

Stock Code: 4417

KING CHOU MARINE TECHNOLOGY CO., LTD.

2023 ANNUAL SHAREHOLDERS' MEETING MEETING AGENDA

Type: In-person shareholders' meeting

Time: 10:00 a.m., June 12, 2023 (Monday)

Venue: Kaohsiung Business Convention Center

(4F., No. 5, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.))

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King Chou Marine Technology Co., Ltd.
Procedures of 2023 Annual Shareholders' Meeting

- I. Call Meeting to Order**
- II. Chairman's Opening Remarks**
- III. Report Items**
- IV. Proposed Resolutions**
- V. Special Motions**
- VI. Meeting Adjourned**

King Chou Marine Technology Co., Ltd.
Meeting Agenda for 2023 Annual Shareholders' Meeting

Type: In-person shareholder's meeting
Date and Time: 10 a.m., June 12, 2023 (Monday)
Venue: Kaohsiung Business Convention Center (4F., No. 5, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.))

I. Call meeting to order

II. Chairman's opening remarks

III. Report Items

1. To report the 2022 operation report
Explanation: Please refer to page 4 to 6 for the 2022 operation report.
2. To report the Audit Committee's review report on 2022 financial statements
Explanation: Please refer to page 7 for the Audit Committee's review report.
3. To report the distribution of 2022 compensation to employees, Directors and Supervisors
Explanation:
 - (1) Compensation is distributed in accordance with Article 26 of the Articles of Incorporation. The amount has been reviewed by the Compensation Committee and approved by the Board of Directors to be distributed in cash. Details are as follows:
 - A. Compensation to employees: NT\$19,800,000
 - B. Remuneration to Directors and Supervisors: NT\$16,350,000
 - (2) There is no difference between the aforementioned amount and the amount accrued as expenses in 2022.
4. To report the amendments to the "Rules Governing the Transfer of Repurchased Shares to Employees"
Explanation: In compliance with amendments made by the competent authorities, the Company proposes to amend some articles within the "Rules Governing the Transfer of Repurchased Shares to Employees". Please refer to page 8 for the comparison table of amendments.

IV. Proposed Resolutions

1. To accept the 2022 operation report and financial statements (Proposed by the Board of Directors)
Explanation: The Company's 2022 consolidated and parent company only financial statements were audited by independent auditors, Ms Chia-Ling Chiang and Mr.

Hung-Ju Liao, of Deloitte & Touche with an unqualified opinion. The financial statements together with the operation report were reviewed by the Audit Committee which then issued a review report. Please refer to page 9 to 26 for details.

Resolution:

2. To approve the proposal for 2022 earnings distribution (proposed by the Board of Directors)

Explanation:

- (1) The 2022 earnings distribution table prepared in accordance with Article 26 of the Articles of Incorporation has been approved by the Board of Directors. Please refer to page 27 for details.
- (2) The distribution would be paid out from 2022 earnings first.
- (3) The cumulative distributable earnings amounted to NT\$1,439,357,799 in 2022. The Company proposes for shareholders to receive a cash dividend of NT\$2.9 per share. With 83,971,399 shares outstanding, the overall cash dividends would be NT\$243,517,057. Cash dividends to an individual shareholder are rounded down to the nearest dollar and fractional dollar amount is recognized as the Company's other income.
- (4) After the proposal has been approved in the shareholders' meeting, the Chairman would be authorized to set the ex-dividend record date and handle relevant matters.
- (5) In the event that there are changes in the total number of outstanding shares due to the Company's repurchase, transfer or cancellation of its treasury shares or other reasons and the dividend payout ratio needs to be revised, it is proposed for the shareholders' meeting to authorize the Chairman in making necessary adjustments.

Resolution:

V. Special motions

VI. Meeting adjourned

King Chou Marine Technology Co., Ltd.

Operation Report

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

- A. 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.
- B. The increase in gross profit was due to an increase in operating revenue.
- C. The increase in gross profit and a slight increase in operating expenses led to an increase in operating income in 2022.
- D. 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:

- A. Specialized in aquaculture nets and a variety of purse seine nets.
- B. 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

General Manager: Chia-Jen Chen

Accounting Officer: Kuo-Jung Lo

Audit Committee's Review Report

The Board of Directors has prepared the 2022 operation report, financial statements, and earnings distribution proposal. Certified public accountants of Deloitte & Touche, Ms Chia-Ling Chiang and Mr. Hung-Ju Liao, are retained to audit the financial statements and they have issued independent auditors' reports. The above-mentioned operation report, financial statements, and earnings distribution proposal 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: 2023 Annual Shareholders' Meeting of King Chou Marine Technology Co., Ltd.

Convener of the Audit Committee: Chin-Tseng Chang

March 13, 2023

King Chou Marine Technology Co., Ltd.
Comparison Table of Amendments to “Rules Governing the Transfer of Repurchased Shares to Employees”

Article	Amended Article	Original Article	Note
Article 3	<p>Procedures for the transfer of repurchased shares to employees:</p> <p><u>1. The proposal shall be submitted to the Compensation Committee or the Audit Committee for approval before presenting to the Board of Directors for approval.</u></p> <p><u>2.</u> Public announcement, filing and repurchase of the Company’s shares within the planned period shall be carried out in accordance with the resolution of the Board of Directors.</p> <p><u>3.</u> The Board of Directors would determine and publicly announce matters including the record date for the subscription, criteria for number of shares subscribable, payment period, rights and restrictions pursuant to the Rules.</p> <p><u>4.</u> The actual number of shares subscribed and paid would be calculated for the registration of share transfers.</p>	<p>Procedures for the transfer of repurchased shares to employees:</p> <p>1. Public announcement, filing and repurchase of the Company’s shares within the planned period shall be carried out in accordance with the resolution of the Board of Directors.</p> <p>2. The Board of Directors would determine and publicly announce matters including the record date for the subscription, criteria for number of shares subscribable, payment period, rights and restrictions pursuant to the Rules.</p> <p>3. The actual number of shares subscribed and paid would be calculated for the registration of share transfers.</p>	To include review procedures for the transfer of shares to employees.
Article 10	<p>The Rules and amendments hereto shall be submitted for <u>reporting</u> in the shareholders’ meeting.</p>	<p>The Rules and amendments hereto shall be submitted for <u>ratification</u> in the shareholders’ meeting.</p>	To revise the wording.

Independent Auditors' Report

The Board of Directors and Shareholders
King Chou Marine Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of King Chou Marine Technology Co., Ltd. and its subsidiaries (hereinafter referred to as “the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion, and we do not provide a separate opinion on these matters.

Details of key audit matters in the Group's consolidated financial statements for the year ended December 31, 2022 are as follows:

Authenticity of sales revenue

The Group's operating revenue for the year ended December 31, 2022 included sales revenue from specific customers. As these revenues had a higher correlation to the calculation of key performance indicators of sales personnel, the authenticity of sales revenue from specific customers was determined to be the key audit matter based on the presumption in the statements of auditing standards that significant risk exists in revenue recognition.

Audit procedures carried out in response to specific aspects stated in the aforementioned key audit matter included:

1. We understood and tested internal controls relevant to the authenticity of revenue recognition, including whether the internal controls over order and shipment operations were effective and sales revenues were recognized accordingly; and

2. We obtained details on sales revenues of specific customers and randomly selected an adequate number of samples, examined shipping documents or the existence of export declaration documents, and sent out confirmation letters or verified whether the amounts collected, payers and sales customers were in agreement with one another to confirm the authenticity of revenue.

Other Matters

King Chou Marine Technology Co., Ltd. has also prepared parent company only financial statements for the years ended December 31, 2022 and 2021, which we had audited and issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and maintains necessary internal control associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the consolidated financial statements for the year ended December 31, 2022. We describe these matters in the independent auditors' report, unless law and regulation prohibit the public disclosure of specific items, or in extremely rare cases, where we decide not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audits resulting in this independent auditors' report are Chia-Ling Chiang and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

KING CHOU MARINE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 & 6)	\$ 630,709	13	\$ 538,994	13
Financial assets at fair value through profit or loss - current (Notes 4 & 7)	48,178	1	54,396	1
Financial assets at amortized cost - current (Notes 4 & 11)	210,118	4	186,182	4
Notes receivable (Notes 4, 5, 9 & 22)	39,001	1	17,157	-
Accounts receivable, net (Notes 4, 5, 9 & 22)	815,143	17	578,196	14
Accounts receivable - related parties (Notes 4, 5, 9, 22 & 28)	25,811	1	7,676	-
Other receivable (Note 9)	22,785	1	17,216	-
Current tax assets (Notes 4 & 24)	8,964	-	2,986	-
Inventories (Notes 4 & 10)	1,124,670	23	1,065,281	25
Other current assets (Note 16)	106,678	2	116,519	3
Total current assets	3,032,057	63	2,584,603	60
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 & 8)	3,600	-	3,000	-
Financial assets at amortized cost - non-current (Notes 4 & 11)	6,111	-	6,018	-
Property, plant and equipment (Notes 4, 13, 29 & 30)	1,452,785	30	1,384,090	32
Right-of-use assets (Notes 4, 14 & 29)	177,819	4	179,790	4
Investment property (Notes 4 & 15)	15,069	-	16,077	1
Intangible assets (Note 4)	832	-	1,209	-
Deferred tax assets (Notes 4 & 24)	91,862	2	82,187	2
Prepayments for equipment	35,118	1	27,607	1
Net defined benefit assets (Notes 4 & 20)	16,004	-	8,318	-
Other non-current assets	3,005	-	2,686	-
Total non-current assets	1,802,205	37	1,710,982	40
TOTAL	\$ 4,834,262	100	\$ 4,295,585	100

(Continued)

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

KING CHOU MARINE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS - (Continued)
DECEMBER 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 17, 28 & 29)	\$ 849,757	18	\$ 592,029	14
Short-term bills payable (Notes 4 & 17)	-	-	49,961	1
Contract liabilities (Notes 4 & 22)	52,046	1	51,716	1
Accounts payable (Note 18)	57,793	1	42,708	1
Other payables (Notes 19 & 28)	203,886	4	160,788	4
Current tax liabilities (Notes 4 & 24)	76,468	2	29,601	-
Current portion of long-term borrowings (Notes 4, 17, 28 & 29)	46,065	1	81,063	2
Other current liabilities	1,530	-	2,019	-
Total current liabilities	1,287,545	27	1,009,885	23
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 17, 28 & 29)	30,710	1	119,200	3
Deferred tax liabilities (Notes 4 & 24)	351,920	7	300,598	7
Guarantee deposits received	132	-	58	-
Total non-current liabilities	382,762	8	419,856	10
Total liabilities	1,670,307	35	1,429,741	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Ordinary shares	839,713	17	839,713	19
Capital surplus	38,917	1	38,917	1
Retained earnings				
Legal reserve	382,274	8	355,983	8
Special reserve	213,696	4	193,381	5
Undistributed earnings	1,430,448	30	1,243,722	29
Total retained earnings	2,026,418	42	1,793,086	42
Other equity	(162,855)	(4)	(212,733)	(5)
Total equity attributable to owners of the Company	2,742,193	56	2,458,983	57
NON-CONTROLLING INTERESTS (Note 21)	421,762	9	406,861	10
Total equity	3,163,955	65	2,865,844	67
TOTAL	\$ 4,834,262	100	\$ 4,295,585	100

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

(Concluded)

KING CHOU MARINE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 22 & 28)	\$ 3,266,960	100	\$ 2,379,223	100
Operating costs (Notes 10 & 23)	2,302,618	70	1,685,239	71
Gross profit	964,342	30	693,984	29
Operating expenses (Notes 9 & 23)				
Selling and marketing expenses	168,108	5	143,776	6
General and administrative expenses	216,636	7	183,229	8
Research and development expenses	3,519	-	3,528	-
Expected credit loss	39,324	1	31,676	1
Total operating expenses	427,587	13	362,209	15
Profit from operations	536,755	17	331,775	14
Non-operating income and expenses (Note 23)				
Interest income	16,323	1	8,280	-
Other income	11,213	-	8,896	-
Other gains and losses	19,823	1	13,045	1
Finance costs	(16,796)	(1)	(7,803)	-
	30,563	1	22,418	1
Consolidated profit before income tax	567,318	18	354,193	15
Income tax expense (Notes 4 & 24)	165,560	5	89,081	4
Net profit	401,758	13	265,112	11
Other comprehensive income (loss) (Notes 4, 20, 21 & 24)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plan	8,369	-	1,347	-
Income tax related to items that will not be reclassified subsequently	(1,674)	-	(269)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	80,602	2	(36,357)	(1)
Income tax related to items that may be reclassified subsequently	(12,470)	-	5,079	-
Other comprehensive income (loss), net of income tax	74,827	2	(30,200)	(1)
Total comprehensive income	\$ 476,585	15	\$ 234,912	10
Net profit (loss) attributed to:				
Owners of the Company	\$ 402,977	12	\$ 261,836	11
Non-controlling interests	(1,219)	-	3,276	-
	\$ 401,758	12	\$ 265,112	11
Total comprehensive income attributed to:				
Owners of the Company	\$ 459,550	14	\$ 242,599	10
Non-controlling interests	17,035	1	(7,687)	-
	\$ 476,585	15	\$ 234,912	10
Earnings per share (Note 25)				
Basic	\$ 4.80		\$ 3.12	
Diluted	\$ 4.77		\$ 3.10	

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

KING CHOU MARINE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Owners of the Company						Other Equity	Non-controlling Interest	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations		
Balance as of January 1, 2021	\$ 839,713	\$ 38,917	\$ 324,336	\$ 138,577	\$ 1,277,187	\$ 1,740,100	(\$ 192,418)	\$ 427,165	\$ 2,853,477
Appropriation and distribution of 2020 earnings (Note 21)									
Legal reserve	-	-	31,647	-	(31,647)	-	-	-	-
Special reserve	-	-	-	54,804	(54,804)	-	-	-	-
Cash dividends to shareholders of the Company	-	-	-	-	(209,928)	(209,928)	-	-	(209,928)
	-	-	31,647	54,804	(296,379)	(209,928)	-	-	(209,928)
Cash dividends to shareholders of the subsidiaries (Note 21)	-	-	-	-	-	-	-	(12,617)	(12,617)
Net income in 2021	-	-	-	-	261,836	261,836	-	3,276	265,112
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	1,078	1,078	(20,315)	(19,237)	(30,200)
Total comprehensive income (loss) in 2021	-	-	-	-	262,914	262,914	(20,315)	(7,687)	234,912
Balance as of December 31, 2021	839,713	38,917	355,983	193,381	1,243,722	1,793,086	(212,733)	406,861	2,865,844
Appropriation and distribution of 2021 earnings (Note 21)									
Legal reserve	-	-	26,291	-	(26,291)	-	-	-	-
Special reserve	-	-	-	20,315	(20,315)	-	-	-	-
Cash dividends to shareholders of the Company	-	-	-	-	(176,340)	(176,340)	-	-	(176,340)
	-	-	26,291	20,315	(222,946)	(176,340)	-	-	(176,340)
Cash dividends to shareholders of the subsidiaries (Note 21)	-	-	-	-	-	-	-	(2,134)	(2,134)
Net income (loss) in 2022	-	-	-	-	402,977	402,977	-	(1,219)	401,758
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	6,695	6,695	49,878	18,254	74,827
Total comprehensive income (loss) in 2022	-	-	-	-	409,672	409,672	49,878	17,035	476,585
Balance as of December 31, 2022	\$ 839,713	\$ 38,917	\$ 382,274	\$ 213,696	\$ 1,430,448	\$ 2,026,418	(\$ 162,855)	\$ 421,762	\$ 3,163,955

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

KING CHOU MARINE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Consolidated profit before income tax	\$ 567,318	\$ 354,193
Adjustments:		
Depreciation	122,595	102,434
Amortization	2,596	2,284
Expected credit loss	39,324	31,676
Net loss (gain) on financial instruments at fair value through profit or loss	12,953	(18,327)
Finance costs	16,796	7,803
Interest income	(16,323)	(8,280)
Dividend income	(4,746)	(2,395)
Net loss on disposal of property, plant and equipment	31	598
Impairment loss on non-financial assets	22,800	5,111
Net changes in operating assets and liabilities		
Notes receivable	(21,844)	27,959
Notes receivable - related parties	-	2,150
Accounts receivable	(277,227)	48,434
Accounts receivable - related parties	(18,135)	5,407
Other receivable	(1,729)	325
Inventories	(84,565)	(148,237)
Other current assets	9,841	(18,683)
Contract liabilities	330	(21,512)
Accounts payable	15,085	(45,722)
Other payable	42,993	(16,196)
Other current liabilities	(489)	(404)
Net defined benefit assets	683	841
Cash generated from operations	428,287	309,459
Interest received	12,483	8,264
Dividend received	4,746	2,395
Interest paid	(17,653)	(7,779)
Income tax paid	(96,483)	(75,259)
Net cash generated by operating activities	<u>331,380</u>	<u>237,080</u>

(Continued)

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

KING CHOU MARINE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 600)	\$ -
Acquisition of financial assets mandatorily at fair value through profit or loss	(20,778)	(48,875)
Proceeds from sale of financial assets mandatorily at fair value through profit or loss	14,043	73,782
Acquisition of financial assets at amortized cost	(24,029)	(61,131)
Acquisition of property, plant and equipment	(155,425)	(94,981)
Proceeds from disposal of property, plant and equipment	1,296	999
Acquisition of intangible assets	(13)	(864)
Increase in other non-current assets	(2,379)	(1,061)
Net cash used in investing activities	<u>(187,885)</u>	<u>(132,131)</u>
Cash flows from financing activities		
Increase in short-term borrowings	3,077,294	1,946,053
Decrease in short-term borrowings	(2,841,038)	(1,802,471)
Increase in short-term bills payable	300,000	360,000
Decrease in short-term bills payable	(350,000)	(340,000)
Increase in long-term borrowings	-	83,563
Repayment of long-term borrowings	(140,615)	(114,114)
Increase in guarantee deposits received	74	58
Distribution of dividends to owners of the Company	(176,340)	(209,928)
Distribution of cash dividends to non-controlling interests	(2,134)	(12,617)
Net cash used in financing activities	<u>(132,759)</u>	<u>(89,456)</u>
Effects of exchange rate changes on cash and cash equivalents	<u>80,979</u>	<u>(21,105)</u>
Net increase (decrease) in cash and cash equivalents	91,715	(5,612)
Cash and cash equivalents at beginning of year	<u>538,994</u>	<u>544,606</u>
Cash and cash equivalents at end of year	<u>\$ 630,709</u>	<u>\$ 538,994</u>

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

(Concluded)

Independent Auditors' Report

The Board of Directors and Shareholders
King Chou Marine Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of King Chou Marine Technology Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion, and we do not provide a separate opinion on these matters.

Details of key audit matters in the Company's parent company only financial statements for the year ended December 31, 2022 are as follows:

Authenticity of sales revenue

The Company's operating revenue for the year ended December 31, 2022 included sales revenue from specific customers. As these revenues had a higher correlation to the calculation of key performance indicators of sales personnel, the authenticity of sales revenue from specific customers was determined to be the key audit matter based on the presumption in the statements of auditing standards that significant risk exists in revenue recognition.

Audit procedures carried out in response to specific aspects stated in the aforementioned key audit matter included:

1. We understood and tested internal controls relevant to the authenticity of revenue recognition, including whether the internal controls over order and shipment operations were effective and sales revenues were recognized accordingly; and
2. We obtained details on sales revenues of specific customers and randomly selected an adequate number of samples, examined shipping documents or the existence of export declaration documents, and sent out confirmation letters or verified whether the amounts collected, payers and sales customers were in agreement with one another to confirm the authenticity of revenue.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintains necessary internal control associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the parent company only financial statements for the year ended December 31, 2022. We describe these matters in the independent auditors' report, unless law and regulation prohibit the public disclosure of specific items, or in extremely rare cases, where we decide not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audits resulting in this independent auditors' report are Chia-Ling Chiang and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

KING CHOU MARINE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 & 6)	\$ 456,187	9	\$ 354,488	8
Financial assets at fair value through profit or loss - current (Notes 4 & 7)	48,178	1	54,396	1
Financial assets at amortized cost - current (Notes 4 & 11)	-	-	27,680	1
Notes receivable (Notes 4, 9 & 19)	35,121	1	13,206	-
Accounts receivable, net (Notes 4, 5, 9 & 19)	696,276	13	455,563	10
Accounts receivable - related parties (Notes 4, 5, 9, 19 & 25)	26,344	-	18,767	-
Inventories (Notes 4 & 10)	662,826	13	662,890	15
Other current assets	58,063	1	65,630	2
Total current assets	1,982,995	38	1,652,620	37
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 & 8)	3,600	-	3,000	-
Financial assets at amortized cost - non-current (Notes 4 & 11)	134	-	134	-
Investments accounted for using the equity method (Notes 4 & 12)	2,699,590	51	2,348,739	52
Property, plant and equipment (Notes 4, 13 & 26)	456,605	9	438,452	10
Intangible assets (Note 4)	699	-	1,057	-
Deferred tax assets (Notes 4 & 21)	79,736	2	63,263	1
Net defined benefit assets (Notes 4 & 17)	16,004	-	8,318	-
Other non-current assets	535	-	1,069	-
Total non-current assets	3,256,903	62	2,864,032	63
TOTAL	\$ 5,239,898	100	\$ 4,516,652	100

(Continued)

(The accompanying notes are an integral part of the parent company only financial statements.)

KING CHOU MARINE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS - (Continued)
DECEMBER 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 14, 25 & 26)	\$ 574,721	11	\$ 461,405	10
Short-term bills payable (Notes 4 & 14)	-	-	49,961	1
Contract liabilities (Notes 4 & 19)	39,354	1	40,191	1
Accounts payable (Note 15)	46,429	1	28,641	1
Accounts payable - related parties (Notes 15 & 25)	-	-	2,321	-
Other payables (Note 16)	118,121	2	86,583	2
Other payables - related parties (Note 25)	1,301,371	25	1,024,037	23
Current tax liabilities (Notes 4 & 21)	51,114	1	12,675	-
Other current liabilities	1,255	-	1,257	-
Total current liabilities	2,132,365	41	1,707,071	38
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 14, 25 & 26)	-	-	50,000	1
Deferred tax liabilities (Notes 4 & 21)	365,340	7	300,598	7
Total non-current liabilities	365,340	7	350,598	8
Total liabilities	2,497,705	48	2,057,669	46
EQUITY (Note 18)				
Ordinary shares	839,713	16	839,713	18
Capital surplus	38,917	1	38,917	1
Retained earnings				
Legal reserve	382,274	7	355,983	8
Special reserve	213,696	4	193,381	4
Undistributed earnings	1,430,448	27	1,243,722	28
Total retained earnings	2,026,418	38	1,793,086	40
Other equity	(162,855)	(3)	(212,733)	(5)
Total equity	2,742,193	52	2,458,983	54
TOTAL	\$ 5,239,898	100	\$ 4,516,652	100

(The accompanying notes are an integral part of the parent company only financial statements.)

(Concluded)

KING CHOU MARINE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	2022		2021	
	Amount	%	Amount	%
Operating revenue, net (Notes 4, 19 & 25)	\$ 2,755,247	100	\$ 1,956,720	100
Operating costs (Notes 10, 20 & 25)	2,203,981	80	1,570,814	80
Gross profit	551,266	20	385,906	20
Realized profit with subsidiaries	-	-	8,188	-
Realized gross profit	551,266	20	394,094	20
Operating expenses (Notes 9 & 20)				
Selling and marketing expenses	129,110	5	111,914	6
General and administrative expenses	108,537	4	87,728	4
Research and development expenses	3,519	-	3,528	-
Expected credit loss	31,597	1	15,099	1
Total operating expenses	272,763	10	218,269	11
Profit from operations	278,503	10	175,825	9
Non-operating income and expenses (Note 20)				
Interest income	4,302	-	1,561	-
Other income	10,816	-	7,869	-
Other gains and losses	(63,638)	(2)	26,490	1
Finance costs	(7,939)	-	(4,941)	-
Share of profit or loss of subsidiaries accounted for using the equity method	288,503	11	114,888	6
Total non-operating income and expenses	232,044	9	145,867	7
Profit before income tax	510,547	19	321,692	16
Income tax expense (Notes 4 & 21)	107,570	4	59,856	3
Net profit	402,977	15	261,836	13
Other comprehensive income (loss) (Notes 4, 17, 18 & 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plan	8,369	-	1,347	-
Income tax related to items that will not be reclassified subsequently	(1,674)	-	(269)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	246,387	9	(50,628)	(2)
Share of other comprehensive income of subsidiaries accounted for using the equity method	(184,039)	(7)	25,234	1
Income tax related to items that may be reclassified subsequently	(12,470)	-	5,079	-
Other comprehensive income (loss), net of income tax	56,573	2	(19,237)	(1)
Total comprehensive income	\$ 459,550	17	\$ 242,599	12
Earnings per share (Note 22)				
Basic	\$ 4.80		\$ 3.12	
Diluted	\$ 4.77		\$ 3.10	

(The accompanying notes are an integral part of the parent company only financial statements.)

KING CHOU MARINE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Item	Retained Earnings						Other Equity	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	
Balance as of January 1, 2021	\$839,713	\$ 38,917	\$324,336	\$138,577	\$ 1,277,187	\$ 1,740,100	(\$ 192,418)	\$ 2,426,312
Appropriation and distribution of 2020 earnings (Note 18)								
Legal reserve	-	-	31,647	-	(31,647)	-	-	-
Special reserve	-	-	-	54,804	(54,804)	-	-	-
Cash dividends to shareholders	-	-	-	-	(209,928)	(209,928)	-	(209,928)
	-	-	31,647	54,804	(296,379)	(209,928)	-	(209,928)
Net income in 2021	-	-	-	-	261,836	261,836	-	261,836
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	1,078	1,078	(20,315)	(19,237)
Total comprehensive income (loss) in 2021	-	-	-	-	262,914	262,914	(20,315)	242,599
Balance as of December 31, 2021	839,713	38,917	355,983	193,381	1,243,722	1,793,086	(212,733)	2,458,983
Appropriation and distribution of 2021 earnings (Note 18)								
Legal reserve	-	-	26,291	-	(26,291)	-	-	-
Special reserve	-	-	-	20,315	(20,315)	-	-	-
Cash dividends to shareholders	-	-	-	-	(176,340)	(176,340)	-	(176,340)
	-	-	26,291	20,315	(222,946)	(176,340)	-	(176,340)
Net income in 2022	-	-	-	-	402,977	402,977	-	402,977
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	6,695	6,695	49,878	56,573
Total comprehensive income (loss) in 2022	-	-	-	-	409,672	409,672	49,878	459,550
Balance as of December 31, 2022	\$ 839,713	\$ 38,917	\$382,274	\$213,696	\$ 1,430,448	\$ 2,026,418	(\$ 162,855)	\$ 2,742,193

(The accompanying notes are an integral part of the parent company only financial statements.)

KING CHOU MARINE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Profit before income tax	\$ 510,547	\$ 321,692
Adjustments:		
Depreciation	12,051	11,632
Amortization	600	418
Expected credit loss	31,597	15,099
Net loss (gain) on financial instruments at fair value through profit or loss	12,953	(18,327)
Finance costs	7,939	4,941
Interest income	(4,302)	(1,561)
Dividend income	(4,746)	(2,395)
Share of profit or loss of subsidiaries accounted for using the equity method	(288,503)	(114,888)
Realized profit with subsidiaries	-	(8,188)
Other non-cash items	5,561	(2,139)
Net changes in operating assets and liabilities		
Notes receivable	(21,915)	26,453
Notes receivable - related parties	-	2,150
Accounts receivable	(272,310)	42,699
Accounts receivable - related parties	(7,577)	(4,239)
Inventories	(5,497)	(100,645)
Other current assets	7,767	(28,600)
Contract liabilities	(837)	(25,265)
Accounts payable	17,788	(44,951)
Accounts payable - related parties	(2,321)	(3,512)
Other payable	31,539	(1,572)
Other payable - related parties	277,334	93,002
Other current liabilities	(2)	130
Net defined benefit assets	683	841
Cash generated from operations	308,349	162,775
Interest received	4,102	1,544
Dividend received	4,746	2,395
Interest paid	(7,901)	(5,017)
Income tax paid	(35,006)	(51,636)
Net cash generated by operating activities	<u>274,290</u>	<u>110,061</u>

(Continued)

(The accompanying notes are an integral part of the parent company only financial statements.)

KING CHOU MARINE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS - (Continued)
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 600)	\$ -
Acquisition of financial assets mandatorily at fair value through profit or loss	(20,778)	(48,875)
Proceeds from sale of financial assets mandatorily at fair value through profit or loss	14,043	73,782
Disposal of financial assets at amortized cost	27,680	800
Acquisition of property, plant and equipment	(30,204)	(25,336)
Proceeds from disposal of property, plant and equipment	-	63
Acquisition of intangible assets	-	(851)
Decrease in other non-current assets	292	-
Dividends received from subsidiaries	-	8,471
Net cash (used in) generated by investing activities	<u>(9,567)</u>	<u>8,054</u>
Cash flows from financing activities		
Increase in short-term borrowings	2,701,526	1,736,778
Decrease in short-term borrowings	(2,588,210)	(1,608,788)
Increase in short-term bills payable	300,000	360,000
Decrease in short-term bills payable	(350,000)	(340,000)
Repayment of long-term borrowings	(50,000)	(60,000)
Distribution of cash dividends	(176,340)	(209,928)
Net cash used in financing activities	<u>(163,024)</u>	<u>(121,938)</u>
Net increase (decrease) in cash and cash equivalents	101,699	(3,823)
Cash and cash equivalents at beginning of year	<u>354,488</u>	<u>358,311</u>
Cash and cash equivalents at end of year	<u><u>\$ 456,187</u></u>	<u><u>\$ 354,488</u></u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(Concluded)

King Chou Marine Technology Co., Ltd.
2022 Earnings Distribution Table

Item	In New Taiwan Dollars	
	Amount	
Undistributed earnings, beginning balance	\$	1,020,774,994
Remeasurement of defined benefit plans recognized in retained earnings		6,694,852
Undistributed earnings after adjustment		1,027,469,846
Net income in 2022		402,977,010
Legal reserve (10%)		(40,967,186)
Reversal of special reserve		49,878,129
Distributable earnings	\$	1,439,357,799
Distribution item		
Dividends to shareholders - cash (NT\$2.9/share)		(243,517,057)
Undistributed earnings, ending balance	\$	1,195,840,742

※Based on the number of shares outstanding (83,971,399 shares) as of March 13, 2023.

※Cash dividends to be paid are rounded down to the nearest dollar.

Chairman: Chia-Jen Chen General Manager: Chia-Jen Chen Accounting Officer: Kuo-Jung Lo

King Chou Marine Technology Co., Ltd.
Articles of Incorporation

Approved by the shareholders' meeting on June 14, 2022

Chapter I General Provisions

- Article 1 The Company shall be incorporated under the Company Act and its name shall be 金洲海洋科技股份有限公司 in the Chinese language, and King Chou Marine Technology Co., Ltd. in the English language.
- Article 2 The scope of business of the Company shall be as follows:
Manufacturing, processing and domestic/export sales of a variety of fishing gears, nets, twines and ropes.
Manufacturing, trading and import/expore of relevant raw materials, materials, finished products and semi-finished products.
Manufacturing, trading and import/expore of machinery and equitment for fishing net factories.
Trading and import/expore of fish products.
Trading and import/expore of fish meal, red beans and soya beans.
Operation of small-sized carrying vessels.
Operation and reinvestment of afore-mentioned businesses.
Except for businesses which require special approvals, the Company may enter into other business not prohibited or limited by applicable laws and regulations.
- Article 3 When the Company becomes a shareholder of limited liability in another company through reinvestment approved by the Board of Directors (the Board), it is not subject to restrictions under Article 13 of the Company Act where the total amount of investment shall not exceed 40% of the Company's paid-in capital.
- Article 3-1 The Company may provide endorsement and guarantee for external parties and the rules to be complied with are in conformity with the Company's procedures for lending funds to others and endorsement and guarantee.
- Article 4 The Company has its head office in Pingtung County, Taiwan. The Company may, if necessary, set up branch offices domestically and abroad pursuant to the resolutions of the Board.
- Article 5 Public announcement of the Company shall be made in accordance with Article 28 of the Company Act.

Chapter II Capital Stock

Article 6 The total amount of authorized capital stock of the Company is NT\$1,000,000,000, divided into 100,000,000 shares, at a par value of NT\$10 each. Capital stocks may be issued in installments.

When the Company may repurchase its own shares pursuant to laws and regulations, the Board is authorized to proceed in accordance with applicable laws and regulations.

Article 6-1 Parties eligible for the transfer of repurchased shares to employees at a price below the average actual repurchase price may include employees in affiliated companies who met certain conditions. The transfer shall be adopted by two-third of the voting rights present in the upcoming shareholders' meeting with attending shareholders representing a majority of the total number of issued shares. Furthermore, the following matters shall be listed in the reasons for convening the shareholders' meeting and the transfer shall not be raised as a special motion:

1. The transfer price, discount percentage, calculation basis and the reasonableness thereof.
2. The number of shares to be transferred, the purpose and the reasonableness thereof.
3. Eligibility requirements for employees to subscribe the shares and the number of shares subscribable.
4. Impact on shareholders' equity:
 - (1) Possible expenses and dilution of the Company's earnings per share.
 - (2) Financial burden imposed on the Company due to the transfer to employees at a price below the average actual repurchase price.

Article 7 Share certificates of the Company shall be registered share certificates. They are issued after being signed or sealed by Directors representing the Company and certified by a bank which is competent to act as attester for the issuance of shares under the laws. Shares issued by the Company are exempt from printing and shall be registered with the central securities depository.

Article 8 Affairs concerning shareholder services shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority and applicable laws and regulations.

Article 9 Registration for transfer of shares shall be suspended 60 days before the general shareholders' meeting, 30 days before the extraordinary shareholders' meeting or five days before the base date on which the Company decides to distribute the dividend and bonus or other benefits.

Chapter III Shareholders' Meeting

Article 10 Shareholders' meetings of the Company are classified into two types: the general shareholders' meeting and the extraordinary shareholders' meeting. The general shareholders' meeting shall be convened annually by the Board within six months from the end of each fiscal year in accordance with relevant laws and regulations.

The notice and announcement for convening the general shareholders' meeting shall be made in accordance with the Company Act, the Securities and Exchange Act, and

relevant laws and regulations promulgated by the competent securities authority.

The notice may be delivered through electronic means with the consent of the recipients.

The Company's shareholders' meeting may be convened virtually or in other manners announced by the central competent authority.

Article 11 The shareholders' meeting shall be presided over by the Chairman. In his/her absence, the Chairman may appoint one of the Directors to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to preside at the meeting. If the shareholders' meeting is convened by an eligible party other than the Board, the convening party shall preside at the meeting. When there are two or more convening parties, they shall elect a person from among themselves to preside at the meeting.

Article 12 Shareholders who cannot attend a shareholders' meeting for any reason may appoint proxies to attend the meeting and exercise their rights by providing the proxy forms issued by the Company with the scope of authority clearly stated in accordance with Article 177 of the Company Act and applicable laws of competent authorities.

Article 13 Shareholders are entitled to one vote for each share held except for non-voting shares specified in Article 179 of the Company Act.

When the Company convenes shareholders' meetings, it may adopt to exercise the voting rights by correspondence or electronic means. Relevant rules and compliance matters shall be subject to the Company Act and relevant laws and regulations promulgated by the competent securities authority.

Article 14 Unless otherwise stipulated by the Company Act, resolutions of the shareholders' meeting shall be adopted by a majority of the voting rights at the meeting attended by shareholders who represent a majority of the total number of issued shares.

Article 15 Resolutions of the shareholders' meeting shall be recorded in the minutes. The meeting minutes shall be signed or sealed by the chair of the meeting with a copy distributed to each shareholder within 20 days after the meeting. The meeting minutes shall record the year, month, day and venue of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and results. The meeting minutes shall be retained by the Company along with the attendance book signed by attending shareholders and the proxy forms. The minutes may be prepared and distributed by electronic means.

Chapter IV Directors and Audit Committee

Article 16 The Company shall have seven to nine Directors with a term of three years. Directors shall be elected by the shareholders' meeting from the list of Director candidates. All Directors shall be eligible for re-election. The majority of Directors shall not be spouses or relatives within the second degree of kinship to each other. However, the total number of the Company's registered share certificates held by the Directors is subject to a certain percentage of the total number of issued shares as stipulated by the competent authorities.

In accordance with Article 14-2 of the Securities and Exchange Act, the number of Independent Directors within the number of Directors above shall be three at least and shall not be less than one-fifth of the total number of Directors. The Company adopts the candidate nomination system under Article 192-1 of the Company Act. Directors

shall be elected by the shareholders' meeting from the list of Director candidates. The Independent Directors' professional qualification, shareholding, concurrent serving restrictions, independence, nomination and election methods, exercise of functions and powers and other compliance issues shall be subject to the Company Act and relevant laws and regulations stipulated by the competent securities authority.

For the election for Directors, each share has the same number of voting rights as the number of Directors to be elected. The voting rights may all go to one candidate or be allocated to several candidates. The candidates with more voting rights shall be elected as Directors. The election for Directors and Independent Directors shall be held at the same time, but the numbers to be elected shall be calculated separately.

- Article 16-1 The Company establishes an Audit Committee in compliance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of all Independent Directors and the number of committee members shall not be fewer than three. One of the members shall be the convener and at least one of them shall have accounting or financial expertise. The exercise of functions and powers, committee charters and relevant matters concerning the Audit Committee and its members shall be executed in accordance with applicable laws and regulations stipulated by the competent securities authority.
- Article 17 The Board is composed of Directors. It shall establish the Company's business guidelines and conduct business in accordance with laws and regulations, the Articles of Incorporation and the resolutions adopted at the shareholders' meetings. Business operations of the Company shall be executed pursuant to the resolutions of the Board, except for matters which shall be carried out pursuant the resolutions of the shareholders' meeting as required by the Company Act.
- Article 18 The Directors shall elect a Chairman from among themselves with the consent of the majority of Directors in the Board meeting attended by Directors who represent more than two-thirds of all Directors. Internally, the Chairman is the chair of the shareholders' meeting and the Board meeting. Externally, he/she represents the Company and conducts all affairs of the Company pursuant to laws and regulations, the Articles of Incorporation, and resolutions of the shareholders' meeting and the Board meeting. If the Chairman is on leave or unable to exercise power, he/she may appoint one person to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to be the proxy.
- Article 19 Except for the first meeting of each term of the Board, which shall be convened in accordance with Article 203 of the Company Act, the Board meeting shall be convened by the Chairman.
- Article 19-1 The Chairman shall preside at the Board meeting. In his/her absence, actions shall be taken in accordance with Paragraph 3, Article 208 of the Company Act.
- The Board meeting notice shall state the reasons for convening the meeting and be delivered to Directors seven days prior to the meeting. The notice may be served to each Director via correspondence, facsimile, or e-mail. In case of emergency, the Board meeting may be convened at any time and the notice may also be delivered via correspondence, facsimile, or e-mail. Directors attending the meeting via video conference shall be deemed to have attended the meeting in person.
- Article 20 Resolutions of the Board meeting, unless otherwise stipulated by the Company Act, shall be adopted by the majority of attending Directors which represents the majority of

all Directors. A Director may appoint another Director to attend the Board meeting on his/her behalf in accordance with Article 205 of the Company Act. However, no Director may act as proxy for more than one Director.

- Article 21 Proceedings of the Board meeting shall be recorded in the meeting minutes, which is subject to Article 15 of the Articles of Incorporation.
- Article 22 The Board is authorized to determined the compensation to all Directors based on the involvement of Directors in the business operation of the Company and their contributions to the Company with reference to the compensation standard of the industry.
- Article 23 The Company may purchase liability insurances for Directors with respect to compensation claims arising from duties performed within their scope of practice during the term.

Chapter V Managerial Officers

- Article 24 The Company may appoint a general manager and several deputy general managers and managers. The appointment, dismissal and compensations of the managerial officers shall comply with Article 29 of the Company Act.
- The Board is authorized to determine the compensation of managerial officers based on the compensation standard of the industry.

Chapter VI Accounting

- Article 25 The fiscal year of the Company shall be from January 1 to December 31 of the same year. After the closing of each fiscal year, the Board shall prepare the following reports and submit them to the general shareholders' meeting for acceptance in accordance with relevant laws:
1. Operation report,
 2. Financial statements, and
 3. Proposal concerning earnings distribution or deficit compensation.
- Article 26 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 and Directors) and compensation to Directors 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 in the preceding paragraph can only be distributed in cash.
- Compensation to employees and Directors shall be approved by the Board meeting and reported in the shareholders' meeting.
- For net income of the year, if any, the Company shall offset losses of previous years (including the adjustments to undistributed earnings) before setting aside 10% of the

remaining balance as legal reserve, unless the legal reserve has equaled the paid-in capital of the Company. The Company shall then set aside or reverse a special reserve in accordance with the Company's business needs and applicable laws and regulations. The Board would then draft an earning distribution proposal based on the remaining profit, if any, together with cumulative undistributed earnings and submit the proposal to the shareholders' meeting for approval.

Dividends of the Company will be distributed in the form of stock or cash in the future. The dividend payout ratio shall take into account foreign and domestic business competitions as well as the Company's present and future funding needs for operation, financial structure 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 operating 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 case, the Company may switch to stock dividends.

Chapter VII Supplemental Provisions

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| Article 27 | Rules governing the organization and procedures of the Company shall be separately stipulated by the Board. |
| Article 28 | Matters not set forth in the Articles of Incorporation shall be subject to the Company Act and relevant laws and regulations. |
| Article 29 | This Articles of Incorporation were established on December 14, 1973. |

King Chou Marine Technology Co., Ltd.
Rules of Procedure for Shareholders' Meeting

Approved by the shareholders' meeting on June 14, 2022

Article 1 The rules of procedures for shareholders' meeting of the Company shall conform to provisions of the Rules herein unless otherwise stipulated by laws and regulations or the Articles of Incorporation.

Article 2 Unless otherwise stipulated by laws and regulations, the Company's shareholders' meeting shall be convened by the Board of Directors.

Changes to the methods of convening the shareholders' meeting shall be resolved by the Board of Directors and made before sending out the shareholders' meeting notice.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposed resolutions, discussion items, or the election or dismissal of Directors, and upload them to the Market Observation Post System (MOPS) 30 days before a general shareholders' meeting or 15 days before an extraordinary shareholders' meeting. In addition, it shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the general shareholders' meeting or 15 days before the extraordinary shareholders' meeting. The Company shall also make the shareholders' meeting agenda and supplemental meeting materials available 15 days before the shareholders' meeting for shareholders to access at any time and have them displayed at the Company as well as the professional shareholder services agent engaged by the Company.

Shareholders' meeting agenda and supplemental meeting materials referred to in the preceding paragraph shall be made available to shareholders by the Company in manners set out below on the date of the shareholders' meeting:

1. For in-person shareholders' meetings, the documents shall be distributed at the meeting.
2. For hybrid shareholders' meetings, the documents shall be distributed at the meeting and their electronic versions shall be available on the virtual meeting platform.
3. For virtual-only shareholders' meetings, the electronic versions of documents shall be available on the virtual meeting platform.

The notice and public announcement shall state the reasons for convening the meeting. They may be delivered through electronic means with the consent of the recipients.

The election or dismissal of Directors; amendments to the Articles of Incorporation; reduction of capital; application to cease being a public company; approval for Directors to compete with the company; capitalization of earnings or reserves; the dissolution, merger, or spin off of the company; or matters set out under Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons for convening the

shareholders' meeting with key points explained. They shall not be raised as special motions. These key points may be made available at websites designated by the competent securities authority or the Company and the addresses of these websites shall be indicated in the notice.

Where an election of all Directors is stated as the reason for convening the shareholders' meeting with the on-board date specified, once the election is completed in the said meeting, the on-board date may not be changed by special motions or any other means in the same meeting.

Article 3 Shareholders holding 1% or more of the total number of issued shares may submit proposals for discussion at the Company's general shareholders' meeting. Each proposal shall contain one item only, otherwise it will not be included in the meeting agenda.

Furthermore, shareholders' proposals may be excluded from the agenda by the Board of Directors if they contain circumstances set out under Paragraph 4, Article 172-1 of the Company Act. Shareholders may submit proposals urging the Company to promote public interests or fulfill its social responsibilities. Such proposals shall procedurally contain one item only pursuant to Article 172-1 of the Company Act. A proposal containing more than one item will not be included in the meeting agenda.

Prior to the book closure date of a general shareholders' meeting, the Company shall publicly announce its acceptance of shareholders' proposals, the written or electronic means by which proposals are accepted as well as the location and time period for shareholders to submit the proposals. The period for such acceptance may not be less than 10 days.

Proposals submitted by shareholders are limited to 300 words. A proposal with more than 300 words will not be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the general shareholders' meeting and take part in the discussion of the proposal.

Prior to delivering the shareholders' meeting notice, the Company shall inform shareholders who have submitted proposals of the screening results, and list proposals that conform to the provisions of this Article in the meeting notice. For proposals excluded from the agenda, the Board of Directors shall explain the reasons at the shareholders' meeting.

Article 4 For each shareholders' meeting, shareholders may appoint proxies to attend the meeting by providing the proxy forms issued by the Company with the scope of authority clearly stated.

Each shareholder is limited to issue one proxy form and appoint one proxy for any given shareholders' meeting. The proxy form shall be delivered to the Company five days before the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy form.

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

After the proxy form has been delivered to the Company, if the shareholder intends to attend the meeting online, a written notice of proxy cancellation shall be submitted to

the Company two days before the meeting. If the cancellation notice is submitted after that time, votes cast by the proxy at the meeting shall prevail.

Article 5 Principles in determining the venue and time of shareholders' meeting

The shareholders' meeting shall be convened at the premises of the Company or an appropriate venue convenient for shareholders to attend. The meeting shall begin no earlier than 9 a.m. or no later than 3 p.m. Full consideration shall be given to the opinions of Independent Directors with respect to the venue and time of meeting.

The constraints on meeting venue do not apply in the case of virtual shareholders' meetings.

Article 6 Preparation of documents such as the attendance book

The Company shall specify in its shareholders' meeting notice the time during which the attendance registrations of shareholders, solicitors and proxies (collectively, "shareholders") will be accepted, the place for attendance registration, and other matters requiring attention.

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

Shareholders shall attend shareholders' meetings with the attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily require the provision of other documents. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall provide the attending shareholders with an attendance book to sign, or the attending shareholders may hand in sign-in cards in lieu of signing in.

The Company shall give attending shareholders the meeting agenda, annual report, attendance card, speaker's slip, voting slip, and other meeting materials. Where there is an election of Directors, ballots shall also be provided.

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

For virtual shareholders' meetings, shareholders shall register with the Company two days before the shareholders' meeting if they intend to attend the meeting online.

For virtual shareholders' meetings, the Company shall upload the shareholders' meeting agenda, annual report and other relevant materials to the virtual meeting platform at least 30 minutes prior to the time the meeting commences and have the information available until the end of the meeting.

Article 6-1 Matters to be included in the meeting notice of virtual shareholders' meetings

The Company shall include the following items in the meeting notice for virtual shareholders' meetings:

1. The means for shareholders to attend the virtual meeting and exercise their rights.
2. Actions to be taken when the virtual meeting platform or online participation is obstructed due to natural disasters, accidents or other force majeure events. The action plan shall at least cover the following items:
 - (1) The time and date to which the meeting is postponed or at which the meeting will resume if the above obstruction cannot be removed.
 - (2) Shareholders who did not register to attend the original virtual shareholders' meeting cannot attend the postponed or resumed session.
 - (3) For hybrid shareholders' meetings, if the virtual meeting cannot continue and the total number of shares represented by attending shareholders, excluding shares represented by ones attending the virtual meeting online, meets the minimum quorum requirement for a shareholders' meeting, the meeting shall continue. For shareholders attending the virtual meeting, their shares shall be included in the total number of shares represented by the attending shareholders, and they are deemed to have waived their rights with respect to all proposals of that shareholders' meeting.
 - (4) Actions to be taken if the outcome of all proposals has been announced and special motions have not been carried out.
3. For virtual shareholders' meetings, alternative measures available to shareholders with difficulties in attending meetings online shall be specified.

Article 7

The shareholders' meeting is presided by the Chairman if it is convened by the Board of Directors. If the Chairman is on leave or unable to exercise power, he/she may appoint one person to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to preside at the meeting.

For a Director to serve as the chair as referred to in the preceding paragraph, he/she shall have held his/her position for six months or more and understand the financial and business conditions of the Company. The same condition shall apply if the chair is a representative of a juristic person Director.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the Directors as well as at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If the shareholders' meeting is convened by an eligible party other than the Board of Directors, the convening party shall preside at the meeting. When there are two or more convening parties, they shall elect a person from among themselves to preside at the meeting.

The Company may appoint designated attorneys, certified public accountants or related persons to attend the shareholders' meeting.

Article 8

Audio or video recording of the shareholders' meetings

Starting from attendance registration, the Company shall make an uninterrupted audio and video recording of the registration process, the proceedings of the meeting as well as the voting and vote counting processes.

The recording referred to in the preceding paragraph shall be retained for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

For virtual shareholders' meetings, the Company shall keep records of shareholder registration, sign-in, check-in, question time and voting as well as the vote counting by the Company, and make an uninterrupted audio and video recording of the entire proceedings of the virtual meetings.

The records and audio and video recording in the preceding paragraph shall be properly retained throughout the life of the Company. Copies of the audio and video recording shall be given to the party engaged by the Company to handle the virtual meetings for safekeeping.

For virtual shareholders' meetings, the Company is advised to make audio and video recording of the back-end operation interface of the virtual meeting platform.

Article 9 The attendance at the shareholders' meeting shall be calculated based on number of shares. The number of shares in attendance shall be the sum of the number of shares indicated by the attendance book or the sign-in cards handed in and represented by shareholders whose attendances are registered at the virtual meeting platform, plus the number of shares with voting rights exercised by correspondence or electronic means.

The chair shall call the meeting to order at the scheduled time and announce the number of non-voting shares as well as the number of shares represented by the attending shareholders at the same time.

When the majority of the total number of issued shares is not represented by the attending shareholders, the chair may announce to postpone the meeting. The postponement is limited to two times with a combined duration of less than one hour. If the quorum is not met after two postponements and the attending shareholders do not represent one-third or more of the total number of issued shares, the chair shall announce the adjournment of meeting. For virtual shareholders' meetings, the Company shall announce the adjournment of meeting at the virtual meeting platform.

If the quorum is not met after two postponements as mentioned in the preceding paragraph, but one-third or more of the total number of issued shares are represented by the attending shareholders, tentative resolutions may be made pursuant to Paragraph 1, Article 175 of the Company Act. All shareholders shall be notified of the tentative resolutions and the shareholders' meeting shall be convened within one month. For virtual shareholders' meetings, shareholders shall re-register with the Company pursuant to Article 6 herein if they intend to attend the meeting online.

If the attending shareholders represent a majority of the total number of issued shares before the conclusion of meeting, the chair may resubmit the tentative resolutions for voting at the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 If the shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be determined by the Board of Directors. Relevant proposals (including special motions and amendments to the original proposals) shall be resolved by voting. The meeting shall proceed according to the agenda, which shall not be changed without a resolution of the shareholders' meeting.

The preceding paragraph applies *mutatis mutandis* to shareholders' meetings convened by an eligible party other than the Board of Directors.

The chair may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the two preceding paragraphs (including special motions), except by a resolution of the shareholders' meeting. If the chair announces the adjournment in violation of the Rules, other members of the Board of Directors shall promptly assist the attending shareholders in electing a chair pursuant to the statutory

procedures with the consent of the majority of voting rights represented by the attending shareholders to continue the meeting.

The chair shall give ample opportunity for proposals and amendments or special motions proposed by the shareholders to be explained and discussed. When the chair deems it appropriate to put such items to a vote, he/she shall announce the discussion closed and call for a vote. He/she shall also allow ample time for voting.

Article 11 Speeches by shareholders

Before speaking, the attending shareholder (or his/her proxy) shall complete the speaker's slip indicating subjects of the speech, shareholder's account number (or the attendance card number) and account name. The sequence of speeches shall be determined by the chair.

If the attending shareholder (or his/her proxy) submits a speaker's slip without speaking, it shall be deemed as making no speeches. If the contents of speech are inconsistent with the contents of speaker's slip, the speech shall prevail.

The shareholder shall not make a speech concerning the same proposal for more than two times without the chairs' consent, and the duration of each speech shall not exceed five minutes. If the shareholder speaks in violation of the provisions or beyond the scope of agenda item, the chair may stop the speech.

When the attending shareholder (or his/her proxy) speaks, other shareholders shall not interrupt the speech unless they are permitted by the chair and the speaking shareholder (or his/her proxy). Otherwise, the chair shall stop such interruption.

If a juristic person shareholder appoints two or more representatives to attend the shareholders' meeting, only one representative may speak for each proposal.

After the attending shareholder has spoken, the chair may respond in person or appoint an appropriate person to respond.

For virtual shareholders' meetings, shareholders attending online may raise questions in writing at the virtual meeting platform after the chair calls the meeting to order and before he/she announces the meeting adjourned. Shareholders cannot raise more than two questions concerning the same proposal and each question shall be limited to 200 words. Paragraphs 1 to 5 do not apply.

Where the questions of the preceding paragraph do not violate any provisions nor exceed the scope of relevant proposals, it is advisable to disclose the questions to the public at the virtual meeting platform.

Article 12 Shares held by shareholders with no voting rights shall not be included in the total number of issued shares with respect to resolutions of the shareholders' meeting.

Shareholders shall not participate in voting on agenda items of which they have a personal interest and may impair the interest of the Company, nor shall they exercise the voting rights as proxy for other shareholders.

Shares held by shareholders with no voting rights in the preceding paragraph shall not be included when calculating the number of attending shareholders' voting rights.

With the exception of trust enterprises or shareholder service agents approved by the competent securities authority, when one person is appointed as proxy by two or more shareholders concurrently, the voting rights represented by such proxy shall not exceed 3% of the voting rights represented by the total number of issued shares. Voting rights in excess of the prescribed percentage shall be excluded from the calculation.

Article 13 Shareholders are entitled to one vote for each share held. However, the case shall not apply to restricted shares and non-voting shares specified in Paragraph 2, Article 179 of the Company Act.

When the Company convenes shareholders' meetings, the voting rights shall be exercised by electronic means and may be exercised by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, they are deemed to have waived their rights with respect to special motions and amendments to original proposals of that meeting. Therefore, it is advisable to avoid the submission of special motions and amendments to original proposals.

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

For shareholders who intend to attend the shareholders' meeting in person or online after exercising their voting rights by correspondence or electronic means, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means as their exercise of voting rights, two days before the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. For shareholders who have exercised voting rights by correspondence or electronic means as well as appointed proxies to attend the shareholders' meeting, the voting rights exercised by the proxies in the meeting shall prevail.

Unless otherwise stipulate by the Company Act and the Company's Articles of Incorporation, proposals at the shareholders' meeting shall be resolved with the consent of the majority of voting rights represented by the attending shareholders. Voting is carried out on a proposal-by-proposal basis with the chair or the person designated by the chair announcing the total number of voting rights represented by the attending shareholders, followed by shareholders casting their votes. The number of votes for and against as well as abstentions shall be posted on the MOPS on the same day as the shareholders' meeting.

When there is an amendment or an alternative to a proposal, the chair shall present the amendment or alternative together with the original proposal and decide their voting orders. If one proposal among them has been adopted, the others shall be deemed overruled and no further voting is required.

The monitoring and counting personnel for the voting are appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the venue of the shareholders' meeting. Once the counting has been completed, the voting results, including the numbers of votes, shall be announced on-site at the meeting and recorded in the meeting minutes.

For virtual shareholders' meetings, when the meeting is called to order, shareholders attending the meeting online shall cast votes on proposals and elections via the virtual meeting platform before the chair announces the end of the voting session. Otherwise, they are deemed to have waived their rights.

For virtual shareholders' meetings, votes shall be counted at once after the chair announces the end of the voting session and the results of the voting and elections shall be announced.

For hybrid shareholders' meetings, shareholders who intend to attend the physical shareholders' meeting in person after registering to attend the meeting online in accordance with Article 6 herein shall retract their registrations two days before the shareholders' meeting by the same means as their original registration. If their registrations are retracted after that time, they can only attend the shareholders' meeting online.

Except for special motions, shareholders who exercise their voting rights by correspondence or electronic means and attend the shareholders' meeting online without cancelling their declarations of intent cannot exercise voting rights on the original proposals, make any amendments to the original proposals or exercise voting rights on amendments to the original proposals.

- Article 14 The election of Directors at a shareholders' meeting shall be conducted in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors as well as the numbers of votes with which they were elected and the names of those who were not elected as well as the numbers of voting rights received.

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

- Article 15 Resolutions of the shareholders' meeting shall be recorded in the minutes. The meeting minutes shall be signed or sealed by the chair of the meeting with a copy distributed to each shareholder within 20 days after the meeting. The minutes may be prepared and distributed by electronic means.

The distribution of meeting minutes in the preceding paragraph may be done by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day and venue of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights). In the event of an election of Directors, the number of voting rights received by each candidate shall be disclosed. The minutes shall be properly retained throughout the life of the Company.

For virtual shareholders' meetings, besides items set forth in the preceding paragraph, the time of meeting commencement and conclusion, method for convening the meeting, names of the chair and recorder, and actions to be taken when the virtual meeting platform or online participation is obstructed due to natural disasters, accidents or other force majeure events as well as the outcomes thereof shall be included in the minutes.

For virtual shareholders' meetings, besides complying with requirements set forth in the preceding paragraph, alternative measures available to shareholders with difficulties in attending meetings online shall be specified in the meeting minutes.

- Article 16 On the day of the shareholders' meeting, the Company shall present the statistical statement complied in the prescribed format of the number of shares obtained by

solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means at the venue of the shareholders' meeting. For virtual shareholders' meetings, the Company shall upload the aforementioned information to the virtual meeting platform at least 30 minutes prior to the time the meeting commences and have the information available until the end of the meeting.

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

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

Article 17 Personnel involved in the shareholders' meeting affairs shall wear identification certificates or armbands.

The chair may direct patrol or security personnel to assist in maintaining the order of the meeting. Such patrol personnel or security personnel shall wear armbands marked "Patrol Personnel" while assisting in maintaining the order of the meeting.

Where public address equipment is available at the shareholders' meeting, the chair may stop shareholders from speaking through devices other than the ones set up by the Company.

The chair may direct the patrol or security personnel to escort shareholders who violate the Rules, disobey instructions from the chair, obstruct the proceedings and refuse to heed calls to stop from the meeting.

Article 18 When the meeting is in progress, the chair may announce a break at his/her discretion. If force majeure events occur, the chair may decide to temporarily suspend the meeting and announce the time to resume the meeting depending on the situation.

If the meeting venue becomes unavailable before the meeting agenda (including special motions) has been completed, another venue can be used to resume the meeting upon resolution at the shareholders' meeting.

It may be resolved at the shareholders' meeting to defer or resume the meeting within five days pursuant to Article 182 of the Company Act.

Article 19 Information disclosure for virtual shareholders' meetings

For virtual shareholders' meetings, the Company shall promptly disclose the results of voting and elections on the virtual meeting platform as required after the end of the voting session. The disclosure shall be available for at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 Location of the chair and the recorder in virtual shareholders' meetings

When convening a virtual shareholders' meeting, the chair and the recorder shall be at the same location in Taiwan. The chair shall announce the address of their location when the meeting is called to order.

Article 21 Disconnection management

For virtual shareholders' meetings, the Company may provide simple tests for connection prior to the meetings as well as real-time services before and during the meetings to assist with technical issues of communication.

For virtual shareholders' meetings, when calling the meeting to order, the chair shall also announce that except for circumstances set out under Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies where meetings are not required to be postponed or resumed at another time, if the virtual meeting platform or online participation is obstructed due to natural disasters, accidents or other force majeure events before the chair announces the meeting adjourned and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days and in which case, Article 182 of the Company Act shall not apply.

For postponed or resumed meetings described in the preceding paragraph, shareholders who did not register to attend the original virtual shareholders' meeting cannot attend the postponed or resumed session.

For meetings postponed or resumed in accordance with paragraph 2, the number of shares represented by and the voting rights and election rights exercised by the shareholders, who register to attend and complete the attendance registration of the original shareholders' meeting but do not take part in the postponed or resumed meeting, shall be counted towards the total number of shares, voting rights and election rights represented at the postponed or resumed meeting.

For meetings postponed or resumed in accordance with paragraph 2, discussions and resolutions are not required for proposals with votes cast and counted as well as results announced or concerning the list of elected Directors.

For hybrid shareholders' meetings where the virtual meeting cannot continue due to circumstances set out in paragraph 2, if the total number of shares represented by attending shareholders, excluding shares represented by ones attending the virtual meeting online, meets the minimum quorum requirement for a shareholders' meeting, the meeting shall continue. Rules of postponement or resumption under paragraph 2 shall not apply.

When the meeting continues as described in the preceding paragraph, shares represented by shareholders attending the meeting online shall be included in the total number of shares represented by attending shareholders. However, these shareholders are deemed to have waived their rights with respect to all proposals of that shareholders' meeting.

When the Company postpones or resumes the shareholders' meeting in accordance with paragraph 2, preliminary works shall be done based on the date of the original shareholders' meeting and the requirements set forth in Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or periods set forth in the second half of Article 12 and Paragraph 3, Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies as well as Paragraph 2, Article 44-5, Article 44-15, and Paragraph 1, Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed based on the date of the postponed or resumed shareholders' meeting stated in paragraph 2.

Article 22 Digital gap management

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

Article 23 The Rules and any amendment hereto shall take effect after adoption by the shareholders' meeting.

King Chou Marine Technology Co., Ltd.

Shareholding Details of All Directors

Shareholdings of individual and all Directors on the register of shareholders as of the book closure date for the 2023 annual shareholders' meeting.

Record date: April 14, 2023

Title	Name	Shareholding
Chairman	Chia-Jen Chen	2,150,574 shares
Director	Shueh-In Chen	1,587,662 shares
Director	Birkin Technology Co., Ltd. Representative: Chien-Fu Chen	3,079,006 shares
Director	Chuan Kuang Investment Co., Ltd. Representative: Yu-Chieh Chen	4,351,261 shares
Independent Director	Chin-Tseng Chang	18,779 shares
Independent Director	Hung-Chih Sun	0 share
Independent Director	Su-Ching Chang	0 share
Total		11,187,282 shares
Minimum shareholding of all Directors		6,717,711 shares

Note: Pursuant to Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, where the public company has elected two or more Independent Directors, the shareholding of all Directors (excluding the Independent Directors) calculated at the statutory rate shall be decreased to 80%.

King Chou Marine Technology Co., Ltd.
Impact of Stock Dividend Distribution on Business Performance,
Earnings per Share and Return on Investment

Item		Year	2023 (Estimates)
Paid-in capital, beginning balance			NT\$839,713,990
Cash and Stock Dividends of Current Year	Cash dividend per share		NT\$2.9 (Note 1)
	Stock dividend from capitalization of earnings		0 share
	Stock dividend from capitalization of capital surplus		0 share
Changes in Business Performance	Operating income		Not applicable (Note 2)
	Year-over-year change in operating income (%)		
	Net income		
	Year-over-year change in net income (%)		
	Earnings per share		
	Year-over-year change in earnings per share (%)		
Annual average return on investment (reciprocal of the annual average P/E ratio)			
Proforma earnings per share and PE ratio	Where capitalized earnings are distributed as cash dividends	Proforma earnings per share (NT\$)	Not applicable (Note 2)
		Proforma annual average return on investment	
	Where capital surplus is not capitalized	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment	
	Where capital surplus is not capitalized and capitalized earnings are distributed as cash dividends	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment	

Note 1: The number is calculated based on the resolution of the Board of Directors' meeting on March 13, 2023 with the number of shares outstanding (83,971,399 shares) as of March 13, 2023. The actual distribution is pending for approval from the 2023 annual shareholders' meeting.

Note 2: Not applicable, as the Company did not disclose its financial forecasts for 2023.