain on foreign currency exchange	(99,199)	(274,423)
Changes in operating assets and liabilities		
Notes receivable	(14,978)	83,331
Trade receivables	390,226	(45,078)
Other receivables	(9,451)	(50,123)
Inventories	2,737,440	1,222,372
Prepayments	17,699	233,546
Other current assets	21,122	5,773
Contract liabilities	(6,762)	(64,703)
Notes payable	(65,216)	(36,546)
Trade payables	(90,378)	(1,624,692)
Other payables	146,588	(205,368)
Other current liabilities	62,848	(1,393)
Net defined benefit liabilities	(23,840)	(57,816)
Other non-current liabilities	(938)	8,683
Cash generated from operations	6,371,413	1,857,027
Interest received	202,632	139,309
Dividends received	64,136	49,620
Interest paid	(548,364)	(332,347)
Income tax paid	(469,946)	(395,908)
Net cash generated from operating activities	5,619,871	1,317,701
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(764,567)	(1,298,372)
Proceeds from disposal of property, plant and equipment	20,033	51,737
Increase in refundable deposits	(111,917)	(146,852)
Decrease in refundable deposits	123,654	184,972
Payments for intangible assets	(16,190)	(15,027)
(Increase) decrease in other financial assets	(667,076)	349,969
Increase in prepayments for equipment	(172,249)	(604,587)

(Continued)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Net cash used in financing activities	(1,588,312)	(1,478,160)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	(1,291,396)	495,859
Proceeds from long-term borrowings	20,372,214	27,332,855
Repayments of long-term borrowings	(22,233,039)	(27,232,710)
Proceeds from guarantee deposits received	232,204	243,680
Refund of guarantee deposits received	(6,625)	(1,596)
Repayment of the principal portion of lease liabilities	(174,078)	(104,690)
Cash dividends	(454,705)	(909,410)
Changes in percentage of ownership interests in subsidiaries	(31)	-
Net cash used in financing activities	(3,555,456)	(176,012)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	3,864	245,887
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	479,967	(90,584)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,057,133	7,147,717
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 7,537,100	$ 7,057,133

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kenda Rubber Ind. Co., Ltd.

Opinion

We have audited the accompanying financial statements of Kenda Rubber Ind. Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is stated as follows:

Appropriateness of the Revenue Cutoff

The Company has worldwide sales network, and the terms of sales are different by customer or geography. Revenue is recognized when performance obligations are satisfied by the transfer of the promised goods to customers but the timing of the transfer may be based on the time of actual delivery or on the time of actual receipt of the goods. The Company's revenue recognition process involves manual inspection of relevant documents, or an estimate of arrival time of the goods shipped to customers based on historical experience to determine timing of the transfer of control of the promised goods to customers. Therefore, mistakes may occur in the evaluation process, and revenue could be recorded in the incorrect reporting period.

The main audit procedures that we performed in respect of the cutoff of revenue recognition included the following:

1. We obtained an understanding of and reviewed the sales contracts and the terms between the Company and its customers to identify the appropriate point of revenue recognition.

2. We obtained an understanding of and evaluated the process and related controls over revenue recognition.

3. We performed cutoff testing procedures covering a certain period before and after the balance sheet date and examined relevant supporting documents to determine that revenue was recognized in the correct reporting period, as evidenced by sales terms.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe the matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi Wen Wang and Done Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

KENDA RUBBER IND. CO., LTD.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%	January 1, 2022 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,155,868	7	$ 2,371,787	7	$ 2,067,032	6
Financial assets at fair value through profit or loss - current (Note 7)	1,314	-	1,319	-	1,832	-
Notes receivable (Note 9)	5,391	-	16,300	-	23,910	-
Trade receivables from unrelated parties (Note 9)	240,029	1	324,332	1	381,604	1
Trade receivables from related parties (Notes 9 and 23)	697,116	2	1,493,409	4	1,240,009	4
Other receivables (Note 23)	82,797	-	148,846	-	89,331	1
Inventories (Note 10)	662,698	2	856,544	3	1,104,522	3
Other current assets	41,339	-	40,994	-	37,883	-
Total current assets	3,886,552	12	5,253,531	15	4,946,123	15
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	354,155	1	400,744	1	411,980	1
Investments accounted for using the equity method (Note 11)	25,090,607	75	24,375,085	71	24,128,820	71
Property, plant and equipment (Notes 12 and 23)	3,788,334	11	3,906,865	11	3,907,199	11
Right-of-use assets (Notes 13 and 23)	6,755	-	11,822	-	16,889	-
Deferred tax assets (Note 19)	221,672	1	174,808	1	465,259	1
Other non-current assets	215,901	-	210,964	1	211,328	1
Total non-current assets	29,677,424	88	29,080,288	85	29,141,475	85
TOTAL	$ 33,563,976	100	$ 34,333,819	100	$ 34,087,598	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 14)	$ 600,000	2	$ 300,000	1	$ 200,000	1
Contract liabilities - current (Note 17)	18,650	-	38,180	-	137,263	-
Notes payable	423	-	284	-	215	-
Trade payables (Note 23)	233,745	1	350,172	1	477,566	1
Other payables (Note 23)	374,277	1	403,327	1	456,893	1
Current tax liabilities (Note 19)	14,041	-	163,467	-	-	-
Lease liabilities - current (Notes 13 and 23)	5,141	-	5,141	-	5,141	-
Current portion of long-term borrowings (Note 14)	2,041,780	6	1,547,700	5	1,575,466	5
Other current liabilities (Note 17)	55,606	-	17,052	-	17,904	-
Total current liabilities	3,343,663	10	2,825,323	8	2,870,448	8
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 14)	10,214,146	31	11,627,499	34	11,663,715	34
Deferred tax liabilities (Note 19)	408,164	1	405,549	1	598,608	2
Lease liabilities - non-current (Notes 13 and 23)	1,705	-	6,791	-	11,837	-
Net defined benefit liabilities - non-current (Note 15)	16,963	-	82,650	1	205,220	1
Other non-current liabilities	5,914	-	3,627	-	-	-
Total non-current liabilities	10,646,892	32	12,126,116	36	12,479,380	37
Total liabilities	13,990,555	42	14,951,439	44	15,349,828	45
EQUITY						
Share capital	9,548,900	28	9,094,100	26	9,094,100	27
Capital surplus	41	-	41	-	41	-
Retained earnings						
Legal reserve	3,440,228	10	3,398,776	10	3,308,030	10
Special reserve	831,490	3	1,970,995	5	1,601,002	5
Unappropriated earnings	6,846,330	20	5,749,958	17	6,705,592	19
Other equity	(1,093,568)	(3)	(831,490)	(2)	(1,970,995)	(6)
Total equity	19,573,421	58	19,382,380	56	18,737,770	55
TOTAL	$ 33,563,976	100	$ 34,333,819	100	$ 34,087,598	100

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

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 17 and 23)	$ 4,430,610	100	$ 6,167,875	100
COST OF REVENUE (Notes 10, 18 and 23)	3,427,417	77	4,659,353	76
GROSS PROFIT	1,003,193	23	1,508,522	24
REALIZED (UNREALIZED) PROFIT ON INTERCOMPANY REVENUE	(22,943)	(1)	(22,784)	-
REALIZED GROSS PROFIT	980,250	22	1,485,738	24
OPERATING EXPENSES (Notes 18 and 23)				
Selling and marketing expenses	561,979	13	658,217	11
General and administrative expenses	173,639	4	180,524	3
Research and development expenses	361,975	8	381,175	6
Expected credit loss (gain) (Note 9)	851	-	855	-
Total operating expenses	1,098,444	25	1,220,771	20
INCOME (LOSS) FROM OPERATIONS	(118,194)	(3)	264,967	4
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 23)				
Interest income	70,140	2	25,693	-
Other income	99,479	2	121,773	2
Other gains and losses	33,080	1	343,417	6
Finance costs	(223,896)	(5)	(154,091)	(3)
Share of profit of subsidiaries (Note 11)	1,064,993	24	(133,825)	(2)
Total non-operating income and expenses	1,043,796	24	202,967	3
PROFIT BEFORE INCOME TAX	925,602	21	467,934	7
INCOME TAX EXPENSE (Note 19)	44,620	1	129,783	2
NET PROFIT FOR THE YEAR	880,982	20	338,151	5
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 15)	$ 40,379	1	$ 96,460	1
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(46,162)	(1)	(11,236)	-
Share of other comprehensive income (loss) of subsidiaries	(63,891)	(2)	43,468	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 19)	(8,076)	-	(19,292)	-
	(77,750)	(2)	109,400	2
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(196,839)	(4)	1,383,086	22
Income tax related to items that may be reclassified subsequently to profit or loss (Note 19)	39,368	1	(276,617)	(4)
	(157,471)	(3)	1,106,469	18
Other comprehensive income (loss) for the year, net of income tax	(235,221)	(5)	1,215,869	20
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 645,761	15	$ 1,554,020	25
EARNINGS PER SHARE (Note 20)				
Basic	$ 0.92		$ 0.35	
Diluted	$ 0.92		$ 0.35	

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

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

			Retained Earnings (Note 16)			Other Equity		
	Share Capital (Note 16)	Capital Surplus (Note 16)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	$ 9,094,100	$ 41	$ 3,308,030	$ 1,601,002	$ 6,705,592	$ (2,319,788)	$ 348,793	$ 18,737,770
Appropriations of 2021 earnings								
Legal reserve	-	-	90,746	-	(90,746)	-	-	-
Special reserve	-	-	-	369,993	(369,993)	-	-	-
Cash dividends to shareholders - NT$1.00 per share	-	-	-	-	(909,410)	-	-	(909,410)
Net profit for the year ended December 31, 2022	-	-	-	-	338,151	-	-	338,151
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	76,364	1,106,469	33,036	1,215,869
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	414,515	1,106,469	33,036	1,554,020
BALANCE AT DECEMBER 31, 2022	9,094,100	41	3,398,776	1,970,995	5,749,958	(1,213,319)	381,829	19,382,380
Appropriations of 2022 earnings								
Legal reserve	-	-	41,452	-	(41,452)	-	-	-
Special reserve	-	-	-	(1,139,505)	1,139,505	-	-	-
Cash dividends to shareholders - NT$ 0.50per share	-	-	-	-	(454,705)	-	-	(454,705)
Share dividends distributed by the Company - NT$0.50 per share	454,800	-	-	-	(454,800)	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	880,982	-	-	880,982
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	31,166	(157,471)	(108,916)	(235,221)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	912,148	(157,471)	(108,916)	645,761
Disposal of the investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(4,309)	-	4,309	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(15)	-	-	(15)
BALANCE AT DECEMBER 31, 2023	$ 9,548,900	$ 41	$ 3,440,228	$ 831,490	$ 6,846,330	$ (1,370,790)	$ 277,222	$ 19,573,421

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

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 925,602	$ 467,934
Adjustments for		
Depreciation expense	276,570	291,915
Amortization expense	12,092	10,425
Expected credit loss recognized on trade receivables	851	855
Net loss on fair value changes of financial assets at fair value through profit or loss	5	513
Finance costs	223,896	154,091
Interest income	(70,140)	(25,693)
Dividend income	(46,832)	(49,609)
Share of (profit) or loss of subsidiaries	(1,064,993)	133,825
Net gain on disposal of property, plant and equipment	(2,488)	(5,029)
Write-down (reversal of write-down) of inventories	(17,962)	11,383
Unrealized (realized) profit on intercompany revenue	22,943	22,784
Net loss (gain) on foreign currency exchange	23,405	(11,657)
Transfer of prepayments for equipment to expenses	16,794	8,046
Changes in operating assets and liabilities		
Notes receivable	10,909	7,610
Trade receivables	856,077	(183,718)
Other receivables	66,404	(63,708)
Inventories	211,808	236,595
Other current assets	1,049	(3,111)
Contract liabilities	(19,530)	(99,083)
Notes payable	139	69
Trade payables	(115,101)	(126,712)
Other payables	(9,479)	(48,793)
Other current liabilities	38,554	(852)
Net defined benefit liabilities	(25,308)	(26,110)
Cash generated from operations	1,315,265	701,970
Interest received	69,073	29,830
Dividends received	112,615	1,093,857
Interest paid	(222,234)	(148,844)
Income tax paid	(208,397)	(164,833)
Net cash generated from operating activities	1,066,322	1,511,980
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of capital from financial assets at fair value through other comprehensive income	127	-
Payments for property, plant and equipment	(90,599)	(124,228)
Proceeds from disposal of property, plant and equipment	11,466	32,462
Payments for intangible assets	(14,820)	(13,252)
Increase in prepayments for equipment	(110,735)	(205,344)

(Continued)

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Net cash used in investing activities	(204,561)	(310,362)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	300,000	100,000
Proceeds from long-term borrowings	3,500,000	11,620,000
Repayments of long-term borrowings	(4,420,176)	(11,685,466)
Proceeds from guarantee deposits received	2,287	3,627
Repayment of the principal portion of lease liabilities	(5,086)	(5,046)
Cash dividends	(454,705)	(909,410)
Acquisition of additional interests in subsidiaries	-	(20,568)
Net cash used in financing activities	(1,077,680)	(896,863)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(215,919)	304,755
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,371,787	2,067,032
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,155,868	$ 2,371,787

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

[Appendix 1]

Article of Incorporation of Kenda Rubber Ind. Co., Ltd.

Resolved on June 30, 2022 at the Annual Meeting of Shareholders

CHAPTER I General Provisions

Article 1 The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 建大工業股份有限公司 in the Chinese language, and KENDA RUBBER IND. CO., LTD., in the English language.

Article 2 The scope of the business of the Company is as follows:

1. C804010 Tyres Manufacturing.
2. CD01050 Bicycles and Parts Manufacturing.
3. C805070 Reinforced Plastic Products Manufacturing.
4. CB01010 Mechanical Equipment Manufacturing.
5. F401010 International Trade.
6. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
7. F114040 Wholesale of Bicycle and Component Parts Thereof.
8. F114050 Wholesale of Tires.
9. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
10. F214040 Retail Sale of Bicycle and Component Parts Thereof.
11. F214050 Retail Sale of Tires.
12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The total amount of the Company's reinvestment in other companies shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act.

Article 4 The Company is located in Changhua County, Taiwan, and may establish branches, offices or sales offices in Taiwan and abroad by resolution of the Board of Directors, if necessary.

Article 5 Any and all public announcements to be made by the Company shall comply with Article 28 of the Company Act.

Article 5-1 The Company may act as guarantor for the purposes of providing guarantees among the Associates.

Chapter 2 Capital Stock

Article 6 The total capital of the Company is set at NT$11 billion, divided into 1,100 million shares at NT$10 each, of which the unissued shares are authorized to be issued by the Board of Directors in installments.

Article 7 The share certificates of the Company shall be in the form of name-bearing certificates, shall be affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before the issuance thereof.

The Company may issue shares without printing share certificate(s), provided that the Company shall register the issued shares with a centralized securities depositary enterprise.

Article 8 All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Company and exercising all the rights of the shareholders shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless specified otherwise by law and securities regulations.

Article 9 No share shall be transferred within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the record date fixed by the Company for distribution of dividends, bonus or other benefits.

CHAPTER 3 Shareholders' Meeting

Article 10 The Company has two kinds of shareholders' meetings: regular and special meetings. Regular meetings are held once a year, and shall be convened within six months after the close of the fiscal year with 30 days' notice to shareholders; special meetings shall be convened when necessary with 15 days' notice to shareholders.

The preceding notice shall indicate the date and venue and the cause(s) or subject(s) of a meeting of shareholders to be convened.

A shareholders' meeting shall, unless otherwise provided for in the Company Act, be convened by the Board of Directors.

The shareholders' meetings can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 11 If a shareholder is unable to attend a shareholders' meeting for any reason, in addition to the provisions of Article 177 of the Company Act, the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority shall be followed.

Article 12 The chairman shall chair the shareholders' meeting. When the chairman of the board is on leave or is unable to perform the duties of the chairman, the vice chairman shall act in place of the chairman; if the vice chairman also is on leave or is unable to perform the duties of the vice chairman, the chairman shall appoint one of the directors to act as chair. Where the

chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 13 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 14 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting.

The preceding minutes shall be distributed in accordance with the provisions of the Companies Act.

CHAPTER 4 The Board of Directors and Committees

Article 15 The Company shall have seven to eleven Directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. All terms of office are for three years and the directors are eligible for re-election.

Of the preceding number of directors, at least three shall be independent directors; the election of directors shall be conducted by the candidate nomination system in accordance with Article 192 of the Company Act.

The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately.

Matters regarding professional qualification, shareholdings, restrictions on concurrent positions held, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the regulations prescribed by the securities governing authorities.

The total registered shares owned by the directors of the Company are determined in accordance with the standards set forth in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan.

Article 16 When the number of vacancies in the Board of Directors of a company equals one-third of the total number of directors, the Board of Directors shall call a special meeting of

shareholders to elect succeeding directors to fill the vacancies. The new Directors shall serve the remaining term of the predecessors

Article 17 The Board of Directors shall be constituted by the Directors and shall elect from among themselves a Chairman and a Deputy Chairman. The Chairman shall represent the Company externally. If the Chairman of the Board of Directors is unable to exercise his or her duties and responsibilities for any reason, the Vice Chairman shall act in place of the Chairman; if the Vice Chairman also is unable to excise his or her duties and responsibilities for any reason, the Chairman of the Board of Directors shall designate one of the Directors to act on his or her behalf, or if no such designation is made, the Directors shall elect one from among themselves to act as Chairman.

Article 17-1 The Board of Directors meeting of the Company shall be convened quarterly and the reasons for calling a Board of Directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The preceding notice of convening a meeting shall state the reason in writing, and may be made by electronic means such as email or facsimile.

Article 18 The Board of Directors' meeting shall be convened by the Chairman of the Board to determine the Company's business policies and other important matters. The Chairman of the Board shall be the Chair of the meeting; when the Chairman is absent, the provisions of Article 17 shall apply. Other important matters referred to in the preceding paragraph include the acquisition and disposal of the Company's general assets and real estate, and the provision of guarantees for the associates.

Article 19 The resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Each director shall attend the meeting of the Board of Directors in person. However, if the Director is unable to attend the meeting due to special circumstances, such director may designate another director to attend as a proxy. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

In case a director appoints another director to attend a meeting of the Board of Directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

Article 20 The Company has established an Audit Committee in accordance with Article 14-4 of the

Securities and Exchange Act. The audit committee shall consist of all independent directors.

The number, term of office, powers and rules of procedure of the Audit Committee shall be in accordance with the Company's Audit Committee Charter.

Article 21 The Audit Committee or members of the Audit Committee are responsible for carrying out the powers conferred by the Company Act, the Securities and Exchange Act, any other law to be exercised by supervisors.

Article 22 The Directors of the Company shall be entitled to receive remuneration and allowances at such level as generally adopted by the enterprises of the same industry, no matter whether the Company is in a loss or not, as the shareholders may authorize the Board to determine the amount of such remuneration and allowances.

CHAPTER 5 Managerial Personnel

Article 23 The Company shall have one President and several Managers who shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the Board of Directors attended by at least a majority of the entire directors of the company.

Article 24 The remuneration to the President and the Managers shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the Board of Directors attended by at least a majority of the entire directors of the company.

Article 25 The President shall conduct the daily operations as ordered by the Chairman and by resolution of the Board of Directors for the Company.

CHAPTER 6 Accounting

Article 26 The Company's fiscal year shall commence on January 1 and end on December 31. At the close of each fiscal year, the Board of Directors shall prepare and submit the following statements to the general meeting for acceptance.

1. The business report.
2. Financial statements.
3. Proposal of surplus earning distribution or loss off-setting.

Article 27 If there are any retained earnings in the year-end, the Company shall first pay tax and make up for the accumulated deficits, and then set aside 10% of such earnings as a legal reserve, unless the legal reserve has reached the Company's total capital. If necessary, the special reserve shall be set aside or reversed as required by law or by the competent authority.

The Company will take into account the environment and growth of the Company, its future capital requirements and long-term financial planning, as well as the shareholders' need for cash, and will propose by the Board of Directors, together with the accumulated undistributed earnings from the previous year, to set aside 10% to 80% of the available earnings for

distribution. When new shares are issued, a resolution shall be submitted to the shareholders' meeting to distribute dividends to shareholders. However, the ratio of new shares to be issued for the earnings distribution may be adjusted by a resolution of the shareholders' meeting, depending on the actual profitability and capital position of the year; of which the cash dividends shall not be less than 10% of the total dividends. The Company authorizes the Board of Directors, with the presence of at least two-thirds of the Directors and a resolution of a majority of the Directors present, to distribute all or part of the dividends and bonuses, legal reserve and capital reserve in the form of cash and report the same to the shareholders' meeting.

Article 27-1 The Company shall distribute remuneration to its employees at a rate of not exceeding 0.5% of the profit for the year.

The Company shall distribute the Directors' remuneration not exceeding 3% of the profit for the year.

Where the Company has accumulated losses as provided in the preceding two paragraphs, an amount to cover the losses shall first be set aside.

Employees' remuneration may be paid in shares or in cash to employees of the Company and to employees of controlled or associated companies who meet certain requirements as determined by the Board of Directors.

The earnings for the year referred to in paragraphs 1 and 2 are the earnings before taxation for the year excluding the remuneration to employees and directors.

The distribution of remuneration to employees and directors shall be resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

CHAPTER 7 Supplemental Provisions

Article 28 The Company's charter and operational regulations shall be separately adopted by the Board of Directors.

Article 29 Matters not addressed by these Articles of Incorporation shall be governed by the Company Act and other applicable laws and regulations.

Article 30 These Articles of Incorporation were first adopted on March 1, 1962 and were first amended on March 20, 1966. The 2nd Amendment was made on March 26, 1967. The 3rd Amendment was made on December 30, 1967. The 4th Amendment was made on March 5, 1970. The 5th Amendment was made on October 22, 1973. The 6th Amendment was made on

November 15, 1974. The 7th Amendment was made on November 15, 1975. The 8th Amendment was made on April 12, 1977. The 9th Amendment was made on July 15, 1978. The 10th Amendment was made on July 15, 1979. The 11th Amendment was made on June 15, 1980. The 12th Amendment was made on July 30, 1981. The 13th Amendment was made on June 17, 1984. The 14th Amendment was made on February 10, 1985. The 15th Amendment was made on May 25, 1986. The 16th Amendment was made on June 15, 1988. The 17th Amendment was made on June 30, 1988. The 18th Amendment was made on August 1, 1989. The 19th Amendment was made on March 20, 1990. The 20th Amendment was made on May 3, 1991. The 21st Amendment was made on May 16, 1992. The 22nd Amendment was made on May 4, 1993. The 23rd amendment was made on June 7, 1994. The 24th Amendment was made on June 15, 1995. The 25th Amendment was made on May 29, 1996. The 26th Amendment was made on May 23, 1997. The 27th Amendment was made on May 16, 1998. The 28th Amendment was made on May 23, 2000. The 29th Amendment was made on May 25, 2001. The 30th Amendment was made on June 11, 2002. The 31st Amendment was made on June 20, 2003. The 32nd Amendment on June 15, 2004. The 33rd Amendment was made on May 26, 2005. The 34th Amendment was made on June 14, 2006. The 35th Amendment was made on June 21, 2007. The 36th amendment was made on June 13, 2008. The 37th amendment was made on June 16, 2009. The 38th amendment was made on June 15, 2010. The 39th amendment was made on June 15, 2011. The 40th amendment was made on June 13, 2012. The 41st amendment was made on June 27, 2013. The 42nd amendment was made on June 24, 2014. The 43rd amendment was made on June 23, 2015. The 44th amendment was made on June 14, 2016. The 45th amendment was made on June 15, 2017. The 46th amendment was made on June 11, 2018. The 47th Amendment was made on June 11, 2019. The 48th Amendment was made on June 16, 2020. The 49th Amendment was made on August 31, 2021, and the 50th Amendment was made on June 30, 2022. These Articles of Incorporation shall be effective as of the date of adoption by the shareholders' meeting.

[Appendix 2]

Kenda Rubber Inc. Co., Ltd.'s "Rules of Procedures for Shareholders' meetings"

Resolved on June 30, 2022 at the Annual Meeting of Shareholders

Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

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

Article 3 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.

The Company 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, 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. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. If, however, the Company has the paid-in capital of NT$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reached 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, the Company shall prepare the shareholders' meeting agenda handbook and supplemental meeting materials and make them available for review by shareholders at any time. The meeting agenda and supplemental meeting materials shall also be displayed at the Company and the shareholder services agent.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date the shareholders' meeting:

1. For physical shareholders' meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

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

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, 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 Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

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

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal in writing for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, if a shareholder proposes one of the circumstances described in paragraph 4 of Article 172-1 of the Act, the Board of Directors may exclude it from the agenda.

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

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

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the meeting agenda. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company no later than five days prior to the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

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

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

Article 5 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

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

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

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

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company 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.

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

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

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

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

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

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

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

A meeting of the shareholders convened by the Board of Directors should be attended by a majority of the directors.

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

The Company may appoint its attorneys, certified public accountants, or related persons to attend the meeting in a non-voting capacity.

Article 8 The Company shall make an audio and video recording of the proceedings of the shareholders' meeting. The recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.
The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

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

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

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

meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

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

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

If the meeting of shareholders is convened by an authorized person other than the Board of Directors, the provision referred to above is applicable.

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

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

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

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

A shareholder may not speak more than twice on the same proposal, except with the chair's consent, and a single speech may not exceed 5 minutes. However, if the

shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Attending shareholders may not interfere with the speaking shareholders without the Chairman's consent and the speaking shareholders. The Chairman will have the violating shareholders stopped.

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

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

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

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

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

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

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

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

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by

correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

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

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

For the resolution of proposals, unless otherwise provided in the Company Act and the Articles of Incorporation of the Company, the consent of a majority vote of the attending shareholders shall prevail.

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

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

Vote counting shall be conducted in public at the place of the shareholders' meeting. The outcome of a vote at the audit committee meeting shall be reported on the spot and be recorded accordingly.

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

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

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

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

Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors 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 one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

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.

The Company 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 voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the

event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

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

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

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

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

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

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

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

[Appendix 3]

Rules for Election of Directors of KENDA RUBBER IND. CO., LTD.

Amended on June 11, 2018 at the Annual Meeting of Shareholders

Article 1: Unless otherwise provided in the laws or the Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.

Article 2: Election of directors of this Company shall be held at the shareholders' meeting.

Article 3: In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons.

The Company's directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Act. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately.

The eligibility and election of independent directors are governed by the Securities and Exchange Act and the

"Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.

Article 4: In the election of directors of the Company, candidates who acquire more votes should win the seats of independent directors and non independent directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

Article 5: deleted.

Article 6: The Board of Directors shall prepare the same number of ballot as the number of directors to be elected, note the voting rights and distribute them to the shareholders present at the shareholders' meeting; the names of the voters shall be replaced by the attendance numbers printed on the ballot. No separate ballot will be issued to those

who exercise their right to vote electronically.

Article 7: The ballot box used for voting shall be prepared by the Board of Directors and checked in public by the person to check the ballots before voting.

Article 8: At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots.

Article 9: If the candidate is a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number. If the candidate is not a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and the candidate's ID number.

If the candidate is a government agency or a legal entity, the full name of the government agency and the legal entity or the name(s) of their representative(s) should be filled in the column. Where there are several representatives, the names of the representatives should be added separately.

Article 10: Ballots shall be deemed void under the following conditions:

1. Ballots not used in accordance with these Rules.
2. Blank ballots not completed by the voter.
3. Illegible writing on the ballots.
4. If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect.
5. Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate.
6. Any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased, changed or leave it blank.
7. Where two or more candidates are listed on the same ballot.

Article 11: The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 12: The Company shall issue notifications to the directors elected.

Article 13: Matters not provided in these Rules shall be handled in accordance with the relevant provisions of the Company Act, the Company’s Articles of Incorporation and other relevant laws and regulations.

Article 14: Failure to comply with the provisions of Article 26-3, Paragraph 3, Item 4 of the

Securities and Exchange Act shall be deemed to be ineffective for the election.

Article 15: These Rules, and any amendments hereto, shall be implemented from the date it is adopted by the Shareholders' Meeting.

[Appendix 4]

Kenda Rubber Ind. Co., Ltd.

Shareholding of All Directors

April 2, 2024

Title	Name	Date elected	Terms	At the time of election		Number of shares held as recorded in the shareholders' roster on the book closure date	
				Number of Share	Shares Ratio %	Number of Share	Shares Ratio %
Chairman	Yang, Chi-Jen	2021.08.31	3 years	91,622,924	10.07%	95,361,725	9.99%
Vice Chairman	Chang, Hong-Der	2021.08.31	3 years	7,661,040	0.84%	8,044,172	0.84%
Director	Yang, Ying-Ming	2021.08.31	3 years	65,555,015	7.21%	65,959,222	6.91%
Director	Yang, Shin-Nan	2021.08.31	3 years	16,007,518	1.76%	14,907,201	1.56%
Director	Stretch Investment Co., Ltd.	2021.08.31	3 years	7,268,753	0.80%	20,332,526	2.13%
Director	KENJOU CO., LTD.	2021.08.31	3 years	66,002	0.01%	69,302	0.01%
Director	Yang, Chia-Ling	2021.08.31	3 years	28,668,065	3.15%	30,081,817	3.15%
Director	Lin, Tsung-Yi	2021.08.31	3 years	10,413,403	1.15%	10,934,181	1.15%
Independent Director	Hsieh, Chun-Mou	2021.08.31	3 years	0	0.00%	5,250	0.00%
Independent Director	Su, Ching-Yang	2021.08.31	3 years	0	0.00%	0	0.00%
Independent Director	Cho, Shih-Chao	2021.08.31	3 years	0	0.00%	0	0.00%
Shareholding of All Directors				227,262,720	24.99%	245,695,396	25.73%

Total issued shares: 909,410,000 shares on August 31, 2021

Total issued shares: 954,890,000 shares on April 2, 2024

The minimum required combined shareholding of all directors by law: 30,556,480 shares