

KING CHOU MARINE TECHNOLOGY CO., LTD.

2022 Annual Report

Market Observation Post System Website: <https://mops.twse.com.tw>

Corporate Website: <https://www.king-net.com.tw>

Published on May 15, 2023

1. Name, Title and Contact Details of Company's Spokesperson and Deputy Spokesperson:

Spokesperson: Kuo-Jung Lo

Title: Assistant Vice President of Finance Department

Deputy Spokesperson: Shueh-In Chen

Title: Vice President of Strategic Planning Unit

Telephone Number: (07)535-2939

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2. Address and Telephone Numbers of Company's Headquarters and Factories:

Headquarters

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Telephone Number: (07)535-2939

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Address: No. 20, Chingchin Rd., Pingnan Industrial Zone, Fangliao Township, Pingtung County 940001, Taiwan (R.O.C.)

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3. Name, Address, Website and Telephone Number of the Share Registrar:

Name: Stock Management Service Department, KGI Securities

Address: 5F., No. 2, Sec. 1, Chungching S. Rd., Taipei City 100502, Taiwan (R.O.C.)

Telephone Number: (02)2389-2999

Website: <https://www.kgi.com.tw>

4. Names, Accounting Firm, Address, Website and Telephone Number of Independent Auditors in the Most Recent Year:

Names: Chia-Ling Chiang and Hung-Ju Liao

CPA Firm: Deloitte & Touche

Address: 3F., No. 88, Chengkung 2nd Rd., Chienchen Dist., Kaohsiung City 806618, Taiwan (R.O.C.)

Telephone Number: (07)530-1888

Website: <https://www.deloitte.com.tw>

5. Overseas Securities Exchange: None

6. Corporate Website: <https://www.king-net.com.tw>

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I. Letter to Shareholders

1. 2022 Operation Report

(1) Financial performance and profitability analysis

A. Financial performance

(In Thousands of New Taiwan Dollars)

Year Item	2022	2021	Change (in Dollar Amount)	Change (in Percentage)
Net operating revenue	3,266,960	2,379,223	887,737	37
Gross profit	964,342	693,984	270,358	39
Operating income	536,755	331,775	204,980	62
Pre-tax income	567,318	354,193	213,125	60
Net income	401,758	265,112	136,646	52

B. Profitability analysis

Item		Profitability	
		2022	2021
Return on assets (%)		9.06	6.36
Return on shareholders' equity (%)		13.32	9.27
% to paid-in capital	Operating income	63.92	39.51
	Pre-tax income	67.56	42.18
Net margin (%)		12.29	11.14
Earnings per share (NT\$) (retrospectively adjusted)		4.80	3.12

(2) Results from the execution of business plans

- The increase in operating revenue was due to the 3-month production suspension of our Vietnam factory in 2021. Shipments of orders during the suspension period were postponed to 2022.
- The increase in gross profit was due to an increase in operating revenue.
- The increase in gross profit and a slight increase in operating expenses led to an increase in operating income in 2022.
- The increase in pre-tax income was due to reasons listed above.

(3) Budget implementation

The Company did not prepare financial forecasts for 2022.

(4) Research and development

To achieve higher profitability and enhance competitiveness, the Company developed a diverse product range:

- Specialized in aquaculture nets and a variety of purse seine nets.
- Continued to improve production technology for products to better meet the demand from customers worldwide.

- C. Collaborated with suppliers in developing higher-valued material applications and more advanced production facilities.
- D. Participated in researches conducted by customers and academic institutions both at home and abroad and shared the research results.

2. Overview of 2023 business plans

(1) Business policy

- A. Expand the land-use net business.
- B. Aggressively explore possible applications of marine nets besides mariculture and capture fisheries.
- C. For subsidiaries to work together in achieving the goals of on-time delivery and minimum costs.
- D. Utilize our advantages of setting up factories in mainland China, Vietnam and Indonesia for lowering production costs as well as developing local markets, thereby expanding our presence worldwide.
- E. Implement our internal control system thoroughly and improve deficiencies in order to establish operating procedures with higher efficiency.
- F. Continually carry out researches on expanding the extent of processing, thereby enhancing product value.
- G. Nurture new generations for passing on the technology.

(2) Sales forecast and basis

The Company did not prepare sales forecasts for 2023.

(3) Key production and sales policies

A. Production strategies

- (a) Supervise subsidiaries in implementing their quality control systems, thereby improving yield.
- (b) Integrate production and sales plans to lower inventory levels and reduce obsolete materials.

B. Sales strategies

- (a) Compete for orders of assembled products (including the floating cage nets) to boost profits.
- (b) Expand the business of land-use nets as well as marine nets apart from the existing applications.
- (c) Aggressively explore markets of high-margin products.

3. Strategies for future developments

- (1) Proactively develop differentiated products with high unit prices.
- (2) Strengthen corporate governance and corporate social responsibility practices.
- (3) Support the government's green energy policy.

4. Impacts from external competitions, regulatory compliance and macro-environment

Our production relies heavily on manual labor; thus, labor cost is one of the deciding factors in profitability. As labor cost is lower in Asia compare to the western world, our major competitors

are mostly located in Asia.

In recent years, the government has started to take actions concerning the recycling of old fishing nets by initiating the “fishing nets recycling and reuse program” and establishing the “measures for marking fishing gears of the gillnet fishery” in order to prevent waste fishing nets from harming marine life as well as the ecological environment. Aligning with the government’s policies, we continue to promote the concept of recycling waste fishing nets to our customers and work with Formosa Chemicals & Fibre Corporation in nylon nets recycling and reuse.

Affected by changes in market trends and rising awareness of ecological conservation, countries with fishing rights have implemented total catch control or even quota allocation while many regions have carried out trawling bans. Cage aquaculture has become the mainstream of global aquaculture.

Chairman: Chia-Jen Chen

President: Chia-Jen Chen

Accounting Officer: Kuo-Jung Lo

II. Company Profile

1. Date of Incorporation: Founded on December 24, 1973
2. Company History:

1978	<ul style="list-style-type: none"> Mr. Chin-Fen Chen, the founder and ex-chairman, established the Company through the acquisition of Yu Lung Electronics Co., Ltd. with an area of 9,917 m² and an authorized capital of NT\$10 million. Changed the Company name to King Chou Fish Net Mfg. Co., Ltd.
1979	Mass production began at King Chou Fish Net Mfg. Co., Ltd.
1982	Registered KING CHOU as the trademark.
1986	Established Wan Tan Factory with an area of 9,256 m ² for capacity expansion.
1990	Engaged in technical cooperation with Casamar, an U.S. company, and commenced the production of purse seine nets.
1993	Obtained approvals from the Investment Commission, Ministry of Economic Affairs (MOEAIC) for the establishment of Kunshan King Chou Fish Net Mfg. Co., Ltd. (with an area of approximately 49,587 m ²) via Yorkwin Industries Limited in Hong Kong.
1994	Mass production began at the subsidiary, Kunshan King Chou Fish Net Mfg. Co., Ltd.
1995	Mr. Chia-Jen Chen assumed the position of Chairman.
1999	<ul style="list-style-type: none"> Set up the Head Office in Kaohsiung to coordinate businesses. Established Pingnan Factory in Pingnan Industrial Zone with an area of 10,198 m².
2000	<ul style="list-style-type: none"> The Company's shares were listed on Taipei Exchange on November 7. Dismantled the Wan Tan Factory and transferred the net assembling line to Pingnan Factory Received ISO9002 quality assurance system certification.
2001	Obtained approvals from the MOEAIC for the establishment of Kunshan King Da Technical Fiber Co., Ltd. via King Da International Ltd. of British Virgin Islands, an investee in a third jurisdiction.
2002	Change the Company name to King Chou Marine Technology Co., Ltd.
2004	The subsidiary, Kunshan King Chou Fish Net Mfg. Co., Ltd., was certified by NOOMAS Sertifisering as a qualified manufacturer of cage aquaculture gears.
2007	The subsidiary, Kunshan King Chou Fish Net Mfg. Co., Ltd., received ISO9001:2000 certification.
2008	Mass production began at the subsidiary, King Chou (Vietnam) Marine Technology Co., Ltd., located at My Phuoc Industrial Zone, Ben Cat City, Binh Duong Province with an area of 74,318 m ² .
2010	<ul style="list-style-type: none"> Invested in King Tai Technology Ltd. in Samoa via King Da International Ltd. of British Virgin Islands, an investee in a third jurisdiction. The former then established the King Tai Technology Vietnam Co., Ltd. at My Phuoc Industrial Zone, Ben Cat City, Binh Duong Province.

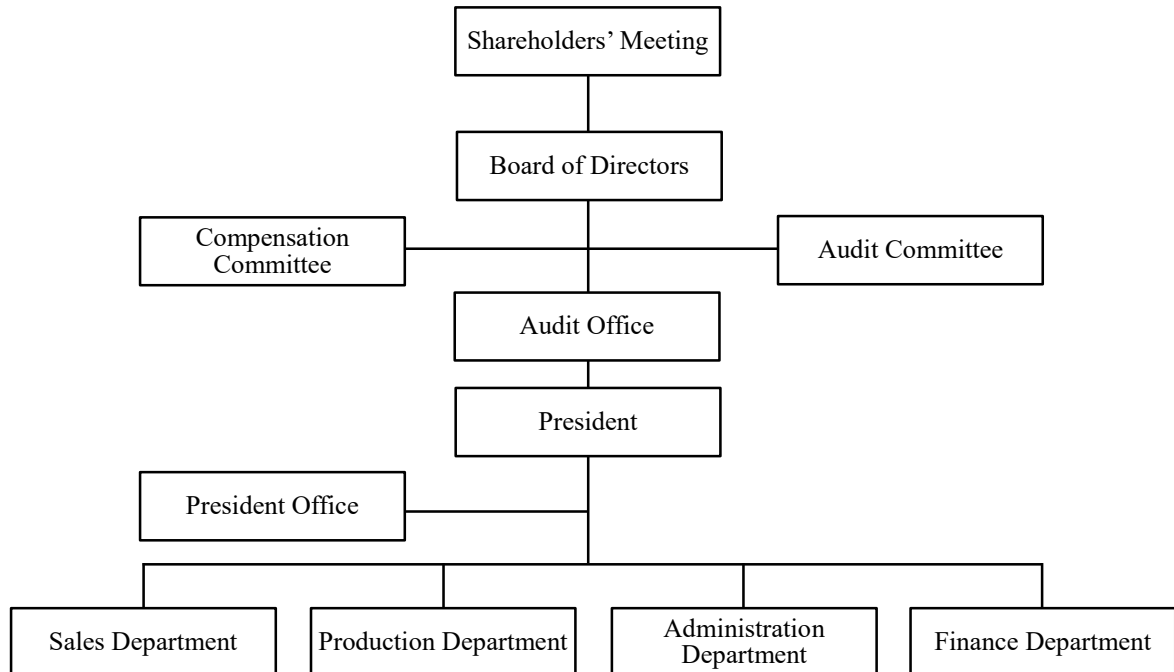
2010	<ul style="list-style-type: none"> The subsidiary, King Chou (Vietnam) Marine Technology Co., Ltd., received ISO9001:2008 certification.
2012	The subsidiary, Kunshan King Chou Fish Net Mfg. Co., Ltd., moved to Zhoushi Town, Kunshan City.
2013	Phase II production commenced for the subsidiary, King Chou (Vietnam) Marine Technology Co., Ltd.
2014	Phase III production commenced for the subsidiary, King Chou (Vietnam) Marine Technology Co., Ltd.
2015	Established Jin Dar Vietnam International Co., Ltd. at My Phuoc Industrial Zone, Ben Cat City, Binh Duong Province via King Chou International Co., Ltd. of Seychelles, an investee in a third jurisdiction.
2016	Established King Da Marine Technical Indonesia Ltd. at Kawasan Industri Wijayakusuma (KIW) in Semarang City, Central Java via King Da International Ltd. of British Virgin Islands, an investee in a third jurisdiction with an area of 50,000 m ² .
2017	<ul style="list-style-type: none"> Mass production began at the subsidiary, Jin Dar Vietnam International Co., Ltd. Phase II production commenced for the subsidiary, King Tai Technology Vietnam Co., Ltd.
2018	Phase II production commenced for the subsidiary, Jin Dar Vietnam International Co., Ltd.
2019	Acquired land within the Pingnan Industrial Zone for Pingnan Factory II.
2020	<ul style="list-style-type: none"> King Da International Ltd. disposed the subsidiary, Kunshan King Da Technical Fiber Co., Ltd., and moved the production lines to King Da Marine Technical Indonesia Ltd. Phase II production commenced for the subsidiary, King Da Marine Technical Indonesia Ltd.

- (1) Mergers and acquisitions, reinvestments in affiliates and reorganizations in the most recent year and as of the date of this annual report: None.
- (2) Transfer or sale of significant number of shares by the Directors, Supervisors and shareholders with over 10% of shareholding or Change in Management: None.
- (3) Major changes in management approach or business, other significant events which would affect shareholders' equity and their impact on the company, and information of prior years which has material impact on understanding the company shall be disclosed: None.

III. Corporate Governance

1. Organization

(1) Organizational Structure:



(2) Functions

- A. Audit Office: Audit and recommendations on internal controls and procedures as well as the establishment and amendment of various management rules.
- B. President Office
 - (a) Research and Development Unit: New product development and enhancements of product quality and facilities.
 - (b) Strategic Planning Unit: Business analysis and planning.
 - (c) Information Technology (IT) Unit: IT system planning as well as management and maintenance of software and hardware.
- C. Sales Department: Market exploration, product promotion and after-sales services.
- D. Production Department: Production matters including manufacturing, quality control, requisition of raw materials, receipts of finished goods and processing.
- E. Administration Department: Management of procurement, fixed assets, general affairs and human resources.
- F. Finance Department: Establishment of an accounting system, operations of bookkeeping, costs and budgeting, and treasury management.

2. Directors, Supervisors, President, Vice President, Assistant Vice Presidents and Managers of Departments and Branches:

(1) Directors and Supervisors

A. Directors and Supervisors

As of April 14, 2023

Title	Nationality or Place of Registration	Name	Gender	Age	Date Elected (On-Board)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at King Chou and Other Companies	Managers, Directors or Supervisors Who are Spouses or within the Second-Degree of Kinship to Each Other			Remark
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Chia-Jen Chen	Male	61~70 years old	2022.06.14	3 years	1978.04.26	2,150,574	2.56%	2,150,574	2.56%	3,469,807	4.13%	0	0%	1.Chairman of the Company 2.Bachelor of Library Management, Shih Hsin University	Note 1	Representative of Corporate Supervisor	Chiung-Yu Tseng	Spouse	Note 6
																		Representative of Corporate Director and Manager of Overseas Sales Department	Chien-Fu Chen	First degree of kinship	
																		Director and Vice President of Strategic Planning Unit	Shueh-In Chen	Second degree of kinship	
																		Assistant Vice President of IT Unit	Mei-Li Chen	Second degree of kinship	
Director	R.O.C.	Shueh-In Chen	Female	61~70 years old	2022.06.14	3 years	1986.03.19	1,587,662	1.89%	1,587,662	1.89%	28,635	0.03%	0	0%	1.Director and Assistant Vice President of Strategic Planning Unit of the Company 2.IEMBA, National Sun Yat-sen University	Note 2	Chairman and President	Chia-Jen Chen	Second degree of kinship	None
																		Representative of Corporate Supervisor	Chiung-Yu Tseng	Second degree of kinship	
																		Assistant Vice President of IT Unit	Mei-Li Chen	Second degree of kinship	
Director	R.O.C.	Birkin Technology Co., Ltd.			2022.06.14	3 years	2016.06.13	3,079,006	3.67%	3,079,006	3.67%	0	0%	0	0%	None	None	None	None	None	None
	R.O.C.	Representative: Chien-Fu Chen	Male	41~50 years old	2022.06.14	3 years	2019.06.13	N/A	N/A	1,600,913	1.91%	720	0%	0	0%	1.Section Manager of Overseas Sales Department of the Company 2.MBA, University of North Carolina at Charlotte	Note 3	Chairman and President	Chia-Jen Chen	First degree of kinship	None
																		Representative of Corporate Supervisor	Chiung-Yu Tseng	First degree of kinship	
Director	R.O.C.	Chuan Kuang Investment Co., Ltd.			2022.06.14	3 years	2001.06.05	4,351,261	5.18%	4,351,261	5.18%	0	0%	0	0%	None	None	None	None	None	None
	R.O.C.	Representative: Yu-Chieh Chen	Female	41~50 years old	2022.06.14	3 years	2001.06.05	N/A	N/A	607,288	0.72%	0	0%	0	0%	1.Representative of Corporate Director of the Company 2.Bachelor of Medicine, Kaohsiung Medical University	Attending Doctor of Kaohsiung Medical University Chung-Ho Memorial Hospital	None	None	None	None
Independent Director	R.O.C.	Chin-Tseng Chang	Male	61~70 years old	2022.06.14	3 years	2016.06.13	18,779	0.02%	18,779	0.02%	0	0%	0	0%	Note 4	1.Chairman of Sea Polar Trading Co., Ltd. 2.Member and the convener of the 1 st term Audit Committee and the 5 th term Compensation Committee	None	None	None	None
Independent Director	R.O.C.	Hung-Chih Sun	Male	61~70 years old	2022.06.14	3 years	2016.06.13	0	0%	0	0%	0	0%	0	0%	Note 5	Member of the 1 st term Audit Committee and the 5 th term Compensation Committee	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender	Age	Date Elected (On-Board)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at King Chou and Other Companies	Managers, Directors or Supervisors Who are Spouses or within the Second-Degree of Kinship to Each Other			Remark
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Su-Ching Chang	Female	51~60 years old	2022.06.14	3 years	2022.6.14	0	0%	0	0%	0	0%	0	0%	1.Member of the Finance and Accounting Regulation and Professional Education Committees, Kaohsiung CPA Association 2.Passed the Senior Examinations for Certified Public Accountants 3.Bachelor of Accounting, Providence University	1.Certified Public Accountant and Chairman of Kuang Cheng CPAs 2.Member of the 1 st term Audit Committee and the 5 th term Compensation Committee	None	None	None	Took office on June 14, 2022
Director	R.O.C.	Chin-Sheng Huang	Male	61~70 years old	2019.06.13	3 years	2013.06.18	176,463	0.21%	176,463	0.21%	0	0	0	0%	1.Manager of Finance Department, Spokesperson and Vice President of Administration Department of the Company 2.Bachelor of Accounting, Feng Chia University	None	None	None	None	Discharged on June 14, 2022.
Supervisor	R.O.C.	Chien Yeh Investment Co., Ltd.			2019.06.13	3 years	2016.06.13	1,481,018	1.76%	1,545,018	1.84%	0	0%	0	0%	None	None	None	None	None	Discharged on June 14, 2022.
	R.O.C.	Representative: Chiung-Yu Tseng	Female	61~70 years old	2019.06.13	3 years	1986.07.09	N/A	N/A	3,469,807	4.13%	2,150,574	2.56%	0	0%	1.Representative of Corporate Supervisor of the Company 2.Private Tainan Junior College of Home Economics 3.Director of Birkin Technology Co., Ltd.	1.Director of Trans-Ocean Fishing Supplies Co., Ltd. 2.Director of Chien Yeh Investment Co., Ltd. 3.Director of Birkin Technology Co., Ltd.	Chairman and President	Chia-Jen Chen	Spouse	
																		Representative of Corporate Director and Manager of Overseas Sales Department	Chien-Fu Chen	First degree of kinship	
																		Director and Vice President of Strategic Planning Unit	Shueh-In Chen	Second degree of kinship	
Supervisor	R.O.C.	Tzu-Li Chang	Male	61~70 years old	2019.06.13	3 years	2010.06.25	19,712	0.02%	0	0%	0	0%	0	0%	1.Supervisor of the Company 2.Bachelor of Electrical Engineering, National Cheng Kung University	Manager of Send E Power Co., Ltd.	None	None	None	Discharged on June 14, 2022.

Note 1: President of the Company, Chairman and President of Kunshan King Chou Fish Net Mfg. Co., Ltd., President of King Chou (Vietnam) Marine Technology Co., Ltd., President of Jin Dar Vietnam International Co., Ltd., Director of King Tai Technology Vietnam Co., Ltd., Chairman of King Da Marine Technical Indonesia Ltd., Chairman of Trans-Ocean Fishing Supplies Co., Ltd., Chairman of King Chou International Co., Ltd., Chairman of King Chou Investment & Development Ltd., Chairman of King Da International Ltd., Director of King Tai Technology Ltd., Chairman of Oceanmark International Co., Ltd., Director of Chien Yeh Investment Co., Ltd. and Director of Birkin Technology Co., Ltd.

Note 2: Vice President of Strategic Planning Unit of the Company, Director of Kunshan King Chou Fish Net Mfg. Co., Ltd., Director of King Chou (Vietnam) Marine Technology Co., Ltd., Director of King Tai Technology Vietnam Co., Ltd., Director of Trans-Ocean Fishing Supplies Co., Ltd., Director of King Da International Ltd., Director of King Tai Technology Ltd., Director of Oceanmark International Co., Ltd. and Chairman of Shih Yun Investment Co., Ltd.

Note 3: Manager of Overseas Sales Department of the Company, Director of Trans-Ocean Fishing Supplies Co., Ltd., Director of King Da International Ltd., Chairman of Birkin Technology Co., Ltd. and Supervisor of Chien Yeh Investment Co., Ltd.

Note 4: Gyo Shou Trading Co., Ltd., Ching Feng Marine Products Co., Ltd., the 14th~15th terms of Independent Director of the Company, member of the 1st~4th terms Compensation Committee and Taichung Municipal Feng Yuan Commercial High School.

Note 5: Chief auditor of Taiwan International Ports Corporation, Ltd., Assistant Vice President of China Development Industrial Bank - Kaohsiung Branch, Vice President of Yu Yu Construction Co., Ltd., Adjunct Instructor of Business Management, National Sun Yat-sen University, Adjunct Instructor of Finance, National Kaohsiung First University of Science and Technology, the 14th~15th terms of Independent Director of the Company, member of the 2nd~4th terms Compensation Committee and Master of Business Management, National Sun Yat-sen University.

Note 6: Where the Company's Chairman and President or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and actions taken:

- Given the lean organizational structure and straightforward business nature, to achieve the business goals of creating maximum value for the Company and optimizing shareholders' returns, it is reasonable and necessary for the Chairman to serve concurrently as the President in order to enhance operational efficiency and decision execution. Moreover, the Chairman is quite familiar with the industry in which the Company operates. With several decades of management experience, he has intimate knowledge of the industry and its associated technologies.
- Actions taken:
 - Align with competent authorities in promoting and implementing corporate governance policies
 - Arrange Directors to take professional training courses held by external institutions every year to improve the operational performance of the Board of Directors
 - Have the majority of Directors not serving as employees or managerial officers
 - Have Independent Directors account for more than one-third of the number of Board members

- B. Institutional shareholders in the table above with at least 10% shareholdings or is one of the top 10 shareholders are as follows:

As of April 14, 2023

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding %
Birkin Technology Co., Ltd.	Chiung-Yu Tseng	54.85
	Chien-Fu Chen	19.28
	I-Chen Chen	10.10
	I-Hsuan Chen	7.39
	Chia-Jen Chen	6.39
	Chia-Ling Tai	2.00
Chuan Kuang Investment Co., Ltd.	Chia-Hui Kuo	77.1
	I-Ling Chen	4.94
	Yu-Chieh Chen	4.94
	Chi-Hsiang Chen	4.94
	Hua-Mao Chen	4.94
	Chien-Jung Chen	2.53
	Yu-Fu Chen	0.62
Chien Yeh Investment Co., Ltd.	Chia-Jen Chen	50.26
	Chiung-Yu Tseng	38.83
	I-Hsuan Chen	5.6
	Chien-Fu Chen	4.21
	I-Chen Chen	0.92
	Mei-Li Chen	0.18

- C. Major shareholders in the table above who are institutional shareholders with at least 10% shareholdings or is one of the top 10 shareholders: None.

D. Professional Qualifications of Directors and Independence Status of Independent Directors:

Title	Name	Conditions	Professional Qualifications and Experiences	Independence Status			Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of the Compensation Committee
				Whether Directors, their spouses or their relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliates	Number and percentage of shares of the Company held by the Director, their spouses or their relatives within the second degree of kinship (or through nominee arrangement)	Whether the individual serves as a director, supervisor, or employee of companies having a specific relationship with the Company (refer to subparagraphs 5-8, paragraph 1, Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”)	
Chairman	Chia-Jen Chen	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Chairman has industry know-how and experience in business management.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. Some relatives within the second degree of kinship (Mei-Li Chen, Deng-Her Chang, Chia-Hui Kuo and Yu-Fu Chen) are directors or supervisors of the affiliates. Please refer to Attachment 2 for details.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Chairman, his spouse and relatives within the second degree of kinship owns 16,753,917 shares (19.95%) of the Company.	Please refer to “Directors and Supervisors” on page 7 to 8 for details.	0	0
Director	Shueh-In Chen	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Director has industry know-how and experience in business management.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. Some relatives within the second degree of kinship (Mei-Li Chen, Deng-Her Chang, Chia-Hui Kuo and Yu-Fu Chen) are directors or supervisors of the affiliates. Please refer to Attachment 2 for details.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Director, her spouse and relatives within the second degree of kinship owns 13,038,718 shares (13.53%) of the Company.	Please refer to “Directors and Supervisors” on page 7 to 8 for details.	0	0
Director	Birkin Technology Co., Ltd. Representative: Chien-Fu Chen	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Director has industry know-how and experience in sales.	Please refer to “Directors and Supervisors” on page 7 to 8 for details on the Director and relatives within the second degree of kinship. His spouse is not a director, supervisor, or employee of the Company or any of its affiliates.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Director, his spouse and relatives within the second degree of kinship owns 10,048,758 shares (11.97%) of the Company.	Please refer to “Directors and Supervisors” on page 7 to 8 for details.	0	0
Director	Chuan Kuang Investment Co., Ltd. Representative: Yu-Chieh Chen	Please refer to “Directors and Supervisors” on page 7 to 8 for details.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. Relatives within the second degree of kinship (Chia-Hui Kuo and Yu-Fu Chen) are directors of the affiliates. Please refer to Attachment 2 for details.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Director, her spouse and relatives within the second degree of kinship owns 3,085,318 shares (3.67%) of the Company.	None	0	0
Independent Director	Chin-Tseng Chang	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Director has industry know-how and over 30 years of experience in international trade and business management.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. His spouse and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. His spouse and relatives within the second degree of kinship owns 0 share of the Company.	None	0	0
Independent Director	Hung-Chih Sun	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Director has over 6 years of experience in auditing, business management and industries of banking and construction.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. His spouse and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates.	0	None	0	0
Independent Director	Su-Ching Chang	Please refer to “Directors and Supervisors” on page 7 to 8 for details. The Director has over 20 years of experience in accounting, tax and business management.	Please refer to “Directors and Supervisors” on page 7 to 8 for details. Her spouse and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates.	0	None	0	0

E. Board diversity and independence:

(a) Board diversity:

i. Policy of Board diversity

In accordance with Article 20 of the Company's Principles of Corporate Governance, Board composition shall consider gender, age, nationality, culture, professional background, professional skills and industry experience as well as the knowledge, skills and competence required for Directors to perform their duties. To achieve the ideal goal of corporate governance, the Board as a whole shall possess the following capabilities:

- (i) Business judgement
- (ii) Accounting and financial analysis
- (iii) Business management
- (iv) Crisis management
- (v) Industry knowledge
- (vi) Global market perspective
- (vii) Leadership
- (viii) Decision-making

ii. Goal of Board diversity

The Board shall direct corporate strategies, supervise the management level and be accountable for Company and its shareholders. With regard to corporate governance tasks and arrangements, the Board shall exercise its powers pursuant to laws and regulations, the Articles of Incorporation or resolutions from the shareholders' meeting. In line with business developments of the Company, at least one Board member shall possess the expertise in each of the following field: industrial background, enterprise management, commerce, finance or accounting and auditing. Gender equity is also emphasized when selecting Board members with the goal of having at least three female Directors. In the Director election of 2022 annual shareholders' meeting, two female Directors and one female Independent Director were elected.

iii. Status of Board diversity

Diverse core items Directors	Gender	Age	Nationality	Business judgement	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	Global market perspective	Leadership	Decision-making
Chia-Jen Chen	Male	61~70	R.O.C.	✓	✓	✓	✓	✓	✓	✓	✓
Shueh-In Chen	Female	61~70	R.O.C.	✓	✓	✓	✓	✓	✓	✓	✓
Birkin Technology Co., Ltd. Representative: Chien-Fu Chen	Male	41~50	R.O.C.	✓	✓	✓	✓	✓	✓	✓	✓
Chuan Kuang Investment Co., Ltd. Representative: Yu-Chieh Chen	Female	41~50	R.O.C.	✓	○	✓	✓	✓	✓	✓	✓
Chin-Tseng Chang	Male	61~70	R.O.C.	✓	✓	✓	✓	✓	✓	✓	✓
Hung-Chih Sun	Male	61~70	R.O.C.	✓	✓	✓	✓	✓	✓	✓	✓
Su-Ching Chang	Female	51~60	R.O.C.	✓	✓	✓	✓	✓	✓	✓	✓

Note: ✓ competent; ○ partially competent

(b) Board independence:

- i. The Company has three Independent Directors, accounting for 43% of the Board. None of them has served for more than three consecutive terms.
- ii. The Company has three Directors who are also employees of the Company, accounting for 43% of the Board.
- iii. The Company has three female Directors, accounting for 43% of the Board.
- iv. None of the Board members is a person of any condition set out in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. As for spousal relationship or second-degree kinship between Directors, please refer to “Directors and Supervisors” on page 7 to 8 for details.

(2) President, Vice President, Assistant Vice Presidents and Managers of Departments and Branches

As of April 14, 2023

Title	Nationality	Name	Gender	Date Elected (On-Board)	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within the Second-Degree of Kinship to Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Chia-Jen Chen	Male	2022.06.23	2,150,574	2.56%	3,469,807	4.13%	0	0%	1.Concurrently the Chairman of the Company 2.Bachelor of Library Management, Shih Hsin University	Note 1	Vice President	Shueh-In Chen	Second degree of kinship	Note 5
													Assistant Vice President	Mei-Li Chen	Second degree of kinship	
CEO of Domestic Sales Department	R.O.C.	Shang-I Tsai	Male	1982.11.15	30,000	0.04%	0	0%	0	0%	1.Assistant Vice President of Domestic Sales Department of the Company 2.Bachelor of International Business and Trade, Tamsui Institute of Business Administration	Note 2	None	None	None	None
Executive Vice President of Overseas Sales Department	R.O.C.	Ming-Huang Tsai	Male	1984.07.02	25,697	0.03%	0	0%	0	0%	1.Assistant Vice President of Overseas Sales Department of the Company 2.Bachelor of Foreign Languages, Tamkang University	None	None	None	None	None
Vice President	R.O.C.	Chung-Hsiao Chen	Male	1980.11.13	20,000	0.02%	0	0%	0	0%	1.Assistant Vice President of the Company 2.MBA, National Sun Yat-sen University	President of King Da Marine Technical Indonesia Ltd.	None	None	None	None
Vice President of Strategic Planning Unit	R.O.C.	Shueh-In Chen	Female	1981.06.23	1,587,662	1.89%	28,635	0.03%	0	0%	1.Concurrently the Director of the Company 2.Assistant Vice President of Strategic Planning Unit of the Company 3.IEMBA, National Sun Yat-sen University	Note 3	President	Chia-Jen Chen	Second degree of kinship	None
													Assistant Vice President	Mei-Li Chen	Second degree of kinship	
Assistant Vice President of Finance Department	R.O.C.	Kuo-Jung Lo	Male	1998.11.16	1,102	0%	0	0%	0	0%	1.Manager of Finance Department of the Company 2.Bachelor of Accounting, Feng Chia University	None	None	None	None	None
Assistant Vice President of Information Technology Unit	R.O.C.	Mei-Li Chen	Female	1992.11.17	2,196,344	2.62%	0	0%	0	0%	1.Manager of Information Technology Unit of the Company 2.MBA, University of New Haven	Note 4	President	Chia-Jen Chen	Second degree of kinship	None
													Vice President	Shueh-In Chen	Second degree of kinship	None

Note 1: Chairman of the Company, Chairman and President of Kunshan King Chou Fish Net Mfg. Co., Ltd., President of King Chou (Vietnam) Marine Technology Co., Ltd. and Jin Dar Vietnam International Co., Ltd., Director of King Tai Technology Vietnam Co., Ltd., Chairman of King Da Marine Technical Indonesia Ltd., Trans-Ocean Fishing Supplies Co., Ltd., King Chou International Co., Ltd., King Chou Investment & Development Ltd. and King Da International Ltd., Director of King Tai Technology Ltd., Chairman of Oceanmark International Co., Ltd., and Director of Chien Yeh Investment Co., Ltd. and Birkin Technology Co., Ltd.

Note 2: Chairman of King-Fish Marine Products Co., Ltd., Min Feng Ocean Co., Ltd. and Min Shuen Ocean Co., Ltd.

Note 3: Director of Kunshan King Chou Fish Net Mfg. Co., Ltd., King Chou (Vietnam) Marine Technology Co., Ltd., King Tai Technology Vietnam Co., Ltd., Trans-Ocean Fishing Supplies Co., Ltd., King Tai Technology Ltd. and Oceanmark International Co., Ltd., and Chairman of Shih Yun Investment Co., Ltd.

Note 4: Director of Kunshan King Chou Fish Net Mfg. Co., Ltd., Oceanmark International Co., Ltd. and Shih Yun Investment Co., Ltd.

Note 5: Where the Company’s Chairman and President or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and actions taken:

- Given the lean organizational structure and straightforward business nature, to achieve the business goals of creating maximum value for the Company and optimizing shareholders’ returns, it is reasonable and necessary for the Chairman to serve concurrently as the President in order to enhance operational efficiency and decision execution. Moreover, the Chairman is quite familiar with the industry in which the Company operates. With several decades of management experience, he has intimate knowledge of the industry and its associated technologies.
- Actions taken: A. Align with competent authorities in promoting and implementing corporate governance policies
B. Arrange Directors to take professional training courses held by external institutions every year to improve the operational performance of the Board of Directors.
C. Have the majority of Directors not serving as employees or managerial officers
D. Have Independent Directors account for more than one-third of the number of Board members

3. Remuneration Paid to Directors, Supervisors, President and Vice President in the Most Recent Year

(1) Remuneration to Directors and Independent Directors

(In Thousands of New Taiwan Dollars)

Title	Name	Remuneration to Directors								Total of A, B, C and D and as a % of Net Income (Note 7)				Compensation Earned by Being an Employee of the Company or Its Consolidated Entities								Total of A, B, C, D, E, F and G and as a % of Net Income (Note 7)				Compensation from Investees other than the Subsidiaries or Parent Company (Note 8)
		Base Compensation (A) (Note 1)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 2)		Allowances (D) (Note 3)						Base Compensation, Bonus and Special Disbursement, etc. (E) (Note 4)		Severance Pay and Pensions (F)		Employee Compensation (G) (Note 5)								
		From the Company	From All Consolidated Entities (Note 6)	From the Company	From All Consolidated Entities (Note 6)	From the Company	From All Consolidated Entities (Note 6)	From the Company	From All Consolidated Entities (Note 6)	From the Company	From All Consolidated Entities (Note 6)	From the Company	From All Consolidated Entities (Note 6)	From the Company	From All Consolidated Entities (Note 6)	From the Company		From All Consolidated Entities (Note 6)		From the Company	From All Consolidated Entities (Note 6)	None				
																		Cash	Stock	Cash	Stock					
Chairman	Chia-Jen Chen	0	0	0	0	14,925	14,925	1,012	1,012	15,937	3.9547	15,937	3.9547	6,507	7,465	0	0	1,858	0	1,858	0	24,301	6.0306	25,259	6.2682	None
Director	Shueh-In Chen																									
Director	Birkin Technology Co., Ltd. Representative: Chien-Fu Chen																									
Director	Chuan Kuang Investment Co., Ltd. Representative: Yu-Chieh Chen																									
Director	Chin-Sheng Huang	0	0	0	0	0	0	917	917	917	0.2275	917	0.2275	0	0	0	0	0	0	0	917	0.2275	917	0.2275	None	
Independent Director	Chin-Tseng Chang																									
Independent Director	Hung-Chih Sun																									
Independent Director	Su-Ching Chang																									
1. The policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment: Independent Directors of the Company do not receive remunerations.																										
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all consolidated entities (e.g., being a non-employee consultant) in the most recent year: None.																										

Remuneration Paid to Directors

Ranges	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From the Company (Note 5)	All consolidated entities (Note 8) H	From the Company (Note 5)	All consolidated entities (Note 8) I
Under NT\$1,000,000	Su-Ching Chang, Chin-Tseng Chang, Hung-Chih Sun	Su-Ching Chang, Chin-Tseng Chang, Hung-Chih Sun	Su-Ching Chang, Chin-Tseng Chang, Hung-Chih Sun	Su-Ching Chang, Chin-Tseng Chang, Hung-Chih Sun
NT\$1,000,000 ~ NT\$1,999,999	Chin-Sheng Huang	Chin-Sheng Huang	Chin-Sheng Huang	Chin-Sheng Huang
NT\$2,000,000 ~ NT\$3,499,999	Birkin Technology Co., Ltd., Chuan Kuang Investment Co., Ltd.	Birkin Technology Co., Ltd., Chuan Kuang Investment Co., Ltd.	Birkin Technology Co., Ltd., Chuan Kuang Investment Co., Ltd.	Birkin Technology Co., Ltd., Chuan Kuang Investment Co., Ltd.
NT\$3,500,000 ~ NT\$4,999,999	0	0	0	0
NT\$5,000,000 ~ NT\$9,999,999	Shueh-In Chen	Shueh-In Chen	Shueh-In Chen	Shueh-In Chen
NT\$10,000,000 ~ NT\$14,999,999	Chia-Jen Chen	Chia-Jen Chen	Chia-Jen Chen	Chia-Jen Chen
NT\$15,000,000 ~ NT\$29,999,999	0	0	0	0
NT\$30,000,000 ~ NT\$49,999,999	0	0	0	0
NT\$50,000,000 ~ NT\$99,999,999	0	0	0	0
NT\$100,000,000 and above	0	0	0	0
Total	8	8	8	8

Note 1: Remuneration paid to Directors (including salaries, differential pay, severance pay, various bonuses and incentive pays, etc.) in the most recent year.

Note 2: Compensation to Directors approved by the Board of Directors for distribution in the most recent year.

Note 3: Expenses and perquisites of Directors (including travel allowance, special disbursement, various allowances, and payment in kind such as accommodations or vehicles, etc.) in the most recent year. For provision of housing, cars or other transportation means or specific personal expenses, the nature and cost of the assets provided as well as rents, fuel expense and other payments calculated based on the actual or fair market prices shall be disclosed. If a driver is assigned, please indicate payments made by the Company to the driver in the note section. However, this part is excluded from the remuneration.

Note 4: Remuneration received by Directors for concurrently serving as an employee (including serving as a President, Vice President, other managerial officer, or employee) of the Company in the most recent year, such as salaries, differential pay, severance pay, various bonuses, incentive pays, travel allowance, special disbursement, various allowances, and payment in kind such as accommodations or vehicles, etc. For provision of housing, cars or other transportation means or specific personal expenses, the nature and cost of the assets provided as well as rents, fuel expense and other payments

calculated based on the actual or fair market prices shall be disclosed. If a driver is assigned, please indicate payments made by the Company to the driver in the note section. However, this part is not included in the remuneration. Also, salary expenses recognized pursuant to IFRS 2 “Share-based Payment” shall include employee stock options, employee restricted stocks and shares subscribed for cash capital increase.

Note 5: Compensation (including stocks and cash) earned by Directors for concurrently serving as an employee of the Company (including concurrently serving as a President, Vice President, other management and employees). Compensation approved by the Board of Directors for distribution in the most recent year shall be disclosed.

Note 6: The sum of compensation paid by all entities in the consolidated financial report (including the Company) to the Company’s Director.

Note 7: Net income refers to net income in the parent company only or individual financial statements of the most recent year.

Note 8: a. Please fill in the amount of compensation received by the Company’s Director from investees other than the subsidiaries or the parent company. (Please fill in “None” where there is no such compensation.)

b. If the Company’s Director received compensation from investees other than the subsidiaries or the parent company, the amount received shall be included in column I.

c. Compensation refers to rewards and payments (including compensation to employees and remuneration to directors and supervisors) and allowances received by the Company’s Director for being a director, supervisor or manager in investees other than the subsidiaries or the parent company.

(2) Remuneration to Supervisors

(In Thousands of New Taiwan Dollars)

Title	Name	Remuneration to Supervisors						Total of A, B and C and as a % of Net Income (Note 5)				Compensation from Investees other than the Subsidiaries or Parent Company (Note 6)
		Base Compensation (A) (Note 1)		Profit-sharing Compensation (B) (Note 2)		Allowances (C) (Note 3)						
		From the Company	From All Consolidated Entities (Note 4)	From the Company	From All Consolidated Entities (Note 4)	From the Company	From All Consolidated Entities (Note 4)	From the Company		From All Consolidated Entities (Note 4)		
Supervisor	Chien Yeh Investment Co., Ltd. Representative: Chiung-Yu Tseng	0	0	1,425	1,425	163	16	1,588	0.3941	1,588	0.3941	None
Supervisor	Tzu-Li Chang											

Remuneration Paid to Supervisors

Ranges	Name of Supervisors	
	Total of (A+B+C)	
	From the Company	All consolidated entities D
Under NT\$1,000,000	Chien Yeh Investment Co., Ltd., Tzu-Li Chang	Chien Yeh Investment Co., Ltd., Tzu-Li Chang
NT\$1,000,000 ~ NT\$1,999,999	0	0
NT\$2,000,000 ~ NT\$3,499,999	0	0
NT\$3,500,000 ~ NT\$4,999,999	0	0
NT\$5,000,000 ~ NT\$9,999,999	0	0
NT\$10,000,000 ~ NT\$14,999,999	0	0
NT\$15,000,000 ~ NT\$29,999,999	0	0
NT\$30,000,000 ~ NT\$49,999,999	0	0
NT\$50,000,000 ~ NT\$99,999,999	0	0
NT\$100,000,000 and above	0	0
Total	2	2

Note 1: Remuneration paid to Supervisors (including salaries, differential pay, severance pay, various bonuses and incentive pays, etc.) in the most recent year.

Note 2: Compensation to Supervisors approved by the Board of Directors for distribution in the most recent year.

Note 3: Expenses and perquisites of Supervisors (including travel allowance, special disbursement, various allowances, and payment in kind such as accommodations or vehicles, etc.) in the most recent year. For provision of housing, cars or other transportation means or specific personal expenses, the nature and cost of the assets provided as well as rents, fuel expense and other payments calculated based on the actual or fair market prices shall be disclosed. If a driver is assigned, please indicate payments made by the Company to the driver in the note section. However, this part is excluded from the remuneration.

Note 4: The sum of compensation paid by all entities in the consolidated financial report (including the Company) to the Company's Supervisor.

Note 5: Net income refers to net income in the parent company only or individual financial statements of the most recent year.

Note 6: a. Please fill in the amount of compensation received by the Company's Supervisor from investees other than the subsidiaries or the parent company. (Please fill in "None" where there is no such compensation.)

b. If the Company's Supervisor received compensation from investees other than the subsidiaries or the parent company, the amount received shall be included in column D, and the name of that column shall be changed to "Parent company and all investees."

c. Compensation refers to rewards and payments (including compensation to employees and remuneration to directors and supervisors) and allowances received by the Company's Supervisor for being a director, supervisor or manager in investees other than the subsidiaries or the parent company.

(3) Remuneration to President and Vice President

(In Thousands of New Taiwan Dollars)

Title	Name	Salary (A) (Note 1)		Severance Pay and Pensions (B)		Bonus and Special Disbursement (C) (Note 2)		Employee Compensation (D) (Note 3)				Total of A, B, C and D and as a % of Net Income (Note 5)				Compensation from Investee other than the Subsidiaries of Parent Company (Note 6)
		From the Company	From All Consolidated Entities (Note 4)	From the Company	From All Consolidated Entities (Note 4)	From the Company	From All Consolidated Entities (Note 4)	From the Company		From All Consolidated Entities (Note 4)		From the Company	From All Consolidated Entities (Note 4)			
								Cash	Stock	Cash	Stock					
President	Chia-Jen Chen	7,802	8,604	238	238	6,574	6,729	3,397	0	3,397	0	18,011	4.4693	18,968	4.7067	None
CEO of Sales	Shang-I Tsai															
Executive Vice President	Ming-Huang Tsai															
Vice President	Chung-Hsiao Chen															
Vice President	Shueh-In Chen															

Note 1: Remuneration paid to Presidents and Vice Presidents, including salaries, differential pay and severance pay, in the most recent year.

Note 2: Bonuses, incentive pays, travel allowance, special disbursement, various allowances, payment in kind such as dormitory and cars or other compensations to the President and Vice President in the most recent year. For provision of housing, cars or other transportation means or specific personal expenses, the nature and cost of the assets provided as well as rents, fuel expense and other payments calculated based on the actual or fair market prices shall be disclosed. If a driver is assigned, please indicate payments made by the Company to the driver in the note section. However, this part is not included in the remuneration. Also, salary expenses recognized pursuant to IFRS 2 "Share-based Payment" shall include employee stock options, employee restricted stocks and shares subscribed for cash capital increase.

Note 3: Employee compensation (including stocks and cash) to the President and Vice President approved by the Board in the most recent year. Net income refers to the net income of the most recent year. For companies adopted IFRSs, net income refers to net income in the parent company only or individual financial statements of the most recent year.

Note 4: The sum of compensation paid by all entities in the consolidated financial report (including the Company) to the Company's President and Vice President.

Note 5: Net income refers to net income in the parent company only or individual financial statements of the most recent year.

Note 6: a. Compensation received by the Company's President and Vice President from investees other than the subsidiaries or the parent company.

b. If the Company's President and Vice President received compensation from investees other than the subsidiaries or the parent company, the amount received shall be included in column E.

c. Compensation refers to rewards and payments (including compensation to employees and remuneration to directors and supervisors) and allowances received by the Company's President and Vice President for being a director, supervisor or manager in investees other than the subsidiaries or the parent company.

Compensation Paid to President and Vice President

Ranges	Names of President and Vice President	
	From the Company	Parent Company and All Investees (E)
Under NT\$1,000,000	0	0
NT\$1,000,000 ~ NT\$1,999,999	0	0
NT\$2,000,000 ~ NT\$3,499,999	Shueh-In Chen, Shang-I Tsai, Chung-Hsiao Chen	Shueh-In Chen, Shang-I Tsai, Chung-Hsiao Chen
NT\$3,500,000 ~ NT\$4,999,999	Ming-Huang Tsai	Ming-Huang Tsai
NT\$5,000,000 ~ NT\$9,999,999	Chia-Jen Chen	Chia-Jen Chen
NT\$10,000,000 ~ NT\$14,999,999	0	0
NT\$15,000,000 ~ NT\$29,999,999	0	0
NT\$30,000,000 ~ NT\$49,999,999	0	0
NT\$50,000,000 ~ NT\$99,999,999	0	0
NT\$100,000,000 and above	0	0
Total	5	5

Note 1: The names of President and Vice President shall be presented separately and payments shall be disclosed in aggregate.

Note 2: Salaries, differential pay and severance pay of the President and Vice President in the most recent year.

Note 3: Bonuses, incentive pays, travel allowance, special disbursement, various allowances, payment in kind such as dormitory and cars or other compensations to the President and Vice President in the most recent year. For provision of housing, cars or other transportation means or specific personal expenses, the nature and cost of the assets provided as well as rents, fuel expense and other payments calculated based on the actual or fair market prices shall be disclosed. If a driver is assigned, please indicate payments made by the Company to the driver in the note section. However, this part is not included in the remuneration. Also, salary expenses recognized pursuant to IFRS 2 "Share-based Payment" shall include employee stock options, employee restricted stocks and shares subscribed for cash capital increase.

Note 4: Employee compensation (including stocks and cash) to the President and Vice President approved by the Board in the most recent year. If the amount cannot be estimated, the amount to be distributed this year shall be calculated in proportion to the actual payment amount last year and Table 1-3 shall be filled in.

Note 5: The sum of compensation paid by all entities in the consolidated financial report (including the Company) to the President and Vice President of the Company.

Note 6: Names of the President and Vice President in the appropriate range based on the sum of compensation paid by the Company.

Note 7: The sum of compensation paid by all entities in the consolidated financial report (including the Company) to the President and Vice President of the Company, and the names of the President and Vice President in the appropriate range.

Note 8: Net income refers to net income in the parent company only or individual financial statements of the most recent year.

Note 9: a. Compensation received by the Company's President and Vice President from investees other than the subsidiaries or the parent company. (Please fill in "None" where there is no such compensation.)

b. If the Company's President and Vice President received compensation from investees other than the subsidiaries or the parent company, the amount received shall be included in column E and the name of the field shall be changed to "Parent Company and All Investees".

c. Compensation refers to rewards and payments (including compensation to employees and remuneration to directors and supervisors) and allowances received by the Company's President and Vice President for being a director, supervisor or manager in investees other than the subsidiaries or the parent company.

* Remuneration disclosed in the table differs from the concept of income defined in the Income Tax Act. Thus, this table is used for information disclosure, not for tax purposes.

- (4) Separately compare and describe total remuneration and compensation paid to Directors, Supervisors, President and Vice Presidents by the Company and all consolidated entities as a percentage of net income in the parent company only or individual financial statements in the past two years, and state the remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

- A. Analysis of remuneration and compensation paid to Directors, Supervisors, President and Vice Presidents as a percentage of net income in the parent company only or individual financial statements in the past two years:

(In Thousands of New Taiwan Dollars)

Title	2022				2021			
	Total Remuneration		% to Net Income		Total Remuneration		% to Net Income	
	From the Company	From All Consolidated Entities	From the Company	From All Consolidated Entities	From the Company	From All Consolidated Entities	From the Company	From All Consolidated Entities
Net Income	402,997	401,758			261,836	265,112		
Directors	25,218	26,176	6.26	6.50	17,090	18,047	6.53	6.89
Supervisors	1,588	1,588	0.39	0.39	2,933	2,933	1.12	1.12
President and Vice Presidents	18,011	18,968	4.47	4.71	16,545	17,502	6.32	6.68
Note: 1. As net income increased in 2022, remuneration and compensation to Directors, President and Vice Presidents also increased. 2. The Company established the Audit Committee on June 14, 2022 to replace Supervisors. Thus, compensation to Supervisors was paid up to June only.								

- B. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

- (a) Remuneration policy, standards and composition:

- i. Remunerations to Directors and Supervisors: According to Article 23 of the Articles of Incorporation, remunerations to Directors and Supervisors for services rendered are determined based on individual's involvement and contributions to the Company with reference to industry standards by the Board. In addition, when the Company made a pre-tax profit in a fiscal year, the Company shall set aside remuneration to Directors and Supervisors at no higher than 3% of the balance in accordance with Article 26 of the Articles of Incorporation. Independent Directors do not participate in the Director remuneration scheme. Instead, they receive a fixed amount of monthly compensation.
- ii. Compensation to managers: Work allowances and bonuses are clearly defined in the Company's Payroll Management Rules as rewards to employees' contributions at work. Bonuses are determined based on the business performance, financial status and operation status of the Company as well as work performance of individuals during the year. In addition, according to Article 26 of the Articles of Incorporation, when the Company made a pre-tax profit in a fiscal year, it shall set aside compensation to employees at no less than 3% of the balance.

Performance evaluation items for managers:

- (i) Financial indicators: Based on the management profit or loss report, contributions of individual department to the Company's profits as well as the target achievement rate of managers.
- (ii) Non-financial indicators: Use the practice of corporate core value, management capabilities and participation in sustainable operation to

calculate compensation for business performance. Constantly review the system based on actual operation and relevant laws and regulations.

iii. Components to the compensation include monetary compensation, severance payments, various allowances and other measures with substantial incentives.

(b) Procedures for determining the compensation

Performance assessment and reasonableness of compensation for Directors, Supervisors and managers are regularly evaluated and reviewed by the Compensation Committee and the Board every year. Compensations take into account not only the performance achievement rate and contributions of individuals, but also the overall business performance of the Company as well as the future risk and developments of the industry. The system is reviewed constantly based on actual operation and relevant laws and regulations in addition to the current trends of corporate governance in order to achieve a balance between sustainable operation and risk control.

(c) Correlation with operation performance and future risks:

- i. The overall business performance of the Company is the key factor in the review of payment standards and system for the compensation policy. Payment standards are set based on performance achievement rate and the level of contribution to enhance the efficiency of the Board and management as a team. Industry compensation standards are also taken into account to ensure our packages are competitive and can therefore retain outstanding talents.
- ii. Key decisions of management are made after taking into account a variety of risk factors. The consequence of each decision would reflect on the profitability of the Company. Thus, compensation to the management is related to the risk control performance.

(5) Employee Compensation to Managers

	Title	Name	Stock (In Thousands of NT\$)	Cash (In Thousands of NT\$)	Total (In Thousands of NT\$)	Total as a % of Net Income
Managers	President	Chia-Jen Chen	0	4,048	4,048	9.42
	CEO of Sales	Shang-I Tsai				
	Executive Vice President	Ming-Huang Tsai				
	Vice President	Chung-Hsiao Chen				
	Vice President	Shueh-In Chen				
	Assistant Vice President	Kuo-Jung Lo				
	Assistant Vice President	Mei-Li Chen				

Note 1: Employee compensation (including stocks and cash) to managers approved by the Board in the most recent year. Net income refers to net income in the parent company only or individual financial statements of the most recent year.

Note 2: The scope of managers is defined in the Official Order No. Tai-Cai-Zheng (3) 0920001301 issued on March 27, 2003 as follows:

- (1) President or personnel with equivalent position
- (2) Vice President or personnel with equivalent position
- (3) Assistant Vice President or personnel with equivalent position
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Personnel with the authority to manage corporate affairs and sign on behalf of the Company

4. Corporate Governance Implementation

(1) Operation of the Board

A total of nine Board meetings (A) convened in 2022. The attendance status of Directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Chairman	Chia-Jen Chen	9	0	100	Former Director Chin-Sheng Huang resigned on June 14, 2022 while the other four Directors were re-elected.
Director	Shueh-In Chen	9	0	100	
Director	Chuan Kuang Investment Co., Ltd. Representative: Yu-Chieh Chen	9	0	100	
Director	Birkin Technology Co., Ltd. Representative: Chien-Fu Chen	9	0	100	
Director	Chin-Sheng Huang	4	0	100	
Independent Directors	Chin-Tseng Chang	9	0	100	Independent Director Su-Ching Chang took office on June 14, 2022 while the other two Independent Directors were re-elected.
Independent Directors	Hung-Chih Sun	9	0	100	
Independent Directors	Su-Ching Chang	5	0	100	

Annotations:

- The Board meeting's date, session, and contents of motions, opinions of all Independent Directors, and actions taken by the Company regarding the opinions shall be specified if one of the following circumstances occurs:
 - Matters specified in Article 14-3 of the Securities and Exchange Act
Independent Directors of the Company did not object to matters specified in Article 14-3 of the Securities and Exchange Act.
 - Except for items specified above, other resolutions on which an Independent Director expresses objection or reservation, either by recorded statement or in writing: None
- For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified:

Name of Director	Content of Motion	Cause for Recusal	Participation in Voting
Chia-Jen Chen	Appointment and compensation of President	As motions involved personal interests of the Director, Chairman Chia-Jen Chen recused himself from the reading and deliberation of the motion and Director Shueh-In Chen was the proxy to preside over the meeting.	Except Chairman Chia-Jen Chen who recused himself from discussion and voting, the motion was approved unanimously by all attending Directors.
	Release of managerial officers from non-compete restrictions		

3. The Companies shall disclose the frequency, period, scope, method and details of self (or peer) assessments on the Board of Directors:

Frequency	Annually
Period	January 1 and December 31, 2022
Scope	Performance assessment on the Board
Method	Internal assessment of the Board
Details	1. Level of participation in corporate operations. 2. Enhancement on the quality of Board decisions. 3. Composition and structure of the Board. 4. Election and continuing education of Directors. 5. Internal control.
Result	The Board had a relatively low score in the aspect of “Election and continuing education of Directors” as the Company has yet to have a succession plan. The Company will formulate a succession plan when the need arises.

Frequency	Annually
Period	January 1 and December 31, 2022
Scope	Performance assessment on individual Board members
Method	Self-assessment by Board members
Details	1. Command over corporate goals and mission. 2. Understanding of Directors’ duties. 3. Level of participation in corporate operations. 4. Internal relationship management and communication. 5. Specialty and continuing education of Directors. 6. Internal control.
Result	The Board members had a relatively low score in the aspect of “Specialty and continuing education of Directors”, as three Directors took only 3 hours of courses while one Director did not participate, failing to meet the requirement of 6 hours recommended by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”. The Company will urge Directors to take up continuing education.

4. Objectives of strengthening the functionality of the Board of Directors in current and the most recent year and evaluation of the execution thereof.

(1) Strengthen the functionality of the Board:

- A. The seats of Independent Director have increased from two to three.
- B. The Audit Committee and the Compensation Committee were established under the Board of Directors.
- C. The convenors and members of the Audit Committee and the Compensation Committee are Independent Directors of the Company. Information on committee composition and operation is available in the annual report and on the corporate website.
- D. Committee members serve the function of preliminary review and help to enhance the efficiency and quality of discussions. Independent Directors shall fully express their professional opinions during discussion and demonstrate independence and professionalism.

- (2) The Company has purchased liability insurance for Directors, Supervisors and key personnel to diversity their legal liability risk and enhance corporate governance.

- (3) Improve information transparency: In addition to disclosing relevant information on the MOPS as required by laws, there are investor, stakeholder, corporate governance and sustainable development sections on the corporate website to timely disclose matters concerned by all stakeholders in detail.

(2) Operations of Audit Committee

- A. The Audit Committee was established on June 14, 2022 to replace the Supervisor system. Audit Committee members are Independent Directors of the Company. The Committee shall have a minimum of three members and at least one of them shall have expertise in accounting or finance.
- B. There were two (A) Audit Committee meetings convened in 2022. The attendance status of Independent Directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Independent Director and the Convener	Chin-Tseng Chang	2	0	100	None
Independent Director	Hung-Chih Sun	2	0	100	
Independent Director	Su-Ching Chang	2	0	100	

Annotations:

- When one of the following situations occurs, the date and session of Audit Committee meeting; content of motions; objections, reservations or major recommendations of Independent Directors; resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified:
 - Matters specified in Article 14-5 of the Securities and Exchange Act: None.
 - Except for above-mentioned items, resolutions which were not approved by the Audit Committee but was approved by two-thirds or more of all Directors: None.
- For situations where Independent Directors recuse themselves from any motion due to conflict of interest, the Independent Directors' names, content of motions, causes for the recusal, and participation in voting shall be specified: None.
- Communications between the Independent Directors, the internal audit officer, and CPAs (including material issues concerning the finance and business of the Company, and the means and outcomes of communication):

Date	Attendees	Description	Outcome
Audit Committee meeting on August 8, 2022	Independent Director Chin-Tseng Chang	Reported the result of CPA's review on the financial statements for the six months ended June 30, 2022	Noted
	Independent Director Hung-Chih Sun	Reported the execution of internal audit plan in the second quarter of 2022	Noted
	Independent Director Su-Ching Chang Internal audit officer, Hui-Shu Wang CPA, Chia-Ling Chiang	Discussed the consolidated financial statements for the six months ended June 30, 2022	Approved by all attending members and reported to the Board

Audit Committee meeting on November 9, 2022	Independent Director, Chin-Tseng Chang	Reported the execution of internal audit plan in the third quarter of 2022	Noted
	Independent Director Hung-Chih Sun	Discussed the consolidated financial statements for the nine months ended September 30, 2022	Approved by all attending members and reported to the Board
	Independent Director Su-Ching Chang Internal audit officer, Hui-Shu Wang	Discussed the 2023 internal audit plan	Approved by all attending members and reported to the Board
Communication meeting between CPAs and governance unit on December 8, 2022	Independent Director Chin-Tseng Chang Independent Director Hung-Chih Sun Independent Director Su-Ching Chang Internal audit officer, Hui-Shu Wang CPA, Chia-Ling Chiang	1. Audit scope and method 2. CPA independence 3. Significant risk and key audit items 4. A summary on the preparation of unaudited financial statements 5. Audit Quality Indicators	Adopted improvement measures recommended by CPAs

(3) Supervisors' participation in Board meetings

There were four (A) Board meetings convened in 2022. The attendance status of Supervisors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Supervisor	Chien Yeh Investment Co., Ltd. Representative: Chiung-Yu Tseng	4	0	100	The Audit Committee was established on June 14, 2022 to replace Supervisors who resigned on the same date.
Supervisor	Tzu-Li Chang	4	0	100	

Annotations:

1. Composition and duties of the Supervisors:

(1) Communication between Supervisors and employees and shareholders of the Company:

A. When deemed necessary, Supervisors may communicate with employees or shareholders via phone, email, direct conversation, etc.

B. The Company invites Supervisors to attend the Board meeting where managers are present to report and answer questions raised by Supervisors. Supervisors are also invited to attend the shareholders' meeting to communicate directly with shareholders.

(2) Communications between the Supervisors, the internal audit officer, and CPAs:

A. Supervisors understand the financial and business performance of the Company through regular audit reports and financial statements. When the need arises, they would communicate with the internal audit officer or CPAs.

B. The Supervisor and internal audit officer would attend the Board meetings to understand the financial and business performance of the Company.

2. The Board meeting's date, session, content of motions, and resolutions and actions taken by the Company regarding the Supervisors' opinions shall be specified if Supervisors had stated their opinions during the Board meeting: Supervisors did not object to any motion raised in the Board meeting.

(4) Implementation of Corporate Governance Practices and Non-compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company establish and disclose its corporate governance practices pursuant to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company’s “Code of Practice for Corporate Governance” is available at the corporate governance section on the corporate website and MOPS.	None
2. Ownership structure and shareholders’ rights		✓	(1) A. The Company’s Finance Department is responsible for handling shareholders’ affairs including their recommendations and responding to questions raised. B. Shareholders’ disputes and litigations are handled by lawyers.	Internal operation procedures will be established when the need arises. ◦
(1) Does the Company have internal operation procedures to handle shareholders’ suggestions, concerns, disputes and litigations and proceed accordingly?		✓	(2) The Company possesses a list of its major shareholders and the ultimate owners of these major shareholders.	None
(2) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders?	✓		(3) The Company executes risk control mechanism and firewall management where affiliates are concerned in compliance with relevant policies and procedures, such as the “Rules for Financial and Business Dealings between Affiliates”, “Procedures for Acquisition or Disposal of Assets”, and “Procedures for Lending Funds to Other Parties and Provision of Endorsement and Guarantee”.	None
(3) Does the Company build and execute risk management and firewall mechanism between itself and affiliates?	✓		(4) The Company has established the “Procedures for Prevention of Insider Trading” and “Procedures for Internal Material Information”.	None
(4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?	✓			
3. Composition and duties of the Board of Directors				
(1) Has the Board established a diversification policy and specific management goals and have them been implemented accordingly?	✓		(1) Please refer to page 11.	None

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
(2) Other than Compensation and Audit Committees which are required by laws, does the Company set up other functional Committees voluntarily?		✓	(2) At present, the Company has both the Compensation Committee and the Audit Committee.	Depending on the scale, the Company may establish other functional committees.
(3) Has the Company formulated rules and methods for the performance assessment of the Board of Directors and evaluate the Board performance? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?		✓	(3) The Company has established the “Methods for Evaluating Board of Directors’ Performance” and the assessment method. The outcome of performance assessment would be reported to the Board meeting before the end of the first quarter each year and served as a reference for compensation to individual Directors as well as nomination for reelection.	None
(4) Has the Company periodically evaluated the independence of its CPAs?	✓		(4) The Board assesses the independence and competence of CPAs annually. Besides demanding CPAs to provide independence declarations, assessments are conducted in accordance with the standards in the “CPA Competence and Independence Evaluation Form” on page 32.	None
4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution of directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders’ meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?	✓		The Finance Department is in charge of corporate governance affairs and Kuo-Jung Lo, the Assistant Vice President of Finance Department, is appointed to serve concurrently as the chief governance officer.	None

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
5. Has the Company established a communication channel for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the corporate website to address their concerns on major corporate social responsibility issues?	✓		The Company has established communication channels for its stakeholders and created a stakeholder section on the corporate website. To respect the rights of stakeholders, the Company regularly identifies the types of stakeholders, provides contact information as well as communication channels to understand their reasonable expectations and needs, and addresses their concerns over major corporate social responsibility issues through proper communications.	None
6. Has the Company appointed a professional registrar to organize the shareholders' meetings?	✓		The Company has appointed the Stock Management Service Department of KGI Securities as the professional registrar.	None
7. Information disclosure				
(1) Has the Company established a corporate website to disclose information regarding the Company's finance, business and corporate governance?	✓		(1) The Company has established investor and corporate governance sections on the corporate website to disclose information regarding the Company's finance, business and corporate governance.	None
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, and webcasting investor conference on the corporate website)?	✓		(2) With regard to information disclosure, in addition to annual report as required by laws, the Company makes public announcements or filing at information disclosure websites designated by the competent authority, on the corporate website as well as by the following measures: A. Designated personnel in charge of information collection and disclosure. B. The spokesperson system.	None
(3) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?		✓	(3) The Company publicly announces and files its financial reports of the first three quarters prior to the prescribed deadlines.	Annual financial reports and operational status of each month would be publicly announced and filed prior to the prescribed

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
				deadlines if the circumstances permit.
8. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer policies, and liability insurance for directors and supervisors provided by the Company) ?	✓		<p>(1) Rights of employees: The Company adheres to the principle of integrity when dealing with employees and establishes the Employee Welfare Committee pursuant to relevant laws and regulations to care for employees. All employees are covered by labor and health insurances and the Company appropriates pension reserves as required by laws.</p> <p>(2) Welfare of employees: The Company organizes employee health examinations regularly and convenes labor-management meeting every quarter for employees to express their opinions, enhancing the level of employee participation and creating a smooth two-way communication channel. Personnel rules and policies are available on the intranet for employees to access.</p> <p>(3) Investor relations: The Company proactively ensures the integrity of investors' rights. Measures taken are as follows: A. An "Investor Relations" section is created on the corporate website with a MOPS website link for investors to access relevant information and gain a better understanding of the Company. B. The Company has established the spokesperson system and provided contact information on the corporate website to maintain a sound relationship with investors.</p> <p>(4) Supplier relations: The Company chooses qualified suppliers to secure product assurance while reducing inventory level in order to satisfy customers' expectations and demand.</p> <p>(5) Rights of stakeholders: The Company has established "Investor Relations" and "Stakeholder" sections on the corporate website with contact information as communication channels for shareholders and stakeholders in</p>	None

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
			<p>order to assist with relevant issues or suggestions. For legal issues, the Company would appoint lawyers to protect the rights of stakeholders.</p> <p>(6) Continuing education of Directors: To enhance Board functions, the Company would notify Directors to take professional courses.</p> <p>(7) Implementation of risk management policies and risk evaluation standards: The Company is fully committed to the operation and development of its core business and does not engage in high-risk or high-leverage investing activities. Except for hedging purposes, we would avoid engaging in derivative trading. Counterparties of financing, endorsement and guarantees activities have all been properly assessed. There is internal control system in place for relevant procedures and the execution statuses are assessed by the internal audit system. All executions have been smooth.</p> <p>(8) Implementation of customer policies: We understand customer demand through customer services in hope to provide quality products and professional competence exceeding customers’ expectations. We strive to become long-term partners to customers and achieve win-win solutions together.</p> <p>(9) The Company purchases liability insurance for Directors and Supervisors annually.</p>	
9. Improvements based on the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center in the most recent year and the priority of pending issues: The Company ranked in the 51%~65% interval in the 9 th Corporate Governance Evaluation. Improvement measures for items which the Company failed to score are set out below:				
No.	Evaluation Indicator		Improvement Measures	
1.9	Did the Company upload the English version of the meeting notice 30 days prior to the annual shareholders’ meeting?		The Company schedules to upload the English version of the meeting notice 30 days prior to the 2023 annual shareholders’ meeting.	

Assessment Item		Status			Non-compliance and Reasons
		Yes	No	Description	
No.	Evaluation Indicator		Improvement Measures		
1.10	Did the Company upload the English version of the meeting agenda and supplemental materials 30 days prior to the annual shareholders’ meeting?		The Company schedules to upload the English version of the meeting agenda and supplemental materials 30 days prior to the 2023 annual shareholders’ meeting.		
1.11	Did the Company upload the English version of annual report seven days before the annual shareholders’ meeting?		The Company schedules to upload the English version of annual report seven days before the 2023 annual shareholders’ meeting.		
2.21	Did the Company create the position of chief corporate governance officer to manage relevant affairs and disclose on the corporate website and in the annual report the chief corporate governance officer's scope of authority, main tasks for the year and continuing education?		The Company has appointed the Assistant Vice President of the Finance Department, Kuo-Jung Lo, as the chief governance officer.		
2.25	Did all of the Company's independent Directors complete the number of hours of continuing education required by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies”?		The Company urges each Directors to take up to 6 hours of continuing education in 2023.		
3.2	Did the Company disclose material information in English and Chinese simultaneously?		The Company schedules to disclose material information in English and Chinese simultaneously in 2024.		
3.5	Did the Company upload the English version of annual financial report seven days before the annual shareholders’ meeting?		The Company schedules to upload the English version of annual financial report seven days before the 2023 annual shareholders’ meeting.		

King Chou Marine Technology Co., Ltd.
2022 CPA Competence and Independence Evaluation Form

Explanation:

1. In accordance with Article 29 of the Company's Code of Practice for Corporate Governance, the Company shall regularly (at least once per year) assess the independence and competence of its CPAs.
2. Board resolution: The evaluation results shall be reported to the Board and serve as the reference for the engagement or reengagement of CPAs.
3. CPAs: Chia-Ling Chiang and Hung-Ju Liao of Deloitte & Touche

No.	Evaluation Indicator	Yes	No	Explanation
1	The CPAs have remained unchanged for seven years.		✓	N/A
2	Audit team members, partners of the CPA firm or affiliates or network firms of the CPA firm have breached the independence requirements where the Company is concerned.		✓	N/A
3	The CPAs or audit team members have been a Director, Supervisor or manager of the Company or assumed a position of the Company which would have significant influence over the audit engagement within the last two years.		✓	N/A
4	The CPAs or audit team members are relatives to the Company's Directors, Supervisors, managers or an employee with significant influence over the audit engagement.		✓	N/A
5	CPAs have significant financial interest in the Company, either directly or indirectly.		✓	N/A
6	CPAs are employees of the Company or its affiliates.		✓	N/A
7	The provision of business consultation or non-audit services would have direct impact on subject matter of the audit engagement.		✓	N/A
8	There is potential employment relationship between the CPAs and the Company.		✓	N/A
9	CPA enters into a contingent fee arrangement relating to the audit engagement with the Company.		✓	N/A
10	CPAs promote or act as a broker of shares or other securities issued by the Company.		✓	N/A
11	CPAs accept gifts or preferential treatment of significant value from the Directors, Supervisors, managers or major shareholders of the Company.		✓	N/A
12	CPAs serve as advocates in litigations or disputes between the Company and other third parties.		✓	N/A
13	Whether the audit quality of CPAs has met the industry standards.	✓		Upon review, the audit quality of our CPAs falls within a reasonable range.
<p>● Upon assessment, we have confirmed the independence and competence of our CPAs and consequently the reliability of financial reports issued.</p>				

Evaluated by: Finance Department

(5) The Composition and Operations of the Compensation Committee:

The Board of Directors resolved to establish the Compensation Committee on December 15, 2011. The Compensation Committee shall exercise due care of a good administrator and duly carry out its responsibilities. It shall regularly review and determine the payroll and compensation of Directors, Supervisors and managers, and submit its recommendations to the Board for discussion.

A. Members of Compensation Committee

Title	Name	Condition	Professional Qualifications and Experience	Independence Status			Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of the Compensation Committee
				Whether the Directors, their spouses or their relatives within the second degree of kinship serve as a director, supervisor, or relatives within the second degree of kinship of the Company or any of its affiliates	Number and percentage of shares of the Company held by supervisor, their employee or their companies having a specific relationship with the Company (or through nominee arrangement)	Whether the individual serves as a director, supervisor, or employee of financial, legal, or accounting services rendered to the Company or its affiliates in the past two years	
Independent Director and the Convener	Chin-Tseng Chang	Please refer to "Directors and Supervisors" on page 7 to 8 for details. The Director has industry know-how and over 30 years of experience in international trade and business management.	Mr. Chin-Tseng Chang is an Independent Director of the Company. His spouse and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates.	Please refer to "Directors and Supervisors" on page 7 to 8 for details. His spouse and relatives within the second degree of kinship did not own shares of the Company.	-	0	0
Independent Director	Hung-Chih Sun	Please refer to "Directors and Supervisors" on page 7 to 8 for details. The Director has over 6 years of experience in auditing, business management and industries of banking and construction.	Mr. Hung-Chih Sun is an Independent Director of the Company. His spouse and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates.	0	-	0	0
Independent Director	Su-Ching Chang	Please refer to "Directors and Supervisors" on page 7 to 8 for details. The Director has over 20 years of experience in accounting, tax and business management.	Ms. Su-Ching Chang is an Independent Director of the Company. Her spouse and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates.	0	-	0	0

B. Operations of Compensation Committee

- (a) The Company's Compensation Committee comprises three members who are appointed by the Board of Directors. The majority of its members shall be Independent Directors.
- (b) Tenure of current members: Tenure of the Compensation Committee starts on June 23, 2022 and expires on June 13, 2025. The Compensation Committee held four meetings in 2022. The attendance status is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Independent Director and the Convener	Chin-Tseng Chang	4	0	100	Re-elected
Independent Director	Hung-Chih Sun	4	0	100	
Independent Director	Su-Ching Chang	2	0	100	Newly elected on June 23, 2022
Member	Cheng-Hsiang Chen	2	0	100	Resigned on June 22, 2022

Annotation:

1. If the Board of Directors declined to adopt or modified a recommendation of the Compensation Committee, the date and session of the Board meeting, contents of motions, resolution and actions taken by the Company regarding the Committee's opinions shall be specified:

In 2022 and as of the date of this annual report, the Board of Directors did not reject nor modify proposals raised by the Compensation Committee.

2. As for the resolutions of the Compensation Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date and session of the committee meeting, contents of motions, all members' opinions and actions taken regarding the opinions shall be specified:

In 2022 and as of the date of this annual report, members of the Compensation Committee did not express objections nor reservations on resolutions of the Committee.

- (c) Major resolutions of Compensation Committee and actions taken:

Date	Session	Major Resolutions	Actions Taken
2022/01/27	4-6	Distribution of 2021 year-end bonus to managers.	Approved by all attending members and reported to the Board
2022/04/29	4-7	Distribution of 2021 employee compensation to managers, Directors and Supervisors.	Approved by all attending members and reported to the Board
2022/06/23	5-1	Election of the convener and chairman of meetings.	Chin-Tseng Chang was elected unanimously by attending members as the convener and chairman of the meeting.
2022/08/24	5-2	Salary adjustment of managers.	Approved by all attending members and reported to the Board

(6) Implementation of Sustainable Developments and Non-compliance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company establish a governance structure for promoting sustainable developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management being authorized by the Board to handle relevant issues under the supervision of the Board?		✓	The Company has established the “Sustainable Development Best Practice Principles” to carry out its corporate social responsibilities. It proactively promotes corporate governance, social welfare and environmental sustainability, and incorporates these concepts into operational strategies and management targets.	The Company will establish a governance structure for promoting sustainable developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management being authorized by the Board to handle relevant issues under the supervision of the Board when the need arises.
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note)		✓	The Company conducts risk assessments on internal operations annually.	The Company will conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations and formulate relevant risk management policies or strategies when the need arises.
3. Environmental issues (1) Does the Company establish environmental management system designed to fit industry characteristics? (2) Is the Company committed to improving the efficiency of various resources and utilizing renewable materials that have low environmental impact?		✓ ✓	(1) The Company has formulated plans concerning air pollution, water pollution and waste. (2) A. The Company purchases colored yarns to cut down the dyeing process, thereby lowering the impact on water resource. B. The Company uses gas boilers to significantly reduce pollution. C. The Hsinyuan Factory has built solar power systems which indirectly lower thermal power consumption and fulfill our corporate social responsibilities.	Environmental management system would be established when the need arises. The Company would formulate policies to enhance the utilization efficiency of resources and use materials that have low environmental impact when the need arises.

Assessment Item	Status				Non-compliance and Reasons																									
	Yes	No	Description																											
(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and takes measures to respond to climate-related issues? (4) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	✓	✓	(3) Extreme temperatures create a challenging environment for our distant-water fishing customers, which indirectly affect the Company’s performance. Thus, we have been committed to increase the proportion of aquaculture nets. (4) The water consumption, total waste weight and their intensities are as follows: <table><tr><th>Item Year</th><th>Water (M³)</th><th>Water Intensity</th><th colspan="2">Waste (MT)</th><th>Waste Intensity</th></tr><tr><td>2022</td><td>28,562</td><td>0.01</td><td>Hazardous</td><td>Non-hazardous</td><td></td></tr><tr><td></td><td></td><td></td><td>0</td><td>77.02</td><td>0.00002</td></tr><tr><td>2021</td><td>33,300</td><td>0.01</td><td>0</td><td>99.48</td><td>0.00004</td></tr></table>			Item Year	Water (M³)	Water Intensity	Waste (MT)		Waste Intensity	2022	28,562	0.01	Hazardous	Non-hazardous					0	77.02	0.00002	2021	33,300	0.01	0	99.48	0.00004	None The Company expects to complete the calculation of GHG emissions in 2027. Management policies for reducing energy consumption, carbon emission, GHG, water or waste will be established when the need arises.
Item Year	Water (M³)	Water Intensity	Waste (MT)		Waste Intensity																									
2022	28,562	0.01	Hazardous	Non-hazardous																										
			0	77.02	0.00002																									
2021	33,300	0.01	0	99.48	0.00004																									
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights? (2) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation?	✓	✓	(1) Employee welfares are in compliance with the Labor Standards Act as well as rules of competent authorities. There are also work rules and associated management measures in place. (2) A.Leaves are given in accordance with the Labor Standards Act. B. Year-end bonuses are paid based on the performance of the Company and individual employees annually. C. According to the Articles of Incorporation, when the Company made a pre-tax profit in a fiscal year, it shall set aside compensation to employees at no less than 3% of the balance. D. In accordance with the Company’s “Rules Governing the Transfer of Repurchased Shares to Employees”, employees have the rights to subscribe to the Company’s treasury shares. E. The Company offers employee health examination subsidies in accordance with the Company’s “Health Examination Management Rules”. F. The Company hosts lucky draws in accordance with the			The Company may incorporate International Human Rights Conventions into management policies and procedures when needed. None																								

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
(3) Does the Company provide a safe and healthy work environment and regular safety and health training?	✓		<p>Company's "Rules on Year-end Party Lucky Draws".</p> <p>G. The Employee Welfare Committee provides allowances such as holiday bonuses and New Year gift boxes to employees.</p> <p>H. Pursuant to laws and regulations, the Company makes pension contributions for employees with seniorities under the old retirement system as well as to employees' pension accounts created by the Bureau of Labor Insurance, providing a certain degree of security for employees' retirement.</p> <p>I. According to the Company's "Rules on Application for Child Care Allowance", employees are entitled to child care allowances when they have children under 12 years old.</p> <p>(3) A. The Company proceeds in accordance with the "Occupational Safety and Health Act" and "Labor Safety and Health Rules" to prevent occupational accidents and safeguard the safety and health of employees.</p> <p>B. Education and training on knowledge required in work are provided.</p> <p>C. Operators shall carry out daily inspections prior to operation, conduct monthly inspections on machinery and equipment and engage professionals for annual maintenance. As for dangerous machinery and equipment, the Company commissions the Industrial Safety and Health Association (ISHA) of the R.O.C. to perform annual inspection.</p> <p>D. Personal protective equipment is provided to all units.</p> <p>E. ISHA is commissioned to perform environmental monitoring every six months to ensure our employees have a safe and healthy work environment.</p> <p>F. Pursuant to the "Labor Health Protection Rules", employees shall undergo the general physical examinations every three years and special physical</p>	None

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
<p>(4) Has the Company established effective career development training programs for employees?</p> <p>(5) Has the Company complied with related regulations and international standards for issues of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated relevant consumer or customer protection policies and complaint procedures?</p> <p>(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?</p>	✓		<p>examinations based on the environmental monitoring results every year.</p> <p>G.Fire drills are conducted every six months to raise employees' awareness on emergency relief and fire safety.</p> <p>(4) Employees are to first learn about industry knowledge and corporate culture and take internal and external training courses. Next, they could advance towards specialized fields based on personal aptitudes or preferences.</p> <p>(5) The Company mainly engages in B2B transactions. Upon receiving customer complaints, sales personnel would proceed in accordance with the Company's "Customer Complaints Management Rules".</p> <p>(6) The Company has yet to establish a supplier management policy.</p>	<p>None</p> <p>The Company will establish policy to protect customers' rights when the need arises.</p> <p>The Company will establish supplier management policy when the need arises.</p>
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of sustainability or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?		✓	The Company has yet to compile a sustainability report.	The Company plans to compile the sustainability report in 2025.
6. If the Company has established its sustainable principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please specify any discrepancy between the principles and their implementation: The Company has yet to prepare a sustainability report. However, matters set out in the Principles have been implemented with considerations to the current operation and legal compliance.				
7. Other important information to facilitate the promotion of sustainable developments:				

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
<p>(1) Environmental protection: The Company has engaged in environmental practices since the start of factory construction. The production and manufacturing processes have all complied with relevant environmental laws and regulations. To achieve waste reduction, industrial wastes are classified and handled by designated personnel or professional agencies engaged by the Company while wastewater is treated. We also improve and properly maintain our environmental facilities for relevant works to sustain in the long run.</p> <p>(2) Community participation, contribution to society, social services and public welfare:</p> <ol style="list-style-type: none">1. Donation of NT\$8,000 to the 10th Senior Club in Hsinyuan Township, Pingtung County2. Donation of NT\$10,000 to the Kanghsi Community Development Associations, Pingtung County3. Donation of NT\$25,000 to Chang Le Elementary School in Manjhoul Township, Pingtung County4. Scholarships of NT\$100,000 for the Junior and Senior High Divisions of Pingtung Donggang Senior High School, Pingtung County5. Donation of NT\$10,000 to Gang Xi Elementary School, Pingtung County6. Donation of NT\$100,000 to the Chiang Wei-shui's Cultural Foundation7. Sponsorship of NT\$50,000 to the Megaport Enterprise: Sustainability and Regeneration Art Creation Project of the Youth Artistic Power -8. Sponsorship of NT\$60,000 to the Qiyan String Quartet9. Sponsorship of NT\$6,000 for activities at Kang Lung Temple, Pingtung County10. Donation of NT\$30,000 to the 1919 Food Bank11. Donation of NT\$30,000 to the Winter Relief Program of Tzu Kuang Association for low-income households12. Humanitarian relief of NT\$100,000 to Ukrainian refugees13. Donation of NT\$200,000 to the Liver Disease Prevention & Treatment Research Foundation14. Donation of NT\$100,000 to the Taiwan Cross-strait Fisheries Exchange, Development and Investment Association. <p>(3) Human rights: The Company does not employ child labor. All employees are entitled to the same work rights regardless of race, gender and age pursuant to the “Act of Gender Equality in Employment” and “Employment Service Act”.</p> <p>(4) Safety and health: The Company has established the “Occupational Safety and Health Act” and “Rules for Occupational Safety and Health” to prevent occupational accidents and diseases, providing employees a healthy and safe work environment.</p>				

Note: Materiality principle refers to environmental, social and corporate governance issues which have material impact on the investors and other stakeholders of the Company.

(7) Performance in Ethical Management and Non-compliance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Establishment of ethical management policies and schemes				
(1) Does the Company formulate ethical management policies approved by the Board of Directors and clearly express ethical management policies and actions as well as the Board and senior management’s commitment to implement those policies in the Company’s internal rules and external documents?		✓	(1) The Principles of Business Ethics of the Company was established on March 20, 2015 upon Board approval. It states that Board members and senior management shall exercise due care of a good administrator and duly exercise their powers to fulfill the commitments of ethical management policy.	The Company will set out ethical management policies and actions in the Company’s internal rules and external documents when the need arises.
(2) Does the Company establish assessment mechanism for risk arising from unethical conducts, regularly analyze and assess operating activities with higher risk of unethical conduct within its business, and formulate preventive schemes accordingly, which at least contain preventive measures for conducts set forth in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?		✓	(2) The Company has established the “Principles of Business Ethics”, “Code of Ethical Conduct for Directors and Managers”, “Procedures for Prevention of Insider Trading”, and “Procedures for Internal Material Information” to build a corporate culture of ethical management.	The Company will establish assessment mechanisms for risks arising from unethical conducts as well as the “Procedures and Guidelines of Business Ethics” when the need arises.
(3) Does the Company have clear statements regarding relevant procedures, conduct guidelines, disciplinary measures and compliant system in the schemes to prevent unethical conduct, and does the Company implement them accordingly and regularly review those schemes?		✓	(3) A. Complaints would be handled by the Audit Office of the Company. Once a case is established, investigations would be carried out and the case would be reviewed by the Chairman. B. Unethical conducts of employees would be punished based on the degree of misconduct. C. Complaints can be filed through the “Misconduct Reporting System” in the “Stakeholder” section on the corporate website.	The Company will establish the “Procedures and Guidelines of Business Ethics” when the need arises.

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
2. Implementation of ethical management (1) Does the Company review the counterparty's history of ethical conduct and include the compliance of business ethics as a clause in the contract?		✓	(1) The Company has yet to establish mechanisms for supplier and customer assessment.	The Company will review the counterparty's history of ethical conduct and include the compliance of business ethics as a clause in the contracts when the need arises.
(2) Has the Company established an exclusively (or concurrently) dedicated department under the Board to promote ethical conducts and report regularly (at least once every year) its ethics policies and preventive schemes for unethical conducts as well as implementation status to the Board of Directors?		✓	(2) The Company has yet to established an exclusively (or concurrently) dedicated unit under the Board of Directors to promote ethical management.	The Company will establish an exclusively (or concurrently) dedicated unit under the Board to promote ethical management when the need arises.
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels and thoroughly implement the policies?	✓		(3) A. The Company has established the "Code of Ethical Conduct for Directors, Supervisors and Managers" to regulate the recusal for conflict of interests of Directors and managers. B. Complaints can be filed through the "Misconduct Reporting System" in the "Stakeholder" section on the corporate website.	None
(4) Has the Company established effective accounting and internal control systems for the implementation of ethics policies and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits?	✓		(4) Legal compliance associated with the implementation of ethical management is regularly examined by the sound systems of internal auditing, accounting and internal control. The Company implements internal control systems annually where the Audit Office would conduct self-assessments and audit the nine major operating cycles. CPAs also carry out audits on the nine major operating cycles as well as computer audits. The Company's accounting system has remained effective for many years. CPAs are engaged every year to conduct audits and issue independent auditors' reports. The Company's "Principles of Business Ethics" clearly	None

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(5) Has the Company regularly held internal and external training sessions on business ethics?		✓	(5) state that the internal audit unit shall formulate audit plans based on the assessment outcome of risk associated with unethical conducts and perform audits on compliance with the preventive schemes for unethical conducts accordingly. It may entrust CPAs to conduct the audits or engage professionals when the need arises. The Company has yet to regularly held training sessions on business ethics.	The Company will regularly hold internal and external training sessions on ethical management when the need arises.
3. Implementation of whistleblowing system				
(1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaint received?		✓	(1) The Company has created the “Misconduct Reporting System” in the “Stakeholder” section on the corporate website. Cases filed would be handled by the Audit Office.	Misconduct reporting systems will be established when the need arises.
(2) Has the Company established standard operating procedures for investigating the complaints received, actions to be taken upon the completion of investigation, and mechanisms for confidentiality?		✓	(2) Complaints would be handled by the Audit Office of the Company. Once a case is established, investigations would be carried out and the case would be reviewed by the Chairman. The identity of whistleblower and relevant evidence would be kept confidential.	The Company would establish standard operating procedures for investigating the complaints received, action plans after the investigation is completed and mechanisms for confidentiality when the need arises.
(3) Has the Company established measures to protect whistleblowers from retaliation?	✓		(3) Disciplinary actions would be taken for threats or retaliation against the whistleblower.	None
4. Enhancement on information disclosure Does the Company disclose its principles of business ethics and information about implementation of such guidelines on its website and MOPS?		✓	The Company discloses its Principles of Business Ethics on its corporate website and MOPS.	The Company would promote its Principles of Business Ethics internally when the need arises.
5. If the Company has established ethical conduct policies based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please specify any discrepancy between the policies and their implementation: None.				
6. Other important information to facilitate better understanding of the Company’s ethical conduct practices (e.g., the Company reviews and revises its Principles of Business Ethics, etc.): The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting act and other laws and regulations associated with business activities as the basis for ethical management.				

- (8) For companies with guidelines and regulations on corporate governance, access shall be disclosed:

Corporate governance principles and regulations are available in the “Corporate Governance” section of the corporate websites at <http://www.king-net.com.tw>.

- (9) Other important information to facilitate better understanding of the Company’s corporate governance:

A. In addition to timely public announcements at the MOPS website (<https://mops.twse.com.tw/mops/web/index>) as required by the competent authorities, the Company also updates information pertaining to finance, business and corporate governance as well as the implementation status thereof on the corporate website either regularly or on a timely basis depending on the information.

B. The Company proactively passes on information of corporate governance sessions to Directors in order to continually enrich its corporate governance data. Continuing education of Directors in 2022 is as follows:

Title	Name	Onboard Date	Date	Host	Class	Duration	Total Hours
Chairman	Chia-Jen Chen	2022.06.14	2022.08.25	Taipei Exchange	Seminar for Insiders of TPEx-listed Companies (Both Mainboard & Emerging Stock Board)	3	3
Director	Shueh-In Chen	2022.06.14	2022.06.22	Taiwan Corporate Governance Association	ESG Legal Issues to be Considered by the Board	3	3
Representative of Corporate Director	Yu-Chieh Chen	2022.06.14	2022.08.25	Taipei Exchange	Seminar for Insiders of TPEx-listed Companies (Both Mainboard & Emerging Stock Board)	3	3
Independent Director	Chin-Tseng Chang	2022.06.14	2022.06.22	Taiwan Corporate Governance Association	ESG Legal Issues to be Considered by the Board	3	12
			2022.06.22	Taiwan Corporate Governance Association	2022 Global Trends and Business Opportunities of Low-carbon Economy and Low-carbon Corporate Innovations	3	
			2022.08.24	Taiwan Institute of Directors	Explore the Core Competitiveness of Next Generation in the Rapidly Changing Era	3	
			2022.10.07	Taipei Exchange	Release Conference 2022: Reference guide for Exercise of Power by Independent Director & Audit Committee	3	
Independent Director	Hung-Chih Sun	2022.06.14	2022.06.22	Taiwan Corporate Governance Association	ESG Legal Issues to be Considered by the Board	3	9
			2022.06.22	Taiwan Corporate Governance Association	2022 Global Trends and Business Opportunities of Low-carbon Economy and Low-carbon Corporate Innovations	3	
			2022.11.22	Taiwan Corporate Governance Association	Corporate Social Responsibilities - Discussion on Corporate Governance from Human Rights Perspective	3	

Title	Name	Onboard Date	Date	Host	Class	Duration	Total Hours
Independent Director	Su-Ching Chang	2022.06.14	2022.07.26	Accounting Research and Development Foundation	Continuing Education for Principal Accounting Officers	12	15
			2022.10.07	Taipei Exchange	Release Conference 2022: Reference guide for Exercise of Power by Independent Director & Audit Committee	3	

- C. For managers to have correct understanding on corporate governance, they are organized by the Company to attend corporate governance courses held by external institutions for a thorough implementation of corporate governance. Their continuing education in 2022 is as follows:

Title	Name	Onboard Date	Date	Host	Class	Duration	Total Hours
Vice President of Strategic Planning Unit	Shueh-In Chen	1981.06.23	2022.06.22	Taiwan Corporate Governance Association	ESG Legal Issues to be Considered by the Board	3	3
Assistant Vice President of Finance Department	Kuo-Jung Lo	1998.11.16	2022.08.25~26	National Cheng Kung University	Continuing Education for Principal Accounting Officers	12	12

(10) Internal Control System Execution Status:

A. Statement of Internal Control System

Statement of Internal Control System

March 13, 2023

Based on the findings of a self-assessment, King Chou Marine Technology Co., Ltd. (King Chou) states the following with regard to its internal control system for 2022:

1. King Chou's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets); reliability, timeliness and transparency of our financial reporting; and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and King Chou takes immediate remedial actions in response to any deficiencies identified.
3. King Chou evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of internal control based on the process of management: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. King Chou has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, King Chou believes that, as of December 31, 2022, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness and transparency of financial reporting; and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.
6. This Statement will be an essential part of King Chou's annual report and prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been approved in the Board of Directors' meeting on March 13, 2023, with 0 of the 7 attending Directors expressing objectives, and the remainder all affirming the content of this Statement.

King Chou Marine Technology Co., Ltd.
Chairman: Chia-Jen Chen
President: Chia-Jen Chen

B. Where CPAs are retained to audit the internal control system, please disclose the CPAs' audit report: None.

(11) Any penalties imposed upon the Company or internal personnel by laws, punishment imposed by the Company on internal personnel for violation of the Company's internal control system, major defects and improvement thereof in the most recent year and as of the date of this annual report: None.

(12) Major resolutions of shareholders' meetings and Board meetings in the most recent year and as of the date of this annual report:

A. Major resolutions and execution thereof for 2022 annual shareholders' meeting

Date	Major Resolutions	Execution
2022/06/14	Major resolutions of 2022 annual shareholders' meeting Proposed Resolutions 1. Approved the 2021 operation report and financial statements. 2. Approved the 2021 earnings distribution.	Set August 3, 2022 as the ex-dividend record date. Distribution was completed on August 17, 2022 per the resolution of shareholders' meeting. (Cash dividend of NT\$2.5 per share)
	Discussion Items 1. Approved the amendments to the Articles of Incorporation.	The registration of amendments was approved by the MOEA on June 27, 2022. The Company shall proceed in accordance with the amended Articles of Incorporation.
	2. Approved the amendments to the Rules of Procedure for Shareholders' Meeting.	Proceed in accordance with the amended Rules.
	3. Approved the amendments to the Procedures for Acquisition or Disposal of Assets.	Proceed in accordance with the amended Procedures.
	4. Approved the amendments to the Procedures for Lending Funds to Other Parties and Provision of Endorsement and Guarantee.	Proceed in accordance with the amended Procedures.
	5. Election of all directors (including Independent Directors). List of elected Directors: Chia-Jen Chen, Shueh-In Chen, Representative of Birkin Technology Co., Ltd. - Chien-Fu Chen and Representative of Chuan Kuang Investment Co., Ltd. - Yu-Chieh Chen List of elected Independent Directors: Chin-Tseng Chang, Hung-Chih Sun and Su-Ching Chang	The registration was approved by the MOEA on June 27, 2022.
	6. Release of new Directors and their representatives from non-compete restrictions.	

B. Major resolutions and execution thereof for 2022 Board meetings

Date	Session	Major Resolutions	Outcome
2022/01/27	15-22	2021 year-end bonus to managers.	Approved unanimously by all attending Directors.
2022/03/15	15-23	1. 2021 compensation to employees and remuneration to Directors and Supervisors.	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting for reporting.
		2. 2021 operation report and financial statements.	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting for acceptance.
		3. 2021 earnings distribution.	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting for acceptance.
		4. Amendments to the Articles of Incorporation.	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting for discussion.
		5. Amendments to the Rules of Procedure for Shareholders' Meeting.	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting for discussion.
		6. Amendments to the Procedures for Acquisition or Disposal of Assets.	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting for discussion.
		7. Amendments to the Procedures for Lending Funds to Other Parties and Provision of Endorsement and Guarantee.	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting for discussion.
		8. Election of all directors (including Independent Directors).	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting to hold the election.
		9. Nomination of Director and Independent Director candidates and review on the independence of the latter	Approved unanimously by all attending Directors to be included in the list of Director candidates.
		10. Release of new Directors and their representatives from non-compete restrictions.	Approved unanimously by all attending Directors and submitted to the 2022 annual shareholders' meeting for discussion.
		11. Determine the date, venue and proposals for the 2022 annual shareholders' meeting.	Approved unanimously by all attending Directors and proceed accordingly.

Date	Session	Major Resolutions	Outcome
		12. Assessment on the independence and competence of CPAs retained by the Company.	Approved unanimously by all attending Directors.
		13. 2021 “Assessment on the Effectiveness of Internal Control System” and “Statement of Internal Control System”.	Approved unanimously by all attending Directors.
2022/04/29	15-24	Distribution of 2021 employee compensation to managers and remuneration to Directors and Supervisors.	Approved unanimously by all attending Directors and distributed accordingly.
2022/05/10	15-25	1. Consolidated financial statements for the three months ended March 31, 2022.	Approved unanimously by all attending Directors.
		2. 2022 and 2023 CPA audit fees.	Approved unanimously by all attending Directors.
		3. Amendments to the “Internal Control System”.	Approved unanimously by all attending Directors.
2022/06/14	16-1	Elected the 16 th Chairman	Director Chia-Jen Chen was elected unanimously by attending Directors as the Chairman.
2022/06/23	16-2	1. Record and payment dates as well as matters associated with 2022 earnings distribution.	Approved unanimously by all attending Directors and proceed accordingly.
		2. Appointment and compensation of President.	Except Chairman Chia-Jen Chen who recused himself from exercising his voting right, the appointment of Chairman Chia-Jen Chen as the President was approved unanimously by all attending Directors.
		3. Release of managerial officers from non-compete restrictions.	Except Chairman Chia-Jen Chen who recused himself from exercising his voting right, the motion was approved unanimously by all attending Directors.
		4. Appointment of the fifth Compensation Committee members.	The appointment of Independent Directors, Chin-Tseng Chang, Hung-Chih Sun and Su-Ching Chang, was approved unanimously by all attending Directors.
2022/08/08	16-3	Consolidated financial statements for the six months ended June 30, 2022.	Approved unanimously by all attending Directors and proceed accordingly.
2022/11/09	16-5	1. Consolidated financial statements for the nine months ended September 30, 2022.	Approved unanimously by all attending Directors.
		2. Amendments to the “Internal Control System”.	Approved unanimously by all attending Directors and proceed according to the amended procedures.

Date	Session	Major Resolutions	Outcome
		3. The 2023 internal audit plan.	Approved unanimously by all attending Directors.

(13) Different opinions expressed by Directors or Supervisors regarding major resolutions, either by recorded statement or in writing, in the most recent year and as of the date of this annual report: None.

(14) Resignation or discharge of Chairman, President and Officers of Accounting, Finance, Internal Audit and Research and Development in the most recent year and as of the date of this annual report: None.

5. Audit Fees for CPA:

(In Thousands of New Taiwan Dollars)

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Note
Deloitte & Touche	Chia-Ling Chiang	January 1 to December 31, 2022	4,632	1. Company registration of NT\$20 thousand 2. Transfer pricing of NT\$350 thousand	4,970	None
	Hung-Ju Liao					

(1) Non-audit fees paid to CPAs, CPA's accounting firms and their affiliates exceeding 25% of the audit fees: None.

(2) Change of accounting firms with audit fee paid in the year of change being less than the previous year: Not applicable.

(3) Over 15% decrease in audit fee on a year-to-year basis: None.

6. Change of CPA: Not applicable.

7. Any of the Company's Chairman, President, or Managers in Charge of Finance or Accounting Held a Position in the CPA's Firm or Its Affiliates in the Most Recent Year: None.

8. Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers and Shareholders with 10% Shareholdings or More in the Most Recent Year and as of the Date of this Annual Report:

Title	Name	2022		January 1 to April 14, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman/President	Chia-Jen Chen	0	0	0	0
Director / Vice President	Shueh-In Chen	0	0	0	0
Director	Birkin Technology Co., Ltd.	0	0	0	0
	Representative: Chien-Fu Chen	0	0	0	0
Director	Chuan Kuang Investment Co., Ltd.	0	0	0	0
	Representative: Yu-Chieh Chen	0	0	2,000	0
Independent Director	Chin-Tseng Chang	0	0	0	0

Title	Name	2022		January 1 to April 14, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Independent Director	Hung-Chih Sun	0	0	0	0
Independent Director	Su-Ching Chang	Note 1		0	0
Director	Chin-Sheng Huang	Note 2			
Supervisor	Chien Yeh Investment Co., Ltd.	Note 2			
	Representative: Chiung-Yu Tseng				
Supervisor	Tzu-Li Chang	Note 2			
CEO of Sales	Shang-I Tsai	0	0	0	0
Executive Vice President	Ming-Huang Tsai	0	0	0	0
Vice President	Chung-Hsiao Chen	0	0	0	0
Principal Finance Officer/Principal Accounting Officer/Assistant Vice President	Kuo-Jung Lo	0	0	0	0
Assistant Vice President	Mei-Li Chen	0	0	0	0

Note 1: Newly elected on June 14, 2022.

Note 2: Resigned on June 14, 2022.

9. Top 10 Shareholders Who are Related Parties, Spouses, or within Second-Degree of Kinship to Each Other

As of April 14, 2023

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relation	
Shih Yun Investment Co., Ltd. Representative: Shueh-In Chen	6,375,618	7.59%	0	0%	0	0%	Chia-Jen Chen	Relatives within the second degree of kinship	-
							Chiung-Yu Tseng	Relatives within the second degree of kinship	
							Mei-Li Chen	Relatives within the second degree of kinship	
							Chia-Hui Kuo	Relatives within the second degree of kinship	
							Chuan Kuang Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
Chuan Kuang Investment Co., Ltd. Representative: Chia-Hui Kuo	4,351,261	5.18%	0	0%	0	0%	Chia-Jen Chen	Relatives within the second degree of kinship	-
							Chiung-Yu Tseng	Relatives within the second degree of kinship	
							Shueh-In Chen	Relatives within the second degree of kinship	
							Mei-Li Chen	Relatives within the second degree of kinship	
							Shih Yun Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
Chiung-Yu Tseng	3,469,807	4.13%	2,150,574	2.56%	0	0%	Chia-Jen Chen	Spouse	-
							Chien-Fu Chen	Relatives within the first degree of kinship	
							Shueh-In Chen	Relatives within the second degree of kinship	
							Mei-Li Chen	Relatives within the second degree of kinship	
							Chia-Hui Kuo	Relatives within the second degree of kinship	
							Chien Yeh Investment Co., Ltd.	Relatives within the first degree of kinship to the representative	
							Birkin Technology Co., Ltd.	Relatives within the first degree of kinship to the representative	
							Shih Yun Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
							Chuan Kuang Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
Birkin Technology Co., Ltd. Representative: Chien-Fu Chen	3,079,006	3.67%	0	0%	0	0%	Chia-Jen Chen	Relatives within the first degree of kinship	-
							Chiung-Yu Tseng	Relatives within the first degree of kinship	
							Chien Yeh Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relation	
Mei-Li Chen	2,196,344	2.62%	0	0%	0	0%	Chia-Jen Chen	Relatives within the second degree of kinship	-
							Chiung-Yu Tseng	Relatives within the second degree of kinship	
							Shueh-In Chen	Relatives within the second degree of kinship	
							Chia-Hui Kuo	Relatives within the second degree of kinship	
							Shih Yun Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
							Chuan Kuang Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
Chia-Jen Chen	2,150,574	2.56%	3,469,807	4.13%	0	0%	Chiung-Yu Tseng	Spouse	-
							Chien-Fu Chen	Relatives within the first degree of kinship	
							Shueh-In Chen	Relatives within the second degree of kinship	
							Mei-Li Chen	Relatives within the second degree of kinship	
							Chia-Hui Kuo	Relatives within the second degree of kinship	
							Chien Yeh Investment Co., Ltd.	Relatives within the first degree of kinship to the representative	
							Birkin Technology Co., Ltd.	Relatives within the first degree of kinship to the representative	
							Shih Yun Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
							Chuan Kuang Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
Chia-Hui Kuo	1,643,249	1.96%	14,272	0.02%	0	0%	Chuan Kuang Investment Co., Ltd.	A representative	-
							Chia-Jen Chen	Relatives within the second degree of kinship	
							Chiung-Yu Tseng	Relatives within the second degree of kinship	
							Shueh-In Chen	Relatives within the second degree of kinship	
							Mei-Li Chen	Relatives within the second degree of kinship	
							Shih Yun Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relation	
Chien-Fu Chen	1,600,913	1.91%	720	0%	0	0%	Birkin Technology Co., Ltd.	A representative	-
							Chia-Jen Chen	Relatives within the first degree of kinship	
							Chiung-Yu Tseng	Relatives within the first degree of kinship	
							Chien Yeh Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
Shueh-In Chen	1,587,662	1.89%	28,635	0.03%	0	0%	Shih Yun Investment Co., Ltd.	A representative	-
							Chia-Jen Chen	Relatives within the second degree of kinship	
							Chiung-Yu Tseng	Relatives within the second degree of kinship	
							Mei-Li Chen	Relatives within the second degree of kinship	
							Chia-Hui Kuo	Relatives within the second degree of kinship	
							Chuan Kuang Investment Co., Ltd.	Relatives within the second degree of kinship to the representative	
Chien Yeh Investment Co., Ltd. Representative: I-Chen Chen	1,545,018	1.84%	0	0%	0	0%	Chia-Jen Chen	Relatives within the first degree of kinship	-
							Chiung-Yu Tseng	Relatives within the first degree of kinship	
							Chien-Fu Chen	Relatives within the second degree of kinship	
							Birkin Technology Co., Ltd.	Relatives within the second degree of kinship to the representative	

Note: The table contains data as of the last share transfer suspension prior to the date of this annual report.

10. Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Managers and Directly or Indirectly Controlled Entities on the Same Investee

Investee	Investment by the Company		Investment by Directors, Managers and Directly or Indirectly Controlled Entities		Total	
	Shares	%	Shares	%	Shares	%
Trans-Ocean Fishing Supplies Co., Ltd.	9,400	94	500	5	9,900	99
Oceanmark Int'l Corporation	98	98	2	2	100	100
King Chou Investment & Development Limited	6,775,619	100	0	0	6,775,619	100
King Chou Fish Net Mfg. Co., Ltd.	0	0	0	100	0	100
Quanzhou King Chou Marine Technology Ltd.	0	0	0	100	0	100
King Da Int'l Ltd.	4,807,000	50.6	0	0	4,807,000	50.6
King Da Marine Technical Indonesia Ltd.	0	0	0	50.6	0	50.6
King Tai Technology Ltd.	0	0	2,256,760	37.61	2,256,760	37.61
King Tai Technology Vietnam Co., Ltd.	0	0	0	37.61	0	37.61
King Chou (Vietnam) Marine Technology Co., Ltd.	0	100	0	0	0	100
King Chou Int'l Co., Ltd.	4,600,000	100	0	0	4,600,000	100
Jin Dar Vietnam International Co., Ltd.	0	0	0	100	0	100

Note: Investments accounted for using the equity method of the Company.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital:

A. History

Year/ Month	Issue Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Official Approval
2017.08	10	100,000,000	1,000,000,000	83,971,399	839,713,990	Capitalization of earnings of NT\$16,366,350	None	No. Jin-Guan- Zheng- Fa- 1060022478 No. Jing-Shou- Shang- 10601117280

B. Type of capital

Type	Authorized Capital			Remark
	Outstanding	Unissued Shares	Total	
Common Shares	83,971,399 shares	16,028,601 shares	100,000,000 shares	TPEX-listed shares

C. Shelf Registration: Not applicable.

(2) Shareholder Composition

As of April 14, 2023

Type Quantities	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	3	0	61	8,359	45	8,468
Shares	20	0	20,614,662	60,069,496	3,287,221	83,971,399
%	0	0	24.54	71.54	3.92	100

(3) Shareholding Distribution

A. Shareholding distribution of common shares:

As of April 14, 2023

Shareholding	Number of Shareholders	Number of Shares	%
1 ~ 999	3,296	444,142	0.53
1,000 ~ 5,000	3,662	7,492,589	8.92
5,001 ~ 10,000	671	5,005,888	5.96
10,001 ~ 15,000	257	3,164,740	3.77
15,001 ~ 20,000	148	2,642,709	3.15
20,001 ~ 30,000	151	3,782,771	4.50
30,001 ~ 40,000	84	2,932,430	3.49
40,001 ~ 50,000	39	1,794,846	2.14
50,001 ~ 100,000	71	4,840,682	5.76
100,001 ~ 200,000	44	6,337,122	7.55

Shareholding	Number of Shareholders	Number of Shares	%
200,001 ~ 400,000	19	5,379,514	6.41
400,001 ~ 600,000	6	3,193,291	3.80
600,001 ~ 800,000	6	4,065,787	4.84
800,001 ~ 1,000,000	1	859,702	1.02
Over 1,000,001	13	32,035,186	38.16
Total	8,468	83,971,399	100.00

B. Preference share: None.

- (4) Major Shareholders: Name, number of shares and shareholding percentage of shareholders with holdings equal to or exceed 5% or the top 10 shareholders:

As of April 14, 2023

Shareholding	Shares	%
Major Shareholders		
Shih Yun Investment Co., Ltd.	6,375,618	7.59
Chuan Kuang Investment Co., Ltd.	4,351,261	5.18
Chiung-Yu Tseng	3,469,807	4.13
Birkin Technology Co., Ltd.	3,079,006	3.67
Mei-Li Chen	2,196,344	2.62
Chia-Jen Chen	2,150,574	2.56
Chia-Hui Kuo	1,643,249	1.96
Chien-Fu Chen	1,600,913	1.91
Shueh-In Chen	1,587,662	1.89
Chien Yeh Investment Co., Ltd.	1,545,018	1.84

- (5) Market Price, Net Worth, Earnings and Dividends Per Share and Relevant Information in the Past Two Years

In NT\$

Year			2021	2022	01/01/2023 to 03/31/2023
Item					
Market Price per Share	Highest		41.45	40.60	40.90
	Lowest		31.85	32.00	36.60
	Average (Note 1)		37.00	35.70	38.70
Net Worth per Share	Before Distribution		29.28	32.66	33.51
	After Distribution (Note 2)		29.28	To be distributed	To be distributed
Earnings per Share	Weighted Average No. of Shares (in thousands of shares)	Before retrospective adjustment	83,971	83,971	83,971
		After retrospective adjustment (Note 2)	83,971	To be distributed	To be distributed
	Earnings per Share	Before retrospective adjustment	3.12	4.80	0.79
		After retrospective adjustment (Note 2)	3.12	To be distributed	To be distributed
Dividends per Share (Note 1)	Cash Dividends		2.1	To be distributed	To be distributed
	Stock Dividends	Earnings	0	To be distributed	To be distributed

Item \ Year			2021	2022	01/01/2023 to 03/31/2023
	Capital Surplus		0	To be distributed	To be distributed
	Accumulated Undistributed Dividends		0	To be distributed	To be distributed
Analysis on Investment Return	Price/Earnings Ratio (Note 3)		11.47	7.44	2.04
	Price/Dividend Ratio (Note 4)		17.04	-	-
	Cash Dividend Yield (Note 5)		5.87	-	-

Note 1: Average market price of common shares for the year= Transaction value for the year / Transaction volume for the year

Note 2: The numbers are based on the number of shares outstanding at the end of year and the distribution plan approved in the Board meeting or the shareholders' meeting in the year after.

Note 3: Price/Earnings Ratio = Average Closing Price per Share for the Year / Earnings per Share

Note 4: Price/Dividend Ratio = Average Closing Price per Share for the Year / Cash Dividends per Share

Note 5: Cash Dividend Yield = Cash Dividends per Share / Average Closing Price per Share for the Year

(6) Dividend Policy and Its Execution Status

A. Dividend policy in the Articles of Incorporation:

Dividends of the Company will be distributed in a combination of stocks or cash. The dividend distribution ratio shall take into account foreign and domestic business competitions, the Company's present and future funding needs for operation, financial structures and the level of earnings and is expected to be no less than 30% of the net income after deducting the amount appropriated for reserves.

As the Company's business environment is in the growth stage, dividends will be paid in the form of stock or cash in the future. In principle, cash dividend would not be less than 10% of the total dividends unless it is less than NT\$0.3 per share, in which cash, the Company may switch to stock dividends.

B. Dividend distribution plan proposed in the shareholders' meeting is as follows:

(a) Cash dividend: NT\$2.9 per share.

(b) Stock dividend: NT\$0 per share.

C. Explanation on expected significant changes in dividend policy: None.

(7) Impact of Stock Dividends on Operation Performance and Earnings per Share: Not applicable.

(8) Compensation to Employees, Directors and Supervisors

A. Percentage or range of compensation to employees and remuneration to Directors and Supervisors in the Articles of Incorporation

For profit before income tax of the year, if any, the Company shall set aside compensation to employees at no less than three percent of such profit (i.e., the profit before income tax and compensation to employees, Directors and Supervisors) and compensation to Directors and Supervisors at no higher than three percent of the balance. However, if the Company has an accumulated deficit (including the adjustments to undistributed earnings), the profit shall cover the deficit before it can be used for compensation by the aforementioned percentages.

Compensation to employees in the preceding paragraph may be distributed in the form of stock or cash. Parties eligible to the compensation shall include employees in affiliated companies who met certain conditions. Compensation to Directors and Supervisors in the preceding paragraph can only be distributed in cash. Compensations referred to in the two

preceding paragraphs shall be approved by the Board and reported in the shareholders' meeting.

- B. Accrual basis of compensation to employees and remuneration to Directors and Supervisors, calculation basis for number of shares distributed as employee compensation and accounting treatments for difference between the accrued and actual payment amount:

Significant changes in the distribution amount resolved in the Board meeting after the year of appropriation (i.e., the year where compensation to employees and remuneration to Directors and Supervisors was recognized) are recognized as expenses in the year of appropriation. As for changes in the distribution amount resolved in the shareholders' meeting, they are accounted for as changes in accounting estimates and recognized in the year of the resolution.

- C. Compensation approved by the Board:

- (a) For compensation to employees and remuneration to Directors and Supervisors in the form of cash or stock, if the amount distributed differs from the amount accrued in the year when expense was recognized, the differences, reasons and actions taken shall be disclosed.

Compensation to employees: NT\$19,800,000

Remuneration to Directors and Supervisors: NT\$16,350,000

- (b) Amount of stock distributed as employee compensation and as a percentage to net income of parent company only or individual financial statements and aggregate compensation to employees: This is not applicable as the Company proposes to distribute compensation to employees in the form of cash.

- D. Actual payment of compensation to employees and remuneration to Directors and Supervisors in 2022 (including the number of shares, dollar amount and share price). If amount paid differs from the amount recognized, the differences, reasons and actions taken shall be disclosed:

In Thousands of New Taiwan Dollars

Item	Amount Recognized in the Financial Statement	Actual Payment	Difference	Status
Compensation to Employees	19,800,000	19,800,000	0	Fully distributed
Remuneration to Directors and Supervisors	16,350,000	16,350,000	0	Fully distributed

- (9) A. Buyback of Common Shares (Transactions Completed)

Batch number	Eighth
Purpose	Shares transferred to employees
Period	2015/12/16~2016/01/26
Price range	NT\$21.84~57.18
Type and number of shares	503,000 common shares
Amount	NT\$16,588,729
Number of shares repurchased to number of shares to be repurchased	25.12%
Number of shares cancelled and transferred	503,000 shares

Cumulative number of company shares held	0 shares
Cumulative number of company shares held to total number of shares issued	0.00%

B. Buyback of Common Shares (Ongoing transactions): None.

2. Corporate Bonds: None.
3. Preferred Shares: None.
4. Global Depositary Shares: None.
5. Employee Stock Options: None.
6. Employee Restricted Stock: None.
7. New Shares Issued in Connection with Mergers, Acquisitions or Acquisition of Shares of Other Companies: None.
8. Execution of Financing Plans: None.

V. Operational Highlights

1. Business:

(1) Business Scope:

A. Main businesses of the Company are as follows:

- (a) Manufacturing, processing and domestic/export sales of a variety of fishing gears, nets, twines and ropes.
- (b) Manufacturing, trading and import/export of relevant raw materials, materials, finished products and semi-finished products.
- (c) Manufacturing, trading and import/export of machinery and equipment for fishing net factories.
- (d) Trading and import/export of fish products.
- (e) Trading and import/export of fish meal, red beans and soya beans.
- (f) Operation of small-sized carrying vessels.
- (g) Operation and reinvestment of afore-mentioned businesses.

B. Main products and their weightings:

(In Thousands of New Taiwan Dollars)

Major Products	2022		2021	
	Revenue	Weighting	Revenue	Weighting
Nets	2,588,220	79.22	1,735,936	72.96
Twines	230,849	7.07	201,728	8.48
Ropes	101,759	3.11	108,629	4.57
Trading of raw yarns	138,746	4.25	151,152	6.35
Others	207,386	6.35	181,778	7.64
Total	3,266,960	100.00	2,379,223	100.00

C. Main products and services of the Company

- (a) Nets
 - i. Fishing nets
 - ii. Aquaculture nets
 - iii. Camouflage nets for military use
 - iv. Safety nets for construction works
 - v. Nets for baseball batting cage, golf driving range, tennis, volleyball, football, etc.
 - vi. Agricultural nets for cultivation purposes
- (b) Twines
- (c) Ropes
- (d) Trading of raw yarns
- (e) Others: metal parts, fishing net machinery and equipment, ropes, processing, etc.

D. Development of New Products and Services

- (a) The development of new types of nylon nets (twines) with enhanced tensile strength and wear resistance for fishing nets to extend the useful life of purse seine nets.
- (b) The use of high tenacity chemical fibers to create cage nets that are more durable in harsh environment and prevent algae growth on the fishing nets.

(2) Industry Overview

A. Industry Status and Development

Ocean covers more than three quarters of the surface of our planet. The history of fisheries sector is the evolution of fishing vessels and fishing nets. Fishers sail out with the hope of a harvest and the quality of fishing nets is crucial to whether the fishing gears can be operated smoothly. Over the past few decades, the global production of capture fisheries continues to fall while the production from aquaculture rises rapidly as overfishing has worsened the depletion of marine resources worldwide. As the world's population grows, coupled especially with the recent economic recoveries in China and Southeast Asia, people start to pay attention to meal quality. Above all, the demand for fish protein gradually increases and oceans serve as the world's largest protein source. Nevertheless, the global production of capture fisheries has nearly reached its limits. Moreover, under restrictions imposed by international fishing quotas, countries with fishing rights are now adopting catch control approaches or even quota controls. Trawling has been banned in many marine protected areas and bans are imposed during the breeding season in certain areas to ensure the recovery and sustainability of global marine resources. Fish catches has slowly decreased for both inshore and distant-water fishing, as can be seen from the changing dynamics of fishing gears and cage farming.

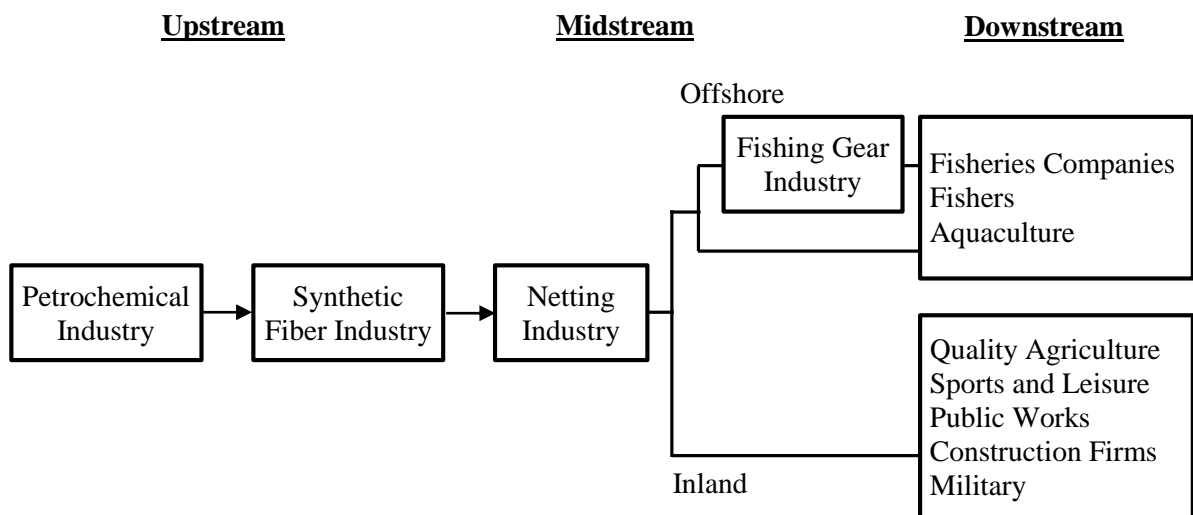
King Chou was founded in 1978, specializing in the manufacturing, assembling and design of professional nets. Our technology, machinery and equipment as well as raw materials are on the same level as advanced countries in the western world and Japan. At our early stage, we acquired technologies from Japanese manufacturers. Later, we cooperated with Casamar, an U.S. company, in 1990 and introduced large purse seine technology to Taiwan. Instead of cost-oriented pricing strategy, we target markets of high-quality and customized products. Traceability is crucial for raw materials; thus, we source from domestic leading companies such as Formosa Chemicals & Fibre Corporation and Far Eastern New Century Corporation. By differentiating our market from peers targeting low-price fishing nets in the Southeast Asia, we lay a solid foundation for expansion into the global market.

During over 40 years of solid business performance, King Chou has never engaged in price wars. We acquire Japanese technologies and collaborate with U.S. corporations in developing a variety of products. Our product applications gradually widen to cover ropes serving different purposes inland, including safety nets for construction works, sports nets for golf and baseball, agricultural nets for cultivation, cargo nets for trucks and camouflage nets for the military. Quality has been the priority for marine nets with high unit prices (e.g., purse seine nets and cage nets). Technicians from Europe and the U.S. would conduct inspections on sites and exchange ideas. King Chou is the first fishing gear manufacturer to receive the ISO9002 certification as well as the first fishing net manufacturer to receive the aquaculture standard NS-9415 certification in Taiwan. We are also one of the few companies possessing the capabilities of customized production, design and research and development.

With regard to our global expansion, as net manufacturing industry requires a huge amount of labor during the knitting and assembling stages, we set up factories at Kunshan, China, at Binh Duong, Vietnam and at Semarang, Indonesia with considerations to labor costs and sales markets. We have always embraced the philosophy of quality first and integrity management, providing customers with excellent services.

B. Supply Chain:

Raw materials of the netting industry are primarily industrial grade nylon, polyester as well as monofilament and multifilament fibers from the petrochemical industry and synthetic fiber industry. Renowned suppliers in Taiwan include Formosa Chemicals & Fibre Corporation and Far Eastern New Century Corporation. Our industry employs vertical manufacturing. Once we acquire raw materials, operations ranging from twisting and braiding, knitting, dyeing, heat treatment to finished goods are vertically integrated within our factories. Our products have extensive applications, which can be divided into two main categories: nets for offshore fishing and aquaculture, and nets for inland agricultural cultivation, construction works, sports and leisure, and military use. The entire supply chain is demonstrated in the figure below:



C. Product Development Trends and Competitions

(a) Robust developments in mariculture will drive the demand for cage nets

In recent years, overfishing has resulted in declining annual catches. In addition, the rising conservation awareness worldwide brings countries with fishing rights to impose controls on catches. In August 2016, representatives from 13 countries including the U.S., Australia, Norway and Singapore issued statements to terminate harmful fisheries subsidies which lead to depleting fish stocks, including subsidies contributing to overfishing and overcapacity as well as illegal, unreported and unregulated fishing. The objective is to ensure the recovery and sustainability of marine resources. However, fish remains an essential source of animal protein for mankind and consequently, cage aquaculture has emerged. Furthermore, the economic growth in China and Southeast Asia boosts national income, thereby raising demand for pricey seafood. With the growing trend of staying pure and natural, mariculture which approximates capture fisheries has become a favorite in the aquaculture industry. As the quality of fishes from mariculture nearly match the wild catches, mariculture production is likely to narrow the gap of decreasing catches caused by overfishing. Mariculture is thriving in Japan, Norway, Chili, the U.S., Canada, the U.K., France, Spain, Greece, Australia and Taiwan. Many seafood markets have been sourcing from offshore cage culture in recent years.

Regarding business opportunities stemming from cage aquaculture, King Chou has engaged in the manufacture of cage nets long before 2000 and maintained a good relationship with fish farmers, developing better cage nets for aquaculture to create a win-win situation. Moreover, enhancing cage aquaculture engineering and developing automation systems are also integral parts to the process. We have successfully developed submersible cage nets. However, we would need to work on the overall planning and technology developments of cage net systems to satisfy the requirements of different aquatic farms. Besides safety, ease of operation and the costs of facilities shall both be taken into consideration to truly improve production efficiency and lower the costs.

Overfishing forces governments around the world to resort to alternative measures in order to supplement the shortage in catches. After years of hard work, offshore cage culture has finally caught the international markets' attention. Although purse seine net continues to be our primary product which generates considerable profits over the years, our management has noticed the annual decline in global catches after the production volume reached its peak earlier on. Having the foresight, King Chou starts to engage in cage aquaculture technology beforehand, targeting aquaculture farmers particularly in the Nordic countries. The work has achieved impressive results.

Facilitated by geographical advantages, advanced reproduction and aquaculture techniques, and booming peripheral industries, Taiwan has first established its cage mariculture industry with cobia being the primary species, joining efforts from the industry, government, academia and institution sectors.

(b) Strengthen after-sale services and maintain good customer relations

Net manufactures may maintain good customer relations if customers only need to be concerned with ordering and deployment while the manufacturers take charge of the rest of the processes and outcomes including the extension of production lines, expansion of processing scope, assembling of a variety of netting products as well as the strengthening of net installation and repair or even the recycling of old products.

In general, the sailing time of fishing companies is between one to three years and nets may be disposed or repaired depending on their usability afterwards. Customers of King Chou are entitled to after-sale repair services which cover the repair of nets, metal parts, iron chains and floats. Our customers are usually long-term buyers and the stable customer base generates continuous income for the Company.

(3) Technology and Research and Development

A. R&D expenses amounted to NT\$3,519 thousand and NT\$876 thousand in 2022 and for the three months ended March 31, 2023, respectively.

B. Technology or Product Developed

- (a) Used monofilament nylon fibers to improve the usability of fishing nets, providing diversity and high added-value.
- (b) Refined the accuracy of mesh sizes, flexibility of nets, tensile strength of twines and tightness of knots.
- (c) Invested in raw material production and improved existing processes to streamline production, reduce delivery time and lower production costs. Examples included researches on one-shot molding resin and knitting of small nets by batches. In-house

researches on assembling facilities were also conducted to enhance production efficiency and cut down fixed costs.

- (d) Improved existing machinery through the recycling and reuse of thermal energy, thereby reducing fuel consumption, lowering production costs and protecting the environment.

(4) Long and Short-term Business Development Plans:

A. Short-term Development Plans:

(a) Marketing strategy

- i. Push the sales of assembled products and increase the added value of products to generate higher profits.
- ii. Coastal areas are considered our potential markets. Develop new customers to increase revenue.

(b) Production strategy

- i. Implement quality assurance system to better stabilize product quality in order to satisfy customer needs.
- ii. Acquire new machines and offer new products to satisfy market demand.
- iii. Expand the degree of vertical integration to stabilize the supply of products and reduce production costs as well as delivery period.

(c) Product development strategy

Besides developing new products and techniques for the design and assembling of cage nets, we improve processes and carry out studies for our products to achieve the goals of high quality and low cost. From upstream raw materials to midstream manufacturing and product assembly at the end including after-sales services, King Chou adopts vertical integration with costs in mind to shorten the production period in hope to make on-time deliveries.

(d) Financial strategy and business planning

- i. Financial strategy: With a sound financial structure, short-term financing needs are met with profits generated from daily operations. The finance department manages shortages, if any, with unused lines of credit or low-interest preferential loans from financial institutions.
- ii. Business planning: We expand our scale through fundamental technologies developed over the years, along with production process enhancements, equipment improvement and production procedures established via ISO with a focus on the research and development of new markets and products. King Chou is the first fishing net manufacturer to receive the ISO9002 certification as well as the aquaculture standard NS-9415 certification in Taiwan. We are also one of the few companies in the world to possess the capabilities of customized production, design and research and development. We strive to explore business opportunities for inland nets as well as nets for other industries in order to expand the breadth of our products.

B. Long-term Development Plans:

(a) Marketing strategy

With quality and design being our competitive advantages, we focus on product enhancements and new product developments to boost our market share. We also

nurture professional talents for domestic and export sales to maintain our leading position in the industry.

(b) Production strategy

We implement production and quality testing, and acquire automation facilities to improve the technical-level of products. We also strengthen the technical researches on assembled nets to cut down process time. For labor-intensive processes or products, we constantly look for new production sites to reduce costs and further our sales competitive advantages through international division of labor. The expansion of production base allows for further specialization of yarns, twines and nets.

(c) Product development strategy

- i. Execute vertical integration and further research and development on upstream and downstream products to maintain consistency of products.
- ii. Integrate production process vertically from raw materials to finished goods to ensure the quality of netting products and reduce the waiting periods during production, thereby gaining better control over delivery time.

(d) Financial strategy and business planning

- i. Financial strategy: Utilize diverse funding sources to obtain funds at the lowest costs for scale expansion and business growth. Use various investment channels to boost both operating and non-operating incomes.
- ii. Business planning: Develop two-way international trades where customers purchase nets from the Company and from their catches, produce fish meal and fish products which are marketed and sold by the Company, thereby expanding our business and increase profits.

2. Market and Sales Overview

(1) Market Analysis

A. Sales Distribution by Region

(In Thousands of New Taiwan Dollars)

Item \ Year		2022		2021	
		Amount	%	Amount	%
Domestic		499,805	15	492,628	21
Overseas	America	619,363	19	341,715	14
	Europe	692,024	21	498,686	21
	Asia	1,267,678	39	884,836	37
	Others	188,090	6	161,358	7
	Subtotal	2,767,155	85	1,886,595	79
Total		3,266,960	100	2,379,223	100

B. Future Supply and Demand, Expected Sales Volume and Basis for the Estimates, Competitive Advantage and Favorable and Unfavorable Factors for Long-term Developments

(a) Supply

Major net manufacturers are located mostly in the Asia-Pacific region. Although there are few manufacturers in Europe and the Central and South America, they

provide mainly for domestic needs while most of the regions still rely on imports. Several Taiwanese manufacturers have shifted to China or countries in the Southeast Asia where wages are relatively low and they have initiated expansion plans. The same can be said for net manufacturers in mainland China. Thus, the supply of nets is expected to increase in the future.

(b) Demand

Fishing nets are considered production goods as well as consumer goods. As the demand for aqua products continues to rise, the demand for fishing nets also enjoys a stable growth, especially the demand for cage nets which has shown an upward trend around the world. With the rising demand for agriculture nets, sports nets and safety nets, there is ample room for growth in the net market.

(c) Competitive advantage and favorable and unfavorable factors for long-term developments

i. Competitive advantage

Since our establishment, maintaining high-quality products has been our marketing strategy. We own a stable source of supplies which allow us to enjoy better purchasing prices and a steady supply of raw materials. Also, we have professional insights regarding the state and future development trends of the industry, actively participate in international exhibitions to stay current with market dynamics and explore new customers.

ii. Favorable factors for long-term developments

ii-1 Obtain ISO certifications to enhance quality reliability

Fishing nets are produced in small-scale facilities in Taiwan where quality requirements are not standardized across the board. To build customer trust, besides setting up a dedicated quality control department to reinforce quality management, our subsidiaries, Kunshan King Chou Fish Net Mfg. Co., Ltd. and King Chou (Vietnam) Marine Technology Co., Ltd., have received ISO9001:2008 certification and ISO9001:2015 certification, respectively. Through ISO quality assurances, we have established a comprehensive quality control system, earning recognitions for our product quality as well as enhancing our competitiveness.

ii-2 Improve production equipment and process

We have continuously acquired new production facilities, such as the high-speed rotary-type netting machines from Japan, to replace the old ones in recent years. We have also purchased dyed yarns to shorten our process in pursuit of better production efficiency and capacity as well as product quality, thereby lowering costs and improving product competitiveness. To achieve the aforementioned goals, the R&D Department has worked closely with the R&D teams on product and facility enhancement and has successfully developed net haulers and improved the process efficiency of assembling. In addition, advancements in cage nets have created new business opportunities for aquaculture nets.

ii-3 Product quality differentiation

We use cutting edge machinery, technology and premium raw materials for the manufacturing of monofilament nets, enjoying competitive advantages over peers where equipment and raw materials are concerned.

The raw yarns used are produced from granules made by Japanese companies. Monofilament manufactured by machinery of Uniplas, a top Japanese brand, is known for excellent transparency, softness and tensile strength as well as even diameter. These characteristics allow us to seize business opportunities and create greater profits.

ii-4 Technical cooperation with tier-one global companies to enhance international competitiveness

Our products have secured the place as market leaders. However, to improve quality, we constantly seek opportunities to collaborate with tier-one global companies. We have now cooperated with customers in the U.S. and Europe in developing purse seine nets, especially the cage net markets. They would provide the technology and equipment required for us to produce high-quality nets to be exported to Europe. The collaboration puts us further ahead of peers in terms of quality and secures a stable stream of orders.

ii-5 Diversified products and flexible production adapting to customer needs

- (i) As the Company owns a large number of netting machines, orders of different specifications can be easily allocated to different production stations. Flexible production policies allow optimal allocation of resources to achieve economies of scale.
- (ii) Our subsidiaries have introduced new machinery and equipment to produce multi-purpose ropes and twines. Product applications cover daily needs in terms of food, clothing, housing and transportation. They have developed inland nets, twines and ropes, such as ropes for safety nets used in construction work, agriculture nets for cultivation, anti-bird netting, golf practice nets, and baseball and softball nets.

ii-6 Increase production at our Vietnam factory to further enhance our competitiveness

Besides low labor costs, Vietnam is one of the ten nations in the Association of Southeast Asian Nations (ASEAN). Once the country enters trade agreements with the U.S. and joins WTO, not only would tariffs on exports drop significantly, the enormous business opportunities arise would broaden the sales market and competitiveness of the Company.

ii-7 Commencement of production in our Indonesia factory and active development of local markets

Indonesia is also an ASEAN country. With low wage costs and abundant human resources, we have introduced advanced equipment for mass production to lower production costs. Being an island nation with rich marine resources, Indonesia is a perfect place for fisheries activities. We seize this opportunity to explore the local markets for new sales and profits.

iii. Unfavorable factors

iii-1 Labor shortage and rising wages

Taiwan often experiences labor shortage in the manufacturing industry, resulting in rising production cost which has become a bottleneck for industry development.

Countermeasures:

- (i) Strengthen product enhancement and increase the capacities of subsidiaries in Vietnam and Indonesia to lower labor costs.
- (ii) Improve labor conditions and welfare measures to maintain sound labor-management relations as well as minimize the turnover rate. Enhance operation quality and production efficiency to lower costs. Reward local workers and offer bonuses to ones with special skills. Moreover, incentive bonuses would be distributed during peak seasons to boost morale.

iii-2 Foreign exchange risk

Foreign exchange risk is mitigated by receivables and payables denominated in the same currency for consolidated sales which are not denominated in the functional currency of the transacting entity within the Group.

Countermeasures:

- (i) To diminish the impact of exchange rate fluctuations on profits, the Company has opened foreign-currency accounts to manage its exposure. Payments to overseas vendors are made by closing our foreign currency positions at the appropriate time or with foreign currencies from sales.
- (ii) Our sales team would take into account future currency volatility when negotiating prices with customers. Quotes may be adjusted to reflect such changes in order to mitigate the impact of exchange rate fluctuations on revenues and profits of the Company.
- (iii) Finance personnel of the Company stay in close contact with the foreign exchange division of our banks to stay current on market information for projections pertaining to the long and short-term currency trends.
- (iv) To lower the foreign currency risk, the Company would carry out derivative trading for hedging purposes (e.g., the buying or selling of forward exchange contracts) in accordance with the “Procedures for Acquisition or Disposal of Assets” in order to minimize the impact of foreign currency fluctuations on profits.

iii-3 Competitions from emerging countries

With cheap labors, manufacturers from emerging countries in the Southeast Asia and China put pressure on the netting industry in Taiwan by selling poor-quality, low-price products across the world.

Countermeasures:

Confronted by such cost disadvantages, we proactively improve our production process, production efficiency as well as design capabilities in order to differentiate our products from the competitors. We also commission our subsidiaries in Vietnam and Indonesia for processing, thereby lowering costs and enhancing the global competitiveness of our products.

iii-4 Key materials from limited suppliers

There are only a few manufacturers of industrial nylon fibers in Taiwan, of which Formosa Chemicals & Fibre Corporation provides diverse products with stable quality. Thus, we have high supplier concentration.

Countermeasures:

- (i) Maintain a reasonable level of safety stock for raw materials and strengthen inventory management.
- (ii) Identify new suppliers to secure alternative sources of raw materials.

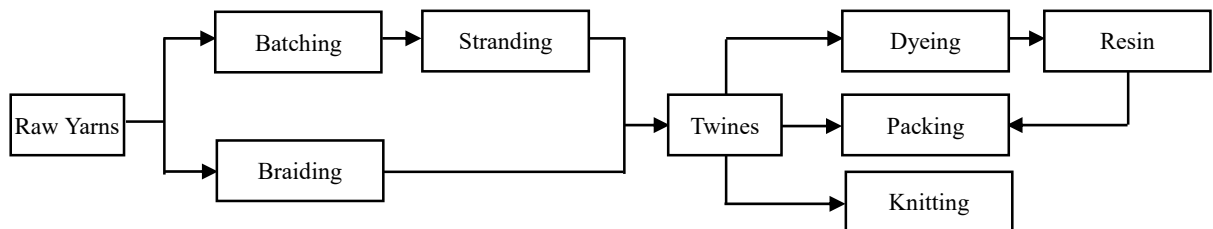
(2) Main Purpose and Manufacturing Process of Key Products:

A. Main Purpose of Key Products:

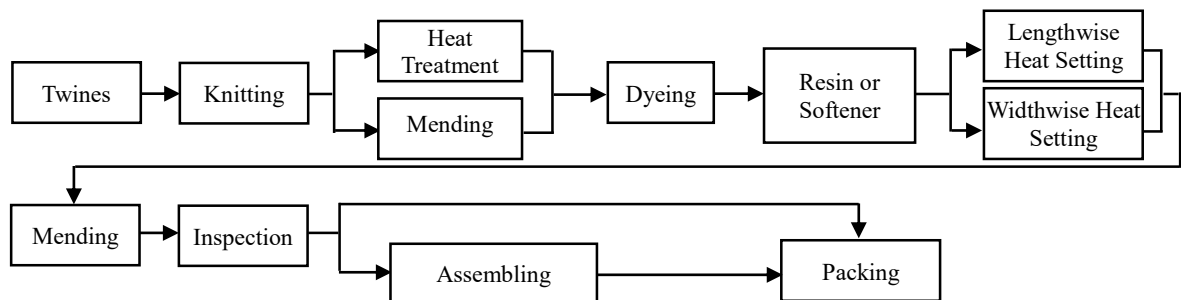
Product	Main Purpose	
Nets	Fishing net	1. Fishing nets: purse seine nets, trawl nets, Danish seine nets, trammel net, trap nets, etc. 2. Aquaculture nets: cage nets, set nets, etc.
	Inland net	1. Camouflage nets for military use 2. Safety nets for construction works 3. Nets for baseball batting cage, tennis, volleyball, football, golf driving range, etc. 4. Agricultural nets for cultivation purposes
Twines	For the production or repair of nets as well as packaging	
Others	Metal parts, fishing net machinery and equipment, ropes, processing, etc.	
Trading of raw yarns	Indonesia King Da, the subsidiary, purchases nylon yarns from the Company	

B. Manufacturing process of key products

(a) Twines:



(b) Nets:



C. Supply of Key Raw Materials:

Suppliers of key raw materials are as follows:

Key Raw Material	Main Source	Supply
1.Nylon yarns	Formosa Chemicals & Fibre Corporation is the key supplier, accounted for roughly 80% of our demand. To diversify sources, the Company also purchases raw yarns from overseas suppliers.	Sufficient
2.Polyester yarns	Far Eastern New Century Corporation in Taiwan is the key supplier.	Sufficient
3.Nylon monofilament and multifilament fibers	Produced by the subsidiary, King Chou (Vietnam) Marine Technology Co., Ltd.	Sufficient
4.Nylon chips	Basf Taiwan Ltd. is the key supplier.	Sufficient
5.PP and PE twines and ropes	The subsidiary, King Da Marine Technical Indonesia Ltd. and King Tai Technology Vietnam Co., Ltd. are the key suppliers	Sufficient

D. Key Suppliers and Customers in the past two years

(a) Customers account for 10% or more of sales in one of the past two years:

Of the net revenue of NT\$3,266,960 thousand in 2022, NT\$392,865 thousand came from the largest customer of the consolidated entity.

(b) Suppliers account for 10% or more of purchases in one of the past two years and their purchase amount as well as weightings:

(In Thousands of New Taiwan Dollars)

	2021				2022				Up to the Latest Quarter in 2023			
Item	Name	Amount	Percentage to Annual Net Purchases (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Purchases (%)	Relationship with the Company	Name	Amount	Percentage to Net Purchases of the Latest Quarter (%)	Relationship with the Company
1	Supplier A	450,259	44	None	Supplier A	650,458	46	None	Supplier A	127,471	44	None
2	Others	568,592	56	None	Others	772,072	54	None	Others	159,223	56	None
	Net Purchase	1,018,851	100		Net Purchase	1,422,530	100		Net Purchase	286,694	100	

E. Production Volume and Value in the past two years

In MT; Thousands of New Taiwan Dollars

Year	2022			2021		
Production Product	Capacity	Output Volume	Output Value	Capacity	Output Volume	Output Value
Nets	12,000	9,913	1,814,079	12,000	7,224	1,266,813
Twines	1,855	1,855	270,830	1,082	1,082	149,316
Ropes	2,000	1,062	138,060	2,000	835	104,375
Total	15,855	12,830	2,222,969	15,082	9,141	1,520,504

Note: Twines of the Company were mainly used in net manufacturing and only parts of its production were for sale. The capacity and output in the table above only listed the parts which were for sale.

F. Shipments and Sales in the past two years

In MT; Thousands of New Taiwan Dollars

Year	2022				2021			
Production Product	Domestic		Overseas		Domestic		Overseas	
	Shipment	Sales	Shipment	Sales	Shipment	Sales	Shipment	Sales
Nets	1,670	450,891	8,515	2,137,329	1,622	433,463	5,276	1,302,473
Twines	53	9,327	1,154	221,522	51	9,030	1,031	192,698
Ropes	13	1,894	650	99,865	23	3,387	426	105,242
Raw yarns	7	278	1,025	138,468	7	239	1,130	150,913
Others		50,874		156,512		46,509		135,269
Total		513,264		2,753,696		492,628		1,886,595

Note: Others included purse seine accessories purchased, such as metal parts, floats and lead.
As the measurement units were different, shipment numbers were not listed.

3. Human Resources in the Past Two Years and as of the Date of this Annual Report (No. of Employees, Average Year of Service and Age, and Education)

Year		2021	2022	As of the Date of this Annual Report
No. of Employees	Direct	2,248	2,435	2,490
	Indirect	220	251	246
	Manager	18	18	18
	Total	2,486	2,704	2,754
Average Age		32.67	33.16	31.47
Average Year of Service		4.87	4.7	4.59
Education	Ph.D.	0.00	0.00	0.00
	Master's Degree	0.48	0.41	0.43
	Bachelor's Degree	4.06	3.91	3.88
	Senior High School	22.29	21.47	23.60
	Below Senior High School	73.17	74.21	72.09

4. Expenditure Related to Environmental Protection

In the most recent year and as of the date of this annual report, the aggregate amount of loss (including indemnity and violations of environmental protection laws and regulations identified during environmental audits with the disposition date, disposition reference number, articles and details of the laws and regulations violated and details of the disposition specified; the estimated amount at present or in the future; and action plans) and punishments as a result of pollution, action plans (including improvement measures) and expected spending (including possible losses, penalties and indemnity for not taking any actions, and if the amounts cannot be estimated reasonably, please state the reasons): None.

5. Employment Relations

- (1) Employees' welfare, education, training and retirement system and implementation thereof as well as labor-management relations and protection of employees' rights:

A. Employee welfare

- (a) In 1979, the Company established the Employee Welfare Committee (EWC) which was registered per No. Ping-Fu-Zhu-Zheng 67596. Since its establishment, the Committee has operated pursuant to the "Charter for Employee Welfare Committee". Welfare funds to the EWC are appropriated in accordance with relevant rules.

EWC members regularly hold meetings to discuss the budget, expenditures and allocation of welfare funds and supervise the execution status.

Subsidies from the welfare funds include year-end lottery; New Year gift boxes; cash gifts for New Year, Dragon Boat Festival and Mid-autumn Festival; and birthday gift certificates as well as subsidies for wedding, childbirth, new house, hospitalization and funerals.

- (b) Employee salaries include salaries, allowances and year-end bonuses which depends on work performance of individual employees.
- (c) For profit before income tax of the year, if any, the Company shall set aside compensation to employees at no less than three percent of such profit.
- (d) Child care allowance is available.
- (e) Employees are covered by labor, health and group insurances.
- (f) Subsidies for health examination are available.
- (g) Employees are entitled to treasury share subscription.
- (h) The head office has set up an employee lounge with dining tables and chairs, TV, massage armchairs, and sports equipment. There is also a nursery room for female employees.

B. Education and training

To enhance human capital and development advantages, the Company has formulated education and training rules in order to lay a solid foundation for sustainable operation and developments. Training hours and expenditures in 2022 are as follows:

Item	No. of Session	Attendance	Duration	Total expenditures
Orientation	32	40	120	0
Professional Training	7	7	232	33.300
Management Competence	9	14	115	20.500
General/Self-development Training	22	63	134	4.020
Total	70	124	601	57.820

C. Retirement system and implementation thereof

The Labor Pension Act (the new system) took effect on July 1, 2005. Employees recruited prior to June 30, 2005 may choose the pension system under the Labor Standards Act (the old system) or the new system while retaining prior seniority. For employees under the old system, the Company would make a monthly contribution of certain amount to the Labor Pension Fund Supervisory Committee. The fund would be deposited in the employees' names at the Bank of Taiwan.

Employees recruited after July 1, 2005 are all under the new system. The Company would make a monthly contribution equal to 6% of each employee's monthly salary to employees' pension account.

D. Labor-management relations and measures to protect employee rights

The Company is committed to maintain a good employment relation. Labor management meetings are held on a quarterly basis as a channel for two-way communication and coordination to solve problems. As of the date of this annual report, there was no major labor disputes pending.

The Company complies with relevant labor laws and regulations as well as rules of the competent authority. There are Code of Conduct and relevant management measures in place to protect employees' legal rights.

Employees may file complaints with managers or the Audit Office. Cases would be handled in a discreet manner. Employees may rest assured that the Company is committed to protect the whistleblowers against retaliation.

Audit Office complaint hotline: (07)535-2939#307

Audit Office complaint email: ruby@mail.king-net.com.tw

Reporting of unethical conducts: <http://www.king-net.com.tw/tw/news-tc/148-whistleblower-info-tc.html>

E. Code of Conduct or Ethics

To establish rules concerning corporate and work ethics, enhance work efficiency and maintain workplace disciplines, the Company has formulated management rules and regulations such as the Code of Conduct for employees to understand the correct behaviors and ethics.

F. Safety measures at work place and for employees

(a) To safeguard the rights and safety of employees, the Company has established the "Rules for Occupational Safety and Health", which shall be strictly followed by all employees.

i. Safety and health standards of professional work:

(A)Dyeing machines

Dyeing machines are enclosed facilities with high temperature and high pressure. Accidents could lead to devastating consequences. Thus, workers must be familiar with the operating procedures as well as knowledge concerning machine maintenance and work safety:

- a. Prior to operation, inspections shall be carried out in accordance with items listed on the voluntary inspection form.
- b. Except for operators, personnel are strictly prohibited from accessing the control panel, switches and buttons.
- c. The work area shall be kept clean and tidy to allow a smooth flow of operation.
- d. No one shall be allowed under the suspended loads when the fixed cranes (hereinafter, the "crane") are in operation. Loads shall be moved in a steady and smooth motion to avoid sway induced by motion for safety reasons.

- e. While the crane is in operation, operators shall monitor the path of the load to prevent the load from passing over workers or equipment.
- f. When the crane is not in operation, loads shall not be attached to the hook. The hook shall be lifted to a proper height and securely fastened to avoid strike hazard.
- g. The operation and crane buttons shall be kept clean and dry. The switches shall not be damaged.
- h. The hoisting of a tank into the dyeing machine shall be done slowly and steadily to prevent the tank from colliding with the chamber and the lid. The tank shall not touch the rubber seal alongside the chamber rims to avoid damage to the seal which would adversely affect the airtightness of the dyeing machine. When dyes are added, the main pump shall be switched off and the operators shall stand on the opposite side of the lid to avoid being hurt by a sudden drop of the lid.
- i. After the preparation work is completed, operators shall reexamine whether the seal and safety mechanisms have been executed. Only when these actions have been confirmed can the lid be closed and the main pump as well as the pressure switch be turned on.
- j. Operators shall not leave their work stations when pressure is applied. They shall frequently check the pressure measurements of the pressure gauge and watch out for abnormal noises. When the pressure applied has reached 2 kg/cm^2 , the pressure switch shall be turned off.
- k. Computer programs and buttons shall not be tampered with by unauthorized personnel to prevent program malfunction which could lead to accidents.
- l. When the temperature inside the chamber reaches 80 degrees Celsius for acetic acid to be added, the pressure inside the chamber is about 2.8 kg/cm^2 . Operators shall increase the pressure inside the acetic acid tank to approximately 1 kg over the pressure inside the chamber before turning on the switch to pour acetic acid into the chamber. Once acid is added, the pressure inside the chamber shall not exceed 3.5 kg/cm^2 .
- m. When the temperature inside the chamber reaches 105 degrees Celsius, the pressure is between 4 kg/cm^2 and 4.2 kg/cm^2 . Once all procedures have been completed, the main pump shall be turned off. Operators shall then turn on the drain and overflow switch to drain the water and release the pressure before checking the reading of the pressure gauge. Only when the gauge returns to zero can operators turn on the residual pressure switch to release residual pressure before opening the chamber lid.
- n. Before getting off work, operators shall close the chamber lids and park the cranes to the side with the hooks lifted to a certain height to avoid strike hazard. Also, the main switch shall be turned off.
- o. While the machines are in operation, operators are prohibited from leaving their work stations.

(B)Boiler

a. Prior to the operation

(a) Boilers and associated devices

- I. There shall be no gas leakage from the boiler room.
- II. Stacks shall be installed correctly and the air vents shall be clear.
- III. There shall be no water leakage from the boiler.
- IV. Proper ventilation shall be maintained in the boiler room.
- V. Inflammables shall not be placed within 45 cm of the boiler.
- VI. Water supplied shall be softwater.
- VII. The level of chemicals within the chemical feeder shall be maintained at $\frac{2}{3}$ or above.
- VIII. There shall be no leakage of chemicals.
- IX. The main steam valve shall be properly closed.

(b) Preparation for water, electricity and fuel supply:

- I. The main circuit breaker shall be activated.
- II. The water gate valve shall be fully opened.
- III. The (petroleum) gas tap shall be fully turned on.
- IV. Readings of the gas pressure gauge shall be kept within the specified range. (Pressure shall be between 9.81 kpa and 19.6 kpa).
- V. Open the front lid of the boiler.
- VI. The gas pressure shall be kept within the specified range.
- VII. In operation

(c) Turn on the “Operation” switch

Activate the water level control and chemical control functions once the green light is on:

- I. The red light would be on if the water level within the tank is below the specified range, whereas the green light would be on if the water level is within the specified range.
 - i. When the status light turns green, the boiler would undergo processes in the sequence of air flow, ignition, low combustion and high combustion.

(d) Monitoring

- I. Check the status indicators of boiler
 - i. Green light indicates normal operation
 - ii. Yellow light indicates attention is required
 - iii. Red light indicates a fault has occurred

II. Check water level fluctuation

Open the front lid and observe from the water gauge to ensure there is no violent water level fluctuation:

- i. During high combustion, examine the water level fluctuation.
- ii. During low combustion, water level cannot be seen.
- iii. If the readings fluctuate widely, contact the boiler supplier immediately.
- iv. Violent water level fluctuation within the chamber may lower steam quality, leading to abnormal pressure within the chamber.

III. Check gas pressure

- i. When activating the boiler, operators shall make sure the gas pressure is within the specified range (9.81 kpa ~ 19.6 kpa) until the boiler proceeds to the high combustion process.
- ii. If the readings fall outside the specified range, turn off the boiler and contact the boiler supplier immediately.

IV. Check steam pressure

- i. Operators shall ensure the pointer of pressure gauge does not move violently or display abnormal readings.
- ii. In case of abnormality, turn off the boiler and contact the boiler supplier immediately.

V. Check noises and smells

- i. There shall be no abnormal noise.
- ii. There shall be no abnormal smell.
- iii. During operation, examine the surrounding area.

b. After the operation

(a) Normal shutdown

- I. Operators shall make sure the steam on the load side has stopped.
- II. Close the main steam valve.
- III. Close the water gate valve.
- IV. Close the main gas supply valve.

(b) Discharge

When the yellow light of the status indicator is on and the panel shows “discharge required”, operators shall proceed to discharge immediately:

- I. If the warning message of “discharge required” appears on the panel during operation, operators do not need to proceed to discharge immediately.

- II. After the warning message of “discharge required” has appeared on the panel, operators shall carry out discharge before commencing operation the next day.
- III. The discharge valve of the boiler tank shall be opened slowly for the discharge to avoid burn hazard from steam and hot water rushing out.

c. Matters requiring attention

- (a) Operators shall turn off the switch before restarting if the ignition fails.
- (b) If the ignition fails three times, operators shall turn off the boiler and contact the boiler supplier.

(C) Liquefied petroleum gas (liquefied natural gas) tanks

a. Liquefied petroleum gas (LPG) tanks:

- (a) The safety valves of the tank shall be kept open.
- (b) The pressure of the tanks shall be maintained between 10 kg/cm² and 18 kg/cm².
- (c) The temperature of the tanks shall be below 40°C.
- (d) When the liquid level indicated by the level gauge is below 30%, gas delivery shall be arranged immediately to avoid materials shortage which may affect the manufacturing process.
- (e) During LPG injection, the liquid level indicated by the level gauge shall not exceed 90%.
- (f) The red pipeline is for LPG and its valves shall be kept open.
- (g) The grey pipeline connects the tank and the evaporator and its valve shall be opened at 45-degree angle.
- (h) The orange pipeline is for vaporized LPG and the valve shall be kept open.
- (i) Normally, the air compressor shall deliver air supply and the emergency shut-off valve shall be kept open. For emergency situation, the compressor would stop the air supply and the shut-off valve would be closed automatically.

b. Evaporator:

- (a) The liquid level of evaporator shall not be under 50%. Tap water shall be added when the level drops below the required level.
- (b) The temperature of the evaporator shall be maintained between 80°C and 100°C. (The working temperature in the evaporator shall be set at around 85°C.)
- (c) The pressure of the evaporator shall be close to the tank. The pressure is normally at 8 kg/cm².
- (d) The safety valve of the evaporator shall be kept open.

c. Oil and water separator:

- (a) The outlet valve shall be kept open.

- (b) Pressure of the oil and water separator shall be below 1 kg/cm².

(D) Fixed crane

- a. Prior to operation, inspections shall be carried out in accordance with items listed on the voluntary inspection form.
 - (a) Loads lifted shall not exceed the load capacity.
- b. The hook or lifting sling shall be equipped with devices to prevent the load from falling. Faulty parts shall not be used.
- c. Loads shall not be lifted at an angle or dragged horizontally.
- d. No one shall stay under a suspended load and the load shall not pass over workers.
- e. Operators shall proceed with only one action at a time. When the load is travelling horizontally, avoid up and down movements.
- f. Once the operation is completed, the fixed crane shall be parked to the side with the hook lifted to a certain height to avoid strike hazard. Also, the main switch shall be turned off.
- g. The pendant control station shall not be dropped or smacked and the station shall be placed in a fixed place after use to avoid personnel injury or damaging buttons.

(E) Forklift

- a. Prior to operation, inspections shall be carried out in accordance with items listed on the voluntary inspection form.
- b. Avoid overloading and lifting the load while moving to avoid forklift overturning.
- c. When goods are stacked too high or the fork is raised too high, there could easily be blind spots for the operators. If the situation cannot be avoided, the forklift shall travel in reverse and the operators shall be aware of the surroundings.
- d. Loads shall lean against the backrest before travelling to prevent collapsing and crushing other people.
- e. There shall be no other passenger on the forklift.
- f. Forklift shall be driven under the speed limit within the factory. When the operation is completed, the fork shall be lowered to the ground. Operators shall turn the power off and set the brakes before leaving their seats.

(b) Education and training on knowledge required in work

- i. New recruits and employees shall take at least three hours of general safety and health courses. However, employees engaging in production machinery and equipment, windlass, hypoxia operation (including confined space), arc welding, oxyacetylene welding device operation, and the manufacturing, handling or use of hazardous chemical substances shall take an additional three hours for each operation. Newly recruited supervisors or employees rotating to different operation shall take an additional six hours of training and education.
- ii. Pursuant to the Occupational Safety and Health Education and Training Rules, employees engaging in the following operations shall take safety and health education and training and be trained and certified by government-accredited

institutions.

- iii. Pursuant to Article 14 of the Occupational Safety and Health Education and Training Rules, employees engaging in special operation (e.g., the use of acetylene welding devices) shall take safety and health education and training and be trained and certified by government-accredited institutions.
 - iv. Operators of dangerous machinery and equipment (e.g., fixed crane, boiler, high pressure gas equipment, and Category I pressure vessels) shall be trained by government-accredited institutions or obtain technical skill certificates.
 - v. Pursuant to Article 17-1 of the Occupational Safety and Health Education and Training Rules, regular on-the-job education and training are required for occupational safety and health (OSH) supervisors, OSH management personnel, operators of dangerous machinery and equipment, operators of special operations, first aid personnel, and members of the OSH committee.
- (c) Operators shall carry out daily inspections prior to operation, conduct monthly inspections on machinery and equipment and engage professionals for annual maintenance. As for dangerous machinery and equipment, the Company shall commission the ISHA of the R.O.C. to perform annual inspection.
 - (d) Fire drills are conducted every six months to raise employees' awareness on emergency relief and fire safety.
 - i. Kaohsiung office: Fire drills and inspections on firefighting equipment are organized by building manager regularly.
 - ii. Hsinyuan factory: Fire safety personnel shall organize fire drills every six months and commission firefighting equipment suppliers to carry out monthly inspection.
 - (e) ISHA is commissioned to perform environmental monitoring every six months to ensure our employees have a healthy and safe work environment.
 - (f) Pursuant to the Labor Health Protection Rules, employees shall undergo special physical examinations based on the environmental monitoring results every year and the general physical examinations every three years.
 - (g) Personal protective equipment (e.g., helmets, safety glasses, gas masks, earplugs, protective coverall, gloves, etc.) is provided to all units.
- (2) In the most recent year and as of the date of this annual report, the aggregate amount of loss incurred due to industrial disputes (including violations of the Labor Standards Act identified during labor inspections with the disposition date, disposition reference number, articles and details of the laws and regulations violated and details of the disposition specified); the estimated amount at present or in the future; and action plans:
- A. Loss incurred due to industrial disputes in the most recent year and as of the date of this annual report: None.
 - B. Estimated amount of losses at present or in the future and actions taken: None.

6. Cyber Security Management

- (1) Describe the risk management structure, policy, management plans and resources of cyber security:
 - A. The Company has scheduled to establish an information security task force in the second half of 2023 for a solid governance over information security. The unit would be responsible for formulating and mapping out information security policies and implementation details. Through audits on policy implementation and regulatory

compliance, we continually review the effectiveness of relevant risk control mechanisms and enhance the Company's information security.

B. The Company organizes disaster recovery drill annually in hope to promptly resume normal operation in the event of a disaster.

(2) Loss, impacts and action plans due to major cyber security incidents in the most recent year and as of the date of this annual report, where losses cannot be reasonably estimated, please state the reasons: None.

7. Material Contracts

Supply and sales contracts, technical cooperation contracts, construction contract, long-term borrowing contracts and other material contract which may affect shareholders' equity as of the date of the annual report which are still effective or will expire in the most recent year: None.

VI. Financial Highlights

1. Condensed Balance Sheet and Statement of Comprehensive Income from 2018 to 2022

(1) Condensed Balance Sheet and Statement of Comprehensive Income (Consolidated)

A. Condensed Balance Sheet (Consolidated)

(In Thousands of New Taiwan Dollars)

Year Item		Highlights from 2018 to 2022 (Note 1)					As of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		2,715,531	2,485,516	2,490,727	2,584,603	3,032,057	3,014,437
Property, Plant and Equipment (Note 3)		1,349,991	1,499,004	1,388,745	1,384,090	1,452,785	1,462,656
Intangible Assets		688	380	524	1,209	832	746
Other Assets		270,642	313,225	342,010	325,683	348,588	339,865
Total Assets		4,336,852	4,298,125	4,222,006	4,295,585	4,834,262	4,817,704
Current Liabilities	Before Distribution	1,219,005	1,159,720	910,725	1,009,885	1,287,545	1,142,606
	After Distribution (Note 4)	1,428,933	1,327,663	1,120,653	1,186,225	To be distributed	To be distributed
Non-Current Liabilities		450,740	423,612	457,804	419,856	382,762	435,808
Total Liabilities	Before Distribution	1,669,745	1,583,332	1,368,529	1,429,741	1,670,307	1,578,414
	After Distribution (Note 4)	1,879,673	1,716,872	1,158,601	1,253,401	To be distributed	To be distributed
Equity Attributable to Shareholders of the Parent		2,273,396	2,332,592	2,426,312	2,458,983	2,742,193	2,814,128
Capital		839,713	839,713	839,713	839,713	839,713	839,713
Capital Surplus		38,917	38,917	38,917	38,917	38,917	38,917
Retained Earnings	Before Distribution	1,494,711	1,591,576	1,740,100	1,793,086	2,026,418	2,092,610
	After Distribution (Note 4)	1,284,783	1,423,633	1,530,172	1,616,746	To be distributed	To be distributed
Other Equity		(99,945)	(137,614)	(192,418)	(212,733)	(162,855)	(157,112)
Treasury Shares		0	0	0	0	0	0
Non-controlling Interests		393,711	382,201	427,165	406,861	421,762	425,162
Total Equity	Before Distribution	2,667,107	2,714,793	2,853,477	2,865,844	3,163,955	3,239,290
	After Distribution (Note 4)	2,457,179	2,546,850	2,643,549	2,689,504	To be distributed	To be distributed

Note 1: Data have been audited by CPAs.

Note 2: Data have been reviewed by CPAs.

Note 3: Land of the Company was reevaluated in July 1996 with gains on revaluations of NT\$7,435 thousand. After deducting the reserve for land value increment tax of NT\$3,235 thousand, the net gains came to NT\$4,200 thousand, which was recognized under capital surplus and later capitalized.

Note 4: The number after distribution was based on the resolution of the Board meeting or the shareholders' meeting in the year after.

B. Condensed Statement of Comprehensive Income (Consolidated)

(In Thousands of New Taiwan Dollars, except for Earnings per Share (NT\$))

Item \ Year	Highlights from 2018 to 2022 (Note 1)					As of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Net Revenue	3,340,319	2,898,777	2,632,079	2,379,223	3,266,960	644,950
Gross Profit	833,917	714,899	712,099	693,984	964,342	159,590
Operating Profit	493,412	364,659	351,877	331,775	536,755	72,648
Non-operating Income and Expenses	(5,578)	38,796	175,412	22,418	30,563	16,791
Profit Before Income Tax	487,834	403,455	527,289	354,193	567,318	89,439
Net Profit of Continuing Operations	383,166	298,374	411,092	265,112	401,758	68,850
Loss from Discontinued Operations	0	0	0	0	0	0
Net Profit	383,166	298,374	411,092	265,112	401,758	68,850
Other Comprehensive Income (Loss), Net of Tax	(8,555)	(36,777)	(85,472)	(30,200)	74,827	11,161
Total Comprehensive Income	374,611	261,597	325,620	234,912	476,585	80,011
Net Profit Attributable to Shareholders of the Parent	368,060	301,241	315,609	261,836	402,977	66,192
Net Profit Attributable to Non-controlling Interests	15,106	(2,867)	95,483	3,276	(1,219)	2,658
Total Comprehensive Income Attributable to Shareholders of the Parent	360,960	269,124	261,663	242,599	459,550	71,935
Total Comprehensive Income Attributable to Non-controlling Interests	13,651	(7,527)	63,957	(7,687)	17,035	8,076
Earnings per Share (Note 3)	4.41	3.59	3.76	3.12	4.80	0.79

Note 1: Data have been audited by CPAs.

Note 2: Data have been reviewed by CPAs.

Note 3: Earnings per share is calculated using the weighted-average number of shares outstanding after retrospective adjustment.

(2) Condensed Balance Sheet and Statement of Comprehensive Income (Parent Company Only)

A. Condensed Balance Sheet (Parent Company Only)

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2018 to 2022 (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		1,617,732	1,444,015	1,614,718	1,652,620	1,982,995
Property, Plant and Equipment (Note 2)		220,723	390,789	423,952	438,452	456,605
Intangible Assets		387	134	306	1,057	699
Other Assets		2,175,251	2,267,713	2,330,918	2,424,523	2,799,599
Total Assets		4,014,093	4,102,651	4,369,894	4,516,652	5,239,898
Current Liabilities	Before Distribution	1,529,415	1,517,051	1,554,958	1,707,071	2,132,365
	After Distribution (Note 3)	1,739,343	1,684,994	1,764,886	1,883,411	To be distributed
Non-Current Liabilities		211,282	253,008	388,624	350,598	365,340
Total Liabilities	Before Distribution	1,740,697	1,770,059	1,943,582	2,057,669	2,497,705
	After Distribution (Note 3)	1,950,625	1,938,002	2,153,510	2,234,009	To be distributed
Equity Attributable to Shareholders of the Parent		2,273,396	2,332,592	2,426,312	2,458,983	2,742,193
Capital		839,713	839,713	839,713	839,713	839,713
Capital Surplus		38,917	38,917	38,917	38,917	38,917
Retained Earnings	Before Distribution	1,494,711	1,591,576	1,740,100	1,793,086	2,026,418
	After Distribution (Note 3)	1,284,783	1,423,633	1,530,172	1,616,746	To be distributed
Other Equity		(99,945)	(137,614)	(192,418)	(212,733)	(162,855)
Treasury Shares		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Total Equity	Before Distribution	2,273,396	2,332,592	2,426,312	2,458,983	2,742,193
	After Distribution (Note 3)	2,063,468	2,164,649	2,216,384	2,282,643	To be distributed

Note 1: Data have been audited by CPAs.

Note 2: Land of the Company was reevaluated in July 1996 with gains on revaluations of NT\$7,435 thousand. After deducting the reserve for land value increment tax of NT\$3,235 thousand, the net gains came to NT\$4,200 thousand, which was recognized under capital surplus and later capitalized.

Note 3: The number after distribution was based on the resolution of the Board meeting or the shareholders' meeting in the year after.

B. Condensed Statement of Comprehensive Income (Parent Company Only)

(In Thousands of New Taiwan Dollars, except for Earnings per Share (NT\$))

Item \ Year	Highlights from 2018 to 2022 (Note 1)				
	2018	2019	2020	2021	2022
Net Revenue	2,476,596	2,262,190	2,082,138	1,956,720	2,755,247
Gross Profit	508,769	461,081	433,736	385,906	551,266
Operating Profit	288,740	273,122	250,244	175,825	278,503
Non-operating Income and Expenses	159,837	109,178	145,889	145,867	232,044
Profit Before Income Tax	448,577	382,300	396,133	321,692	510,547
Net Profit of Continuing Operations	368,060	301,241	315,609	261,836	402,977
Loss from Discontinued Operations	0	0	0	0	0
Net Profit	368,060	301,241	315,609	261,836	402,977
Other Comprehensive Income, Net of Tax	(7,100)	(32,117)	(53,946)	(19,237)	56,573
Total Comprehensive Income	360,960	269,124	261,663	242,599	459,550
Net Profit Attributable to Shareholders of the Parent	368,060	269,124	261,663	242,599	459,550
Net Profit Attributable to Non-controlling Interests	0	0	0	0	0
Total Comprehensive Income Attributable to Shareholders of the Parent	360,960	269,124	261,663	242,599	459,550
Total Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0
Earnings per Share (Note 2)	4.41	3.59	3.76	3.12	4.80

Note 1: Data have been audited by CPAs.

Note 2: Earnings per share is calculated using the weighted-average number of shares outstanding after retrospective adjustment.

(3) Names and opinions of independent auditors from 2018 to 2022:

Year of Audit	Accounting Firm	CPAs	Audit Opinion
2018	Deloitte & Touche	Chen-Li Chen, Li-Yuan Kuo	An unqualified opinion
2019	Deloitte & Touche	Chen-Li Chen, Li-Yuan Kuo	An unqualified opinion
2020	Deloitte & Touche	Chia-Ling Chiang, Hung-Ju Liao	An unqualified opinion
2021	Deloitte & Touche	Chia-Ling Chiang, Hung-Ju Liao	An unqualified opinion
2022	Deloitte & Touche	Chia-Ling Chiang, Hung-Ju Liao	An unqualified opinion

2. Financial Analysis from 2018 to 2022

(1) Financial Analysis (Consolidated)

Item (Note 4) \ Year		Financial Analysis from 2018 to 2022 (Note 1)					As of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial Structure %	Debt Ratio	38.50	36.83	32.41	33.28	34.55	32.76
	Long-term Fund to Property, Plant and Equipment Ratio	230.95	209.36	238.43	237.39	244.13	251.26
Liquidity Analysis %	Current Ratio	222.76	214.32	273.48	255.93	235.49	263.82
	Quick Ratio	132.61	119.82	159.60	137.20	138.09	148.66
	Times Interest Earned	25.43	17.49	37.91	46.39	34.78	12.96
Operating Performance	Average Collection Turnover (Times)	4.87	3.78	3.69	3.60	4.41	3.33
	Days Sales Outstanding	74.94	96.56	98.91	101.38	82.76	109.61
	Inventory Turnover (Times)	2.56	2.23	2.00	1.70	2.10	1.69
	Average Payment Turnover (Times)	29.18	32.13	30.03	25.70	45.82	32.62
	Average Inventory Turnover Days	142.58	163.67	182.50	214.70	173.80	215.98
	Property, Plant and Equipment Turnover (Times)	2.52	2.03	1.82	1.71	2.30	1.77
	Total Assets Turnover (Times)	0.80	0.67	0.62	0.55	0.71	0.53
Profitability	Return on Total Assets (%)	9.59	7.33	9.91	6.36	9.06	6.18
	Return on Equity (%)	15.11	11.09	14.76	9.27	13.32	8.60
	Net Profit before Income Tax to Paid-in Capital Ratio (%)	58.10	48.05	62.79	42.18	67.56	42.60
	Net Margin (%)	11.47	10.29	15.61	11.14	12.29	10.67
	Earnings per Share (NT\$) (Note 3)	4.41	3.59	3.76	3.12	4.80	3.15
Cash Flow	Cash Flow Ratio (%)	20.66	41.95	48.24	23.47	25.73	68.79
	Cash Flow Adequacy Ratio (%)	114.93	100.64	93.58	74.82	83.95	52.18
	Cash Flow Reinvestment Ratio (%)	2.47	6.59	6.33	0.61	3.25	11.06
Leverage	Operating Leverage	1.75	1.89	1.98	2.07	1.77	2.09
	Financial Leverage	1.04	1.07	1.04	1.02	1.03	1.11

Explanations for ratios varying by over 20% in the past two years are as follows:

1. Decrease in times interest earned: Due to the rising interest rates of U.S. dollars, which led to an increase in finance costs.
2. Increase in average collection turnover: Due to a shorter collection period in 2022.
3. Increase in inventory turnover: Due to an increase in 2022 operating revenue and a decrease in inventory turnover days.
4. Increase in property, plant and equipment turnover: Due to an increase in 2022 operating revenue.
5. Increase in total assets turnover: Due to an increase in 2022 operating revenue.
6. Increase in return on total assets: Due to an increase in 2022 operating revenue, which led to an increase in net profit.

7. Increase in return on equity: Due to an increase in 2022 operating revenue, which led to an increase in net profit.
8. Increase in earnings per share: Due to an increase in 2022 operating revenue, which led to an increase in net profit.
9. Increase in net profit before income tax to paid-in capital ratio: Due to an increase in 2022 operating revenue, which led to an increase in profit before income tax.
10. Increase in cash flow reinvestment ratio: Due to an increase in 2022 net cash provided by operating activities.

Note 1: The consolidated data have been audited by CPAs.

Note 2: The consolidated data have been reviewed by CPAs.

Note 3: Earnings per share is calculated using the weighted-average number of shares outstanding after retrospective adjustment.

Note 4: Financial analysis is based on the following formulas:

A. Financial Structure

(a) Debt to Asset Ratio = Total Liabilities / Total Assets

(b) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Non-current Liabilities) / Net Property, Plant and Equipment

B. Liquidity Analysis

(a) Current Ratio = Current Assets / Current Liabilities

(b) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(c) Times Interest Earned = Income before Taxes and Finance Cost / Finance Cost

C. Operating Performance

(a) Average Collection Turnover (includes accounts receivable and notes receivable from operations) = Net Revenue / Average Accounts Receivables (includes accounts receivable and notes receivable from operations)

(b) Days Sales Outstanding = 365 / Average Collection Turnover

(c) Inventory Turnover = Cost of Sales / Average Inventory

(d) Average Payment Turnover (includes accounts payable and notes payable from operations) = Cost of Sales / Average Accounts Payables (includes accounts payable and notes payable from operations)

(e) Average Inventory Turnover Days = 365 / Inventory Turnover

(f) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment

(g) Total Assets Turnover = Net Revenue / Average Total Assets

D. Profitability Analysis

(a) Return on Total Assets = (Net Profit (Loss) + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(b) Return on Equity = Net Profit (Loss) / Average Equity

(c) Net Margin = Net Profit (Loss) / Net Revenue

(d) Earnings per Share = (Net Profit Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

E. Cash Flow

(a) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(b) Cash Flow Adequacy Ratio = Five-year Sum of Net Cash Provided by Operating Activities / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(c) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)

F. Leverage

(a) Operating Leverage = (Net Revenue - Variable Operating Cost and Expenses) / Operating Profit

(b) Financial Leverage = Operating Profit / (Operating Profit - Finance Cost)

(2) Financial Analysis (Parent Company Only)

Item (Note 3) \ Year		Financial Analysis from 2018 to 2022 (Note 1)				
		2018	2019	2020	2021	2022
Financial Structure %	Debt Ratio	43.46	43.14	44.48	45.56	47.67
	Long-term Fund to Property, Plant and Equipment Ratio	1,125.70	661.64	663.98	640.80	680.57
Liquidity Analysis %	Current Ratio	105.77	95.19	103.84	96.81	93.00
	Quick Ratio	68.70	54.70	65.43	54.13	59.18
	Times Interest Earned	63.69	50.51	66.53	66.11	65.31
Operating Performance	Average Collection Turnover (Times)	4.90	4.17	3.91	3.70	4.43
	Days Sales Outstanding	74.49	87.53	93.35	98.65	82.39
	Inventory Turnover (Times)	3.71	3.21	2.90	2.57	3.32
	Average Payment Turnover (Times)	27.49	29.67	28.39	28.46	56.95
	Average Inventory Turnover Days	98.38	113.71	125.86	142.02	109.94
	Property, Plant and Equipment Turnover (Times)	11.44	7.40	5.11	4.54	6.16
	Total Assets Turnover (Times)	0.65	0.56	0.49	0.44	0.56
Profitability	Return on Total Assets (%)	9.79	7.57	7.56	5.98	8.39
	Return on Equity (%)	17.05	13.08	13.26	10.72	15.50
	Net Profit before Income Tax to Paid-in Capital Ratio (%)	53.42	45.52	47.17	38.30	60.80
	Net Margin (%)	14.86	13.31	15.15	13.38	14.62
	Earnings per Share (NT\$) (Note 2)	4.41	3.59	3.76	3.12	4.80
Cash Flow	Cash Flow Ratio (%)	11.16	23.36	23.35	6.45	12.86
	Cash Flow Adequacy Ratio (%)	119.86	97.67	101.19	70.62	92.44
	Cash Flow Reinvestment Ratio (%)	0.61	5.21	6.49	-3.31	2.95
Leverage	Operating Leverage	1.74	1.66	1.71	2.17	1.95
	Financial Leverage	1.03	1.03	1.02	1.03	1.03

Explanations for ratios varying by over 20% in the past two years are as follows:

1. Increase in average collection turnover: Due to a shorter collection period in 2022.
2. Increase in inventory turnover: Due to an increase in 2022 operating revenue and a decrease in inventory turnover days.
3. Increase in average payment turnover: Due to an increase in 2022 operating revenue, which led to a corresponding increase in cost of sales.
4. Increase in property, plant and equipment turnover: Due to an increase in 2022 operating revenue.
5. Increase in total assets turnover: Due to an increase in 2022 operating revenue.
6. Increase in return on total assets: Due to an increase in 2022 operating revenue, which led to an increase in net profit.
7. Increase in return on equity: Due to an increase in 2022 operating revenue, which led to an increase in net profit.
8. Increase in net margin: Due to an increase in 2022 operating revenue, which led to an increase in net profit.

9. Increase in net profit before income tax to paid-in capital ratio: Due to an increase in 2022 operating revenue, which led to an increase in profit before income tax.
10. Increase in cash flow ratio and cash flow reinvestment ratio: Mainly due to an increase in 2022 net cash provided by operating activities.

Note 1: Data have been audited by CPAs.

Note 2: Earnings per share is calculated using the weighted-average number of shares outstanding after retrospective adjustment.

Note 3: Formulas are as follows:

A. Financial Structure

- (a) Debt to Asset Ratio = Total Liabilities / Total Assets
- (b) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Non-current Liabilities) / Net Property, Plant and Equipment

B. Liquidity Analysis

- (a) Current Ratio = Current Assets / Current Liabilities
- (b) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (c) Times Interest Earned = Income before Taxes and Interest / Interest Expenses

C. Operating Performance

- (a) Average Collection Turnover (includes accounts receivable and notes receivable from operations) = Net Revenue / Average Accounts Receivables (includes accounts receivable and notes receivable from operations)
- (b) Days Sales Outstanding = 365 / Average Collection Turnover
- (c) Inventory Turnover = Cost of Sales / Average Inventory
- (d) Average Payment Turnover (includes accounts payable and notes payable from operations) = Cost of Sales / Average Accounts Payables (includes accounts payable and notes payable from operations)
- (e) Average Inventory Turnover Days = 365 / Inventory Turnover
- (f) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment
- (g) Total Assets Turnover = Net Revenue / Average Total Assets

D. Profitability Analysis

- (a) Return on Total Assets = (Net Profit (Loss) + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
- (b) Return on Equity = Net Profit (Loss) / Average Equity
- (c) Net Margin = Net Profit (Loss) / Net Revenue
- (d) Earnings Per Share = (Net Profit (Loss) Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

E. Cash Flow

- (a) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (b) Cash Flow Adequacy Ratio = Five-year Sum of Net Cash Provided by Operating Activities / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
- (c) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)

F. Leverage

- (a) Operating Leverage = (Net Revenue - Variable Operating Cost and Expenses) / Operating Profit
- (b) Financial Leverage = Operating Profit / (Operating Profit - Interest Expenses)

3. Audit Committee's Review Report for 2022

Audit Committee's Review Report

The Board of Directors of King Chou Marine Technology Co., Ltd. has prepared the Company's 2022 parent company only and consolidated financial statements, earnings distribution proposal and operation report. Certified public accountants of Deloitte & Touche, Ms Chia-Ling Chiang and Mr. Hung-Ju Liao, were retained by the Board to audit the financial statements. The above-mentioned financial statements, earnings distribution proposal and operation report have been reviewed and determined to be correct and accurate by us. Thus, according to Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act, we hereby submit this report.

To: The 2023 Annual Shareholders' Meeting of King Chou Marine Technology Co., Ltd.

Convener of the Audit Committee: Chin-Tseng Chang

March 13, 2023

4. Audited Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021: Please refer to page 106 to 167.
5. Audited Parent Company Only Financial Statements for the Years Ended December 31, 2022 and 2021: Please refer to page 168 to 236.
6. Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Year and as of the Date of this Annual Report, and Their Impact on the Company's Financial Position: None.

VII. Review and Analysis of Financial Position and Business Performance and Risk Management

1. Financial Position

Analysis and Comparison of Financial Position

(In Thousands of New Taiwan Dollars)

Item \ Year	December 31, 2022	December 31, 2021	Difference	
			Amount	%
Current Assets	3,032,057	2,584,603	447,454	17.31
Non-current Assets	1,802,205	1,710,982	91,223	5.33
Total Assets	4,834,262	4,295,585	538,677	12.54
Current Liabilities	1,287,545	1,009,885	277,660	27.49
Non-current Liabilities	382,762	419,856	(37,094)	(8.83)
Total Liabilities	1,670,307	1,429,741	240,566	16.83
Total Capital	839,713	839,713	0	0
Capital Surplus	38,917	38,917	0	0
Retained Earnings	2,026,418	1,793,086	233,332	13.01
Total Equity	3,163,955	2,865,844	298,111	10.40

Reasons and impact of significant changes (changes by over 20% year-over-year with dollar amount of at least NT\$10 million): The increase in current liabilities was mainly due to an increase in short-term borrowings.

2. Financial Performance

(1) Analysis and Comparison of Performance

(In Thousands of New Taiwan Dollars)

Item \ Year	2022	2021	Increase (Decrease)	Variance (%)
Total Operating Revenue	3,272,028	2,385,503	886,525	37.16
Less: Sales Returns and Allowances	5,068	6,280	(1,212)	(19.30)
Net Revenue	3,266,960	2,379,223	887,737	37.31
Operating Costs	2,302,618	1,685,239	617,379	36.63
Gross Profit	964,342	693,984	270,358	38.96
Operating Expenses	427,587	362,209	65,378	18.05
Operating Income	536,755	331,775	204,980	61.78
Non-operating Income and Expenses	30,563	22,418	8,145	36.33
Profit before Income Tax	567,318	354,193	213,125	60.17
Income Tax	165,560	89,081	76,479	85.85
Net Profit	401,758	265,112	136,646	51.54

Analysis on changes in ratios (changes by over 20% year-over-year):

- A. Increase in operating revenue: Due to the 3-month production suspension of our Vietnam factory as a result of the pandemic in 2021. Shipments of orders during the suspension period were postponed to 2022.

- B. Increase in operating costs: Due to an increase in operating revenue which resulted in a corresponding increase in operating costs.
 - C. Increase in gross profit: Due to an increase in operating revenue.
 - D. Increase in operating profit: Due to an increase in gross profit and a relatively smaller degree of increase in operating expenses.
 - E. Increase in non-operating income and expenses: Due to an increase in foreign exchange gains.
 - F. Increase in profit before income tax and net profit: Due to reasons listed above.
 - G. Increase in income tax: Due to an increase in operating revenue which resulted in a corresponding increase in income tax.
- (2) Expected Sales Volume with Basis, Possible Impact on the Company's Finance and Business and Action Plans:
- A. Expected sales volume with basis: Sales are estimated based on the industry environment, future market supply and demand as well as business expansion. The Company expects a steady growth of shipment with sufficient support from production capacity.
 - B. Impact on the Company's finance and business and action plans: None.

3. Cash Flows

- (1) Variance analysis of cash flows in the most recent year:

(In Thousands of New Taiwan Dollars)

Item \ Year	2022	2021	Variance (%)
Cash Flow Ratio (%)	25.73	23.47	9.63
Cash Flow Adequacy Ratio (%)	83.95	74.82	12.20
Cash Flow Reinvestment Ratio (%)	3.25	0.61	432.79

Analysis on changes in ratios (changes by over 20% year-over-year):

The increase in cash flow reinvestment ratio was mainly due to an increase in net cash generated by operating activities in 2022.

- (2) Improvement plans for insufficient liquidity: Not applicable.
- (3) Liquidity analysis for 2023:
- A. Net cash of operating activities: Net profit in 2024 is expected to create net cash inflows from operating activities.
 - B. Net cash of investing activities: Acquisition of property, plant and equipment in 2024 is expected to result in cash outflows from investing activities.
 - C. Net cash of financing activities: Repayments of borrowings and distribution of cash dividends in 2024 is expected to result in cash outflows from financing activities.
4. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Business: None.
5. Reinvestment Policies in the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Next Year

- (1) Reinvestment policies: Reinvestment policies aim to build supply chain relations in line with the core business in order to control the sources of materials, strengthen after-sales services and maintain long-term relationship with customers, thereby facilitating future developments.
 - (2) Main reasons for investment gains or losses and improvement plans:
 - A. Losses of Indonesia King Da in 2022 was due to foreign exchange losses.
 - B. Losses of King Da International was due to the company's recognition of its proportionate share of losses from Indonesia King Da.
 - (3) Investment plans of the next year: None.
6. Analysis of Risks in the Most Recent Year and as of the Date of this Annual Report:
- (1) Impacts of Fluctuations in Interest Rates and Foreign Exchange Rates and Inflation on the Company's Profitability and Associated Action Plans:

(In Thousands of New Taiwan Dollars; %)

Item	2022	2021
Interest income (expense), net	Expense of 473	Income of 477
Foreign exchange gain (loss), net	Gain of 38,704	Loss of 4,430
Interest income (expense) as a percentage of net revenue	0.01	0.02
Interest income (expense) as a percentage of profit before tax	0.08	0.13
Foreign exchange gain (loss) as a percentage of net revenue	1.18	0.19
Foreign exchange gain (loss) as a percentage of profit before tax	6.82	1.25

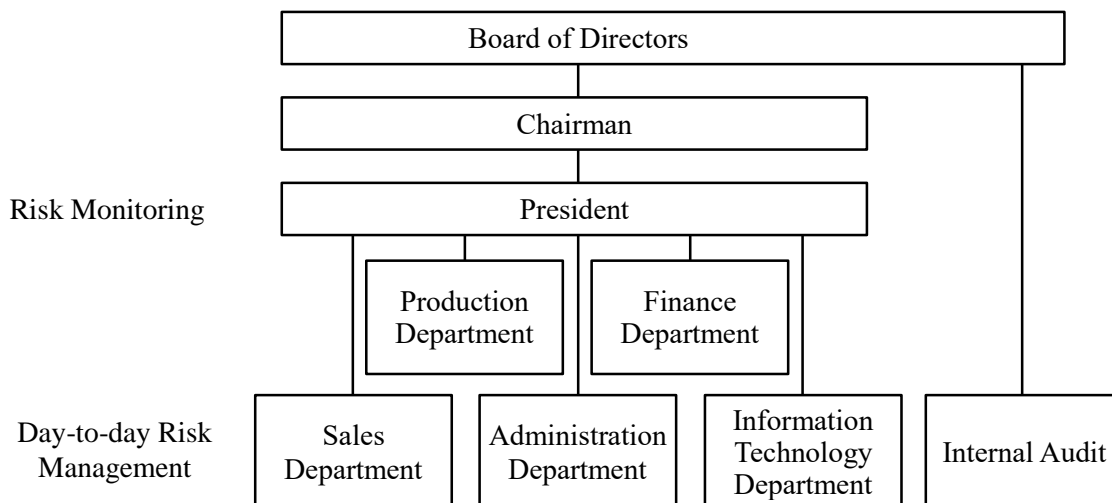
- A. Interest rate fluctuations: Interest rate risk mainly comes from short-term purchases and short-term liabilities for operating activities. To mitigate the risk, the Company allocates short-term borrowings effectively.
 - B. Foreign exchange rate fluctuations: Since the major source of raw materials is a domestic supplier, Formosa Chemicals & Fibre Corporation, while products are sold to overseas customers, foreign exchange rate fluctuations would result in foreign exchange gain (loss) of sales. The Company will place greater importance on changes in international finance and exchange rates, closely monitor exchange rate fluctuations and enter derivative transactions with financial institutions for hedging purpose in order to mitigate the foreign currency risk.
 - C. Inflation: The Company has been closely monitoring changes in economic situation and raw material markets, purchases raw materials needed for production and strengthens inventory controls to mitigate the impact of changes in raw materials prices on the profitability of the Company.
- (2) Policies, Main Reasons for Gains or Losses and Action Plans with Respect to High-risk, Highly-leveraged Investments, Lending Funds to Other Parties, Endorsement and Guarantee and Derivative Trading:
 - A. High-risk, highly-leveraged investments: The Company focuses on its core businesses and does not engage in high-risk, highly-leveraged investments pursuant to the principles of prudence and practicality.
 - B. Lending funds to other parties, endorsement and guarantee: Endorsement and guarantees are provided mainly to secure bank borrowings for subsidiaries. The Company proceeds in accordance with the Procedures for Lending Funds to Other Parties and Provision of Endorsement and Guarantee.

- C. Derivative trading: Trading is engaged pursuant to the Company's Procedures for Acquisition or Disposal of Assets for hedging purpose to mitigate the impact of exchange rate fluctuations as well as risk to operation.
- (3) Future Research and Development Plans and Estimated Expenses:
- The Company continually carries out research and development of high gross margins, high value-added products as well as process improvement. Research and development expenditure accounts for about 0.1% of the revenue every year.
- (4) Impacts of Changes in Major Domestic and Overseas Policies and Regulations on Company's Finance and Business and Associated Action Plans:
- The Company closely monitors changes in major policies and regulations both at home and abroad and provides relevant information to the management. There had been no change in the policies and regulations which would have a material impact on the Company's finance and business.
- (5) Impacts of Changes in Technology (including Cyber Security Risk) and Industry on Company's Finance and Business and Associated Action Plans:
- A. The Company has proactively adopted electronic operating system in recent years. By integrating resources to streamline information flows, it effectively improves work flows as well as operational efficiency. Thus, changes in technology had a positive impact on the finance and business of the Company.
- B. Manufacturing of fishing nets is considered labor-intensive for the operation of information equipment and enhancement on management tools and techniques of industrial engineering.
- (6) Impacts of Changes in Corporate Image on Corporate Risk Management and Associated Action Plans:
- The Company has adhered to the belief of integrity for many years, building a professional image for itself in the industry and staying well-recognized by international corporations. To promote social economy and protect employee welfares, we rigorously comply with laws and regulations of the competent authority. As of the date of this annual report, there was no significant change in our corporate image to raise the need for enterprise crisis management.
- (7) Expected Benefits and Risks Relating to Merger and Acquisition: None.
- (8) Expected Benefits and Risks Relating to Plant Expansion: None.
- (9) Risks of Concentrated Sources of Purchases or Sales: None.
- (10) Impact and Risk of Transfer or Sale of Significant Number of Shares by the Directors, Supervisors or Shareholders with Over 10% of Shareholding: None.
- (11) Impact and Risk of Change in Management: None.
- (12) For Major Litigations, Non-litigations, or Administrative Disputes which Involve the Company, Directors, Supervisors, President, De Facto Responsible Person, Major Shareholders with Over 10% of Shareholding and Affiliates and Have Significant Impacts on the Interests of Shareholders or Share Prices, the Facts, Amount in Dispute, Commencement Date, Major Parties Involved, and the Status as of the Date of This Annual Report Shall be Disclosed: None.
- (13) Other Significant Risks and Associated Action Plans: None.

7. Other Significant Matters:

(1) Risk Management

A. Risk management organizational structure



B. Key risk management item - Day-to-day risk management

- (a) Sales Department: Credit and accounts receivable
- (b) Production Department: Production efficiency and efficacy
- (c) Administration Department: Administrative and general affairs
- (d) Finance Department: Financing and investing activities of the Company and several subsidiaries
- (e) Information Technology Department: Computer operations and cyber security
- (f) Internal Audit: Regulatory compliance and controls over various operations of the Company and subsidiaries

(2) Evaluation Basis and Ground for the Provision of Valuation Accounts under Liabilities

A. Policy for the provision of allowance for bad debts:

(a) Provision basis:

The amount of allowance for bad debts is assessed quarterly by the ages of accounts receivables and credit status of individual customers as well as the economic environment.

B. Policy for the provision of allowance to reduce inventory to market:

(a) Inventory valuation table - Valuation of ending inventory is conducted pursuant to the International Financial Reporting Standards:

Materials are evaluated by comparing the costs of ending inventories with their net realizable value (NRV).

Work in progress and finished goods are evaluated by comparing the costs of ending inventories with their NRV.

NRV is the unit price of inventory * NRV ratio

NRV ratio = (Operating revenue - Variable selling expenses) / Operating revenue

Ending inventory is measured as the lower of cost or NRV, i.e., when the cost is lower than the NRV, inventories are stated at cost and vice versa. In other words, inventory

write-downs are recognized whereas increases in market prices are not recognized as the inventories have yet to be sold and the increases remain unrealized.

- (b) The difference between inventories and their NRV in the LCM inventory valuation table shall be compared to the overall amount of allowance to reduce inventory to market. When the NRV is less than the cost and the difference exceeds the overall amount of the said allowance, additional allowance shall be recognized.

(3) Assessment and Analysis of Information Security Risk and Associated Action Plans:

The Company has established a network and computer security defense system to control or maintain key corporate functions including manufacturing, operation and accounting.

Details are set out below by the divisions of internal control management:

A. IT Department functions and division of authority

- (a) The IT Department shall plan and adjust IT systems in accordance with requirements proposed by the user units.
- (b) Monitor and verify services provided by outsourced vendors.

B. Controls over system development and program modification

- (a) Only when the e-approval process for system modifications raised by the user units has been completed can the programs be modified.
- (b) Maintenance contracts are required when outsourcing system developments to external parties in order to lower the development risk.

C. Control over computer system documents

- (a) Only users with system access rights can access the system operation manuals.

D. Program and data access control

- (a) E-approval applications are required for changes in access rights and accounts of the ERP system. Moreover, department managers shall review the access rights annually.
- (b) Only when the e-approval applications have been approved can access rights be modified for personnel changes.
- (c) When the system requires maintenance, the service providers shall be assisted and monitored by the IT personnel. Links shall be disconnected immediately after the work has been completed.
- (d) All users are required to change their passwords regularly.

E. Control over data input and output

- (a) Documents from data input transactions of the ERP system are controlled by serial numbers. Missing numbers or documents shall be tracked immediately to ensure data integrity.

F. Control over data processing

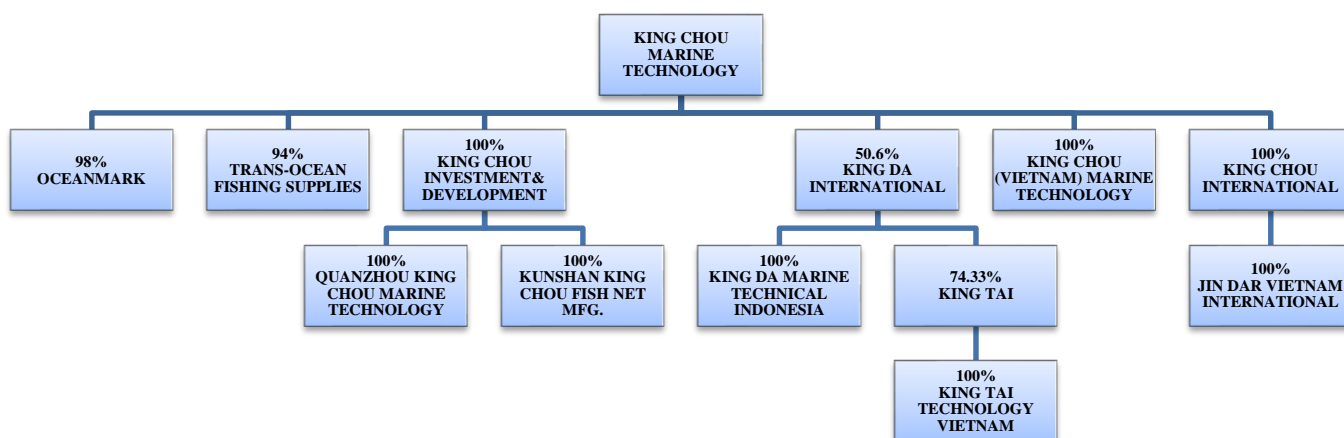
- (a) Major abnormalities associated with the mainframe shall be documented in the work journal of the server room with details regarding the abnormalities and actions taken for tracking purpose.
- (b) Data processing records shall be maintained for processing performed by application systems for auditing purpose.

- G. Safety control over file and equipment
- (a) Backup copies are stored remotely in the bank safe deposit box.
 - (b) Access rights management and regular backups are implemented for file systems.
 - (c) Backup files of the file systems are set to be read-only so that the content would not be damaged by viruses.
 - (d) Before disposal, data in hard disks shall be erased completely followed by confirmations from the managers to prevent data breach.
- H. Acquisition, use and maintenance control on hardware and system software
- (a) Software and hardware purchase requests shall be initiated by users. Once the requests have been reviewed by the IT unit and approved by the managers, they would be passed on to the procurement unit for purchases.
 - (b) Maintenance contracts with outsourced vendors shall contain information security and confidentiality agreements to safeguard the information which vendors have access to when providing services.
- I. Control over system recovery plans and testing procedures
- The Company conducts disaster recovery tests annually in hope to promptly resume normal operations when disasters occur.
- J. Cyber security management
- (a) The Company engages professional vendors to perform network health checks annually. Every computer in the Company has performed security vulnerability updates for the operating system.
 - (b) Designated personnel are assigned to key software and hardware facilities (including firewall) of the Company.
 - (c) Anti-virus software is installed in each computer. Programs and virus definition files are updated in a timely manner.
 - (d) Systems are equipped with mechanisms for regular password changes.
 - (e) IT personnel would notify employees of material information security news via e-mail to take precautions.
- K. Filing of public information
- Finance Department has designated staff to complete the filing of public information accurately at MOPS in a timely manner.

VIII. Special Notes

1. Overview on Affiliates

(1) Chart of affiliates



(2) Companies with controlling and subordinate relation pursuant to Article 369-3 of the Company Act: None.

(3) Name, date of incorporation, address, paid-in capital and main business of affiliates (Attachment 1).

(4) Industries in which the affiliates operate

- A. Production and sales of nylon and polyester nets, twines and ropes as well as knitting machines, fishing net accessories and gears.
- B. Manufacturing and processing of fishing gears and nets as well as twines and ropes.
- C. Trading and export/import of raw materials, supplies, finished goods and semi-finished goods of aforementioned products.
- D. Use of regenerated scraps and synthetic fiber products for the production of advanced high-tenacity PE, PP and nylon monofilament and multifilament fibers.

(5) Details on division of labor between affiliates whose businesses are related to one another:

Nylon chips provided by King Chou Marine Technology to King Chou (Vietnam) Marine Technology are processed to produce monofilaments, which are then used by King Chou (Vietnam) Marine Technology and Kunshan King Chou Fish Net Mfg. to produce nets for export or to be shipped back to Taiwan. Alternatively, nets could be assembled by Jin Dar Vietnam International, which is commissioned by King Chou (Vietnam) Marine Technology for exports. King Chou Marine Technology also provides nylon yarns to Kunshan King Chou Fish Net Mfg. and King Chou (Vietnam) Marine Technology to produce nets for exports or to be shipped back to Taiwan for further processing before export.

(6) Name of Directors, Supervisors and Presidents of the affiliates and their shareholdings or capital contributions (Attachment 2).

(7) Operational highlights and performance of affiliates: (Attachment 3).

(8) Representation Letter - Consolidated Financial Statements of Affiliates

Representation Letter - Consolidated Financial Statements of Affiliates

The entities that are required to be included in the combined financial statements of King Chou Marine Technology Co., Ltd. as of and for the year ended December 31, 2022, under the “Criteria Governing the 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. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Therefore, King Chou Marine Technology Co., Ltd. does not prepare a separate set of combined financial statements.

Very truly yours,

King Chou Marine Technology Co., Ltd.

By

Chia-Jen Chen

Chairman

March 13, 2023

(9) Affiliation reports: Not applicable.

2. Private Placement of Securities in the Most Recent Year and as of the Date of this Annual Report: None.
3. The Company's Shares Held or Disposed of by Subsidiaries in the Most Recent Year and as of the Date of this Annual Report: None.
4. Other Necessary Supplement:
 - (1) Domestic and overseas certifications obtained by finance, accounting and auditing personnel:
 - A. Certified Internal Auditor: One Audit office staff.
 - B. Qualified Internal Auditor: One Audit office staff.
 - C. Basic Proficiency Test for Business Internal Control of the Securities and Futures Institute: One Audit office staff and one Finance Department staff.
5. Any Events in the Most Recent Year and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Attachment 1
Basic Information on Affiliates

(In Thousands of New Taiwan Dollars)

Name	Date of Incorporation	Address	Paid-in Capital	Main Business or Product
King Chou Marine Technology Co., Ltd.	December 24, 1973	No. 12, Hsingan Rd., Kanghsi Vil., Hsinyuan Township, Pingtung County, Taiwan (R.O.C.)	\$ 839,713	Manufacturing, processing, domestic/export sales and export/import trade of a variety of fishing nets, twines and ropes
Trans-Ocean Fishing Supplies Co., Ltd.	March 14, 1980	No. 110, Xinsheng St., Donggang Township, Pingtung County, Taiwan (R.O.C.)	10,000	Export/import trade of fishing gears and nets
Kunshan King Chou Fish Net Mfg. Co., Ltd.	April 24, 1993	No.88, Changxing Branch Rd., Zhoushi Town, Kunshan City, Jiangsu Province, China.	380,833	Production and sales of nylon and polyester nets, twines and ropes as well as fishing net accessories, gears and knitting machines
King Chou Investment & Development Limited	September 3, 1997	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	258,598	Reinvestment and international trade
Oceanmark International Corporation	August 7, 1997	Arango-Orillac Bldg., 2 nd Floor, East 54 th Street, P.O. BOX 8320, Panama 7, Republic of Panama	322	Reinvestment and international trade
King Da International Limited	October 11, 2000	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	300,863	Reinvestment and international trade
Quanzhou King Chou Marine Technology Ltd.	July 5, 2002	Ducuo Village, Jingfeng Town, Hui'an County, Quanzhou City, Fujian Province, China	36,680	Aquaculture business
King Chou (Vietnam) Marine Technology Co., Ltd.	September 20, 2006	NA2 Street, My Phuoc 2 Industrial Zone, My Phuoc, Ben Cat, Binh Duong Province, Vietnam	411,570	Production and sales of nylon and polyester nets, twines, yarns and ropes as well as fishing net accessories and gears
King Tai Technology Limited	May 7, 2010	Portcullis Chambers P.O.BOX 1225, Apia, Samoa	185,726	Reinvestment and international trade
King Tai Technology Vietnam Co., Ltd.	October 9, 2010	NA1 Street, My Phuoc 2 Industrial Zone, My Phuoc, Ben Cat, Binh Duong Province, Vietnam	156,019	Production of plastic twines, ropes and nets
King Chou International Corporation Limited	September 8, 2015	No.24, Lesperance Complex, Providence Industrial Estate, Mahe, Seychelles	144,685	Reinvestment and international trade
Jin Dar Vietnam International Co., Ltd.	March 1, 2016	Lot DA3, NA4 Street, My Phuoc 2 Industrial Zone, My Phuoc, Ben Cat, Binh Duong Province, Vietnam	140,053	Production and sales of nylon and polyester nets, twines and ropes as well as fishing net accessories and gears
King Da Marine Technical Indonesia Ltd.	November 30, 2016	JL. Tugu Industri I No.11 Kawasan Industri Wijaya Kusuma Semarang, Indonesia	454,804	Production of PE, PP and nylon monofilaments and other synthetic fiber products

Attachment 2

Directors, Supervisors and Presidents of Affiliates

As of April 14, 2023
(In New Taiwan Dollars and U.S. Dollars; Shares)

Company	Title	Name or Representative	Shareholding (Capital Contribution) (Note)	% of Shareholding (Capital Contribution)
King Chou Marine Technology Co., Ltd.	Chairman and President	Chia-Jen Chen	2,150,574	2.56
	Director	Representative of Chuan Kuang Investment Co., Ltd.: Yu-Chieh Chen	4,351,261	5.18
	Director	Representative of Birkin Technology Co., Ltd.: Chien-Fu Chen	3,079,006	3.67
	Director	Shueh-In Chen	1,587,662	1.89
	Independent Director	Chin-Tseng Chang	18,779	0.02
	Independent Director	Hung-Chih Sun	0	0
	Independent Director	Su-Ching Chang	0	0
Trans-Ocean Fishing Supplies Co., Ltd.	Chairman	Chia-Jen Chen	100	1
	Director	Shueh-In Chen	100	1
	Director	Hua-Mao Chen	100	1
	Director	Chiung-Yu Tseng	100	1
	Director	Chien-Fu Chen	0	0
	Supervisor	Mei-Li Chen	0	0
Oceanmark International Corporation	Chairman	Representative of King Chou Marine Technology Co., Ltd.: Chia-Jen Chen	98	98
	Director	Shueh-In Chen	1	1
	Director	Mei-Li Chen	1	1
King Chou (Vietnam) Marine Technology Co., Ltd.	President	Chia-Jen Chen	0	0
	Director	Deng-Her Chang	0	0

Company	Title	Name or Representative	Shareholding (Capital Contribution) (Note)	% of Shareholding (Capital Contribution)
King Chou International Corporation Limited	Director	Shueh-In Chen	0	0
	Director	Chia-Hui Kuo	0	0
	Director	Wen-Chi Tseng	0	0
	Chairman	Chia-Jen Chen	0	0
Jin Dar Vietnam International Co., Ltd.	President	Representative of King Chou International Co., Ltd.: Chia-Jen Chen	4,500,000	100
King Chou Investment & Development Limited	Chairman	Representative of King Chou Marine Technology Co., Ltd.: Chia-Jen Chen	6,775,619	100
Kunshan King Chou Fish Net Mfg. Co., Ltd.	Chairman and President	Chia-Jen Chen	0	0
	Director	Shueh-In Chen	0	0
	Director	Mei-Li Chen	0	0
	Director	Chia-Hui Kuo	0	0
	Director	Wen-Chi Tseng	0	0
	Chairman	Representative of King Chou Marine Technology Co., Ltd.: Chia-Jen Chen	4,807,000	50.6
King Da International Limited	Director	Wei-Chun Li	2,332,354	24.55
	Director	Ma-I Huang	545,223	5.74
	Director	Shueh-In Chen	0	0
	Director	Chien-Fu Chen	0	0
	Chairman	Chia-Jen Chen	105,000	0.7
King Da Marine Technical Indonesia Ltd.	Director	Representative of King Da International Ltd.: Chia-Jen Chen	14,790,000	98.6
	Director	Ma-I Huang	105,000	0.7
	President	Chung-Hsiao Chen	0	0
	Chairman	Deng-Her Chang	0	0
King Tai Technology Limited	Director	Feng-Chun Lin	520,000	8.67
	Director	Peng-I Lin	420,000	7

Company	Title	Name or Representative	Shareholding (Capital Contribution) (Note)	% of Shareholding (Capital Contribution)
King Tai Technology Vietnam Co., Ltd.	Director	Chia-Jen Chen	0	0
	Director	Yu-Fu Chen	0	0
	Director	Shueh-In Chen	0	0
	Director	Ma-I Huang	0	0
	Director	Wei-Chun Li	0	0
	Director	Chung-Chuan Hu	0	0
	Chairman	Deng-Her Chang	0	0
	Director and President	Peng-I Lin	0	0
	Director	Chia-Jen Chen	0	0
	Director	Yu-Fu Chen	0	0
	Director	Shueh-In Chen	0	0
	Director	Ma-I Huang	0	0
	Director	Wei-Chun Li	0	0
	Director	Chung-Chuan Hu	0	0
	Director	Feng-Chun Lin	0	0

Note: For companies limited by shares, please fill in the number of shares held and the shareholding percentage. For other companies, please fill in the amount and percentage of capital contributions.

Attachment 3
Operational Highlights of Affiliates

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Revenue	Operating Profit	Net Income (Loss), After-tax	Earnings per Share, After-tax (NT\$)
Trans-Ocean Fishing Supplies Co., Ltd.	\$ 10,000	\$ 17,932	\$ 806	\$ 17,126	\$ 42,740	\$ 2,264	\$ 2,686	0
King Chou Investment & Development Limited	258,598	1,130,865	0	1,130,865	0	(74)	88,746	0
Oceanmark International Corporation	322	1,346,274	1,342,437	3,837	1,254	(3,008)	(18)	0
King Chou Fish Net Mfg. Co., Ltd.	380,833	1,421,417	295,647	1,0125,770	349,707	(5,944)	49,564	0
King Da International Limited	300,863	829,967	186,456	643,511	44,475	(14,637)	(17,363)	0
Quanzhou King Chou Marine Technology Ltd.	36,680	0	0	0	0	0	0	0
King Chou (Vietnam) Marine Technology Co., Ltd.	411,570	1,719,476	838,828	880,648	1,070,320	167,248	147,067	0
King Tai Technology Ltd.	137,785	405,980	5,303	400,677	127,674	7,802	28,041	0
King Tai Technology Vietnam Co., Ltd.	156,019	379,155	21,979	357,176	204,926	21,892	20,214	0
King Chou International Corporation Limited	144,685	342,526	0	342,526	0	(43)	58,016	0
Jin Dar Vietnam International Co., Ltd.	140,053	352,405	12,634	339,771	120,359	54,442	58,042	0
King Da Marine Technical Indonesia Ltd.	454,804	780,330	414,228	366,102	299,898	21,925	(19,037)	0

King Chou Marine Technology Co., Ltd.

Chairman: Chia-Jen Chen