

Stock Code: 4417

KING CHOU MARINE TECHNOLOGY CO., LTD.

2024 ANNUAL SHAREHOLDERS' MEETING MEETING AGENDA

Type: In-person shareholders' meeting

Time: 10:00 a.m., June 12, 2024 (Wednesday)

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 2024 Annual Shareholders' Meeting

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

King Chou Marine Technology Co., Ltd.
Meeting Agenda for 2024 Annual Shareholders' Meeting

Type: In-person shareholder's meeting
Date and Time: 10 a.m., June 12, 2024 (Wednesday)
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 2023 operation report

Explanation: Please refer to page 4 to 6 for the 2023 operation report.

2. To report the Audit Committee's review report on 2023 financial statements

Explanation: Please refer to page 7 for the Audit Committee's review report.

3. To report the distribution of 2023 compensation to employees and Directors

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\$15,500,000

B. Remuneration to Directors: NT\$12,754,000

- (2) There is no difference between the aforementioned amount and the amount accrued as expenses in 2023.

4. To report the "Procedures for Ethical Management and Guidelines for Conduct"

Explanation: The "Procedures for Ethical Management and Guidelines for Conduct" are established according to Article 6 of the Company's "Ethical Corporate Management Best Practice Principles." Please refer to page 9~16 for details.

IV. Proposed Resolutions

1. To accept the 2023 operation report and financial statements (Proposed by the Board of Directors)

Explanation: The Company's 2023 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 14 to 30 for details.

Resolution:

2. To approve the proposal for 2023 earnings distribution (proposed by the Board of Directors)

Explanation:

- (1) The 2023 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 31 for details.
- (2) The distribution would be paid out from 2023 earnings first.
- (3) The cumulative distributable earnings amounted to NT\$1,433,653,906 in 2023. The Company proposes for shareholders to receive a cash dividend of NT\$2 per share. With 83,971,399 shares outstanding, the overall cash dividends would be NT\$167,942,798. 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. Discussion and Election Items

1. To amend the "Rules of Procedure for Shareholders' Meeting" (proposed by the Board of Directors)

Explanation: In compliance with amendments made by the competent authorities, the Company proposes to amend some articles within the "Rules of Procedure for Shareholders' Meeting". Please refer to page 32~33 for the comparison table of amendments.

Resolution:

2. To elect one additional Independent Director (proposed by the Board of Directors)

Explanation:

- (1) Pursuant to Article 4 of the Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEx Listed Companies, "where the chairman of the board of directors and the general manager or persons of an equivalent positions of a listed company are the same person, spouses or relatives within the first degree of kinship, the company shall have no less than four independent directors", the Company proposes to elect one additional Independent Director in order to comply with the rules.

- (2) Pursuant to the Company Act, the Securities and Exchange Act and the Company's Articles of Incorporation, the election of Independent Directors shall adopt the candidate nomination system. Shareholders shall elect from the list of Independent Director candidates, which is presented in the table below:

Name	Education	Work Experience	Current Position	Shareholding (in Shares)	Reasons for Independent Directors Serving Three Consecutive Terms
Fu-Sheng Huang	Electrical Engineering, National Taipei University of Technology	President of PATTA International Co., Ltd.	Director of King Point Enterprise Co., Ltd.	0	-

- (3) The term of office of the newly elected Independent Director is the same as that of the 16th Board of Directors. He shall assume office from the day he is elected until the end of the term, i.e., June 13, 2025.

Election Results:

VI. Special motions

VII. Meeting adjourned

King Chou Marine Technology Co., Ltd.

Operation Report

1. 2023 Operation Report

(1) Financial performance and profitability analysis

A. Financial performance (In Thousands of New Taiwan Dollars)

Year Item	2023	2022	Change (in Dollar Amount)	Change (in Percentage)
Net operating revenue	2,936,371	3,266,960	(330,589)	(10)
Gross profit	740,592	964,342	(223,750)	(23)
Operating income	390,920	536,755	(145,835)	(27)
Pre-tax income	438,572	567,318	(128,746)	(23)
Net income	316,614	401,758	(85,144)	(21)

B. Profitability analysis

Item		Profitability	
		2023	2022
Return on assets (%)		7.07	9.06
Return on shareholders' equity (%)		9.96	13.32
% to paid-in capital	Operating income	46.55	63.92
	Pre-tax income	52.22	67.56
Net margin (%)		10.78	12.29
Earnings per share (NT\$) (retrospectively adjusted)		3.69	4.80

(2) Results from the execution of business plans

- A. Operating revenue decreased in 2023 as the shipments of some orders of our Vietnam factory in 2021 were postponed to 2022 due to the pandemic. As a result, the operating revenue in 2023 experienced a relative decrease.
- B. The decrease in gross profit, operating income and pre-tax income was due to a decrease in operating revenue.

(3) Budget implementation

The Company did not prepare financial forecasts for 2023.

(4) Research and development

To achieve higher profitability, enhance competitiveness and develop a diverse product range, the Company continues to carrying out the following projects:

- A. Enhanced the tensile strength and abrasion resistance of purse seine nets.
- B. Minimized algae growth on cage nets.

- C. Continued to improve production technology for products to better meet the demand from customers worldwide.
- D. Collaborated with suppliers in developing higher-valued material applications and more advanced production facilities.
- E. Participated in researches conducted by customers and academic institutions both at home and abroad and shared the research results.

2. Overview of 2024 business plans

(1) Business policy

- A. Use ocean recycled yarns for sustainable developments.
- B. 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.
- C. For subsidiaries to work together in achieving optimal synergy.
- D. Implement our internal control system thoroughly and improve deficiencies in order to establish operating procedures with higher efficiency.
- E. Continually carry out researches on expanding the extent of processing, thereby enhancing product value.

(2) Sales forecast and basis

The Company did not prepare sales forecasts for 2024.

(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.
- (c) Enhance the efficiency of teamwork.

B. Sales strategies

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

3. Strategies for future developments

- (1) Proactively develop differentiated products with high unit prices.
- (2) Strengthen corporate governance.
- (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 as well.

The resource rent tax levied by the Norwegian government on aquaculture may result in aquaculture

companies adopting more conservative business strategies.

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 2023 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: 2024 Annual Shareholders' Meeting of King Chou Marine Technology Co., Ltd.

Convener of the Audit Committee: Chin-Tseng Chang

March 13, 2024

King Chou Marine Technology Co., Ltd.
Procedures for Ethical Management and Guidelines for Conduct

- Article 1 (Purpose of adoption and scope of application)
- The Company conducts business based on the principles of fairness, honesty, trustworthiness and transparency. To thoroughly implement the policy of business ethics and actively prevent misconducts, the Procedures for Ethical Management and Guidelines for Conduct (hereinafter, the “Procedures and Guidelines”) is established pursuant to Article 6 of the Company’s “Ethical Corporate Management Best Practice Principles.” The Procedures and Guidelines aims to outline the norms of business conduct that personnel of the Company shall follow.
- The Procedures and Guidelines also apply to group enterprises and organizations, such as subsidiaries of the Company; any juristic institution in which the Company contributes, directly or indirectly, over 50 percent of the funds in total; and institutions or juristic persons substantially controlled by the Company.
- Article 2 (Subjects)
- “Personnel of the Company” in the Procedures and Guidelines refers to Directors, managers, employees, mandataries, and persons having substantial control in the Company and its group enterprises and organizations.
- Any provision, promise, request, or acceptance of improper benefits by personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.
- Article 3 (Unethical conduct)
- “Unethical conduct” in the Procedures and Guidelines refers to the direct or indirect provision, acceptance, promise or request of improper benefits or acts of breach of good faith, misconduct, or violation of fiduciary duty by personnel of the Company during the course of business in order to obtain or maintain their interests.
- The counterparties of the said unethical conduct include public officials, political candidates, political parties or their staff, and public or private enterprises or institutions and their directors, supervisors, managers, employees, persons having substantial control or other stakeholders.
- Article 4 (Types of benefits)
- “Benefits” in the Procedures and Guidelines refers to money, gratuity, gifts, commission, position, service, preferential treatment, rebate, facilitating payment, hospitality, entertainment and anything of value in any form or name.
- Article 5 (Dedicated unit and duties)
- The Company designates the Audit Office as the dedicated unit (hereinafter, the “dedicated unit”) reporting directly to the Board of Directors, and allocates sufficient resources and appropriate personnel for the dedicated unit to manage the amendment, implementation, explanation and consulting of the Procedures and Guidelines, as well as to record the reported misconduct and monitor the operation. The dedicated unit shall report to the Board of Directors regularly (at least once a year) and its primary functions are as follows:

1. To assist in incorporating ethics and moral values into the Company's business strategy and formulating preventive measures pursuant to laws and regulations to ensure ethical management.
2. To analyze and evaluate the risk of unethical conducts within the business scope on a regular basis and formulate schemes to prevent unethical conducts accordingly. Also, to establish task-related standard operating procedures and conduct guidelines for each scheme.
3. To map out internal organization, structure, and duties; and establish check-and-balance mechanisms for mutual supervision of business activities that are at a higher risk of unethical conduct within the business scope.
4. To promote and coordinate ethics policy awareness and training activities.
5. To develop a whistleblowing system and ensure its effectiveness.
6. To assist the Board of Directors and management in auditing and assessing whether the preventive measures for the implementation of ethical management are effective, and regularly assess the level of compliance of related work flows and prepare reports accordingly.
7. To prepare documented information including the ethical management policy and the statement of compliance thereof, fulfillment of commitment and implementation status, and retain properly.

Article 6 (Prohibition against the provision or acceptance of improper benefits)

When personnel of the Company directly or indirectly provide, accept, promise or request benefits defined in Article 4, the conduct of the personnel shall comply with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the Procedures and Guidelines, and observe relevant procedures, except under one of the following circumstances:

1. The conduct is undertaken due to business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. Attend or invite others to attend ordinary social activities on the basis of accepted social custom, business purposes, or relationship development.
3. Invite customers or be invited to attend specific business activities, factory tours, etc. due to business needs, where the method of payment, number of participants, and class and period of accommodation are explicitly stated.
4. Attend folk festivals that are open to the general public.
5. Rewards, emergency assistances, condolence payments, or gratuities from the management.
6. Provide or accept money, property, or other benefits from a person other than relatives or friends; or property given by others to the majority of the personnel of the Company that are within the boundary of general social norms or normal customs.
7. Property received for engagement, marriage, maternity, relocation, assumption of a position, job promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient, the recipient's spouse or lineal relatives.
8. Other conducts that are in compliance with the Company rules.

Article 7 (Procedures for handling the acceptance of improper benefits)

Except for circumstances set forth in the preceding article, when personnel of the Company are directly or indirectly offered or promised benefits defined in Article 4, the following procedures shall be taken:

1. Where the person providing or promising the benefits does not have an interest with the Company's personnel in performing their duties, the personnel shall report the incident to his/her immediate supervisor within three days from the occurrence and notify the dedicated unit when necessary.
2. Where the person providing or promising the benefits has an interest with the Company's personnel in performing their duties, the benefits shall be returned or rejected. The personnel shall report the incident to his/her immediate supervisor and notify the dedicated unit. If the benefits cannot be returned, they shall be delivered to the dedicated unit for further actions within three days from the occurrence.

The said interest with the Company's personnel in performing their duties in the preceding paragraph refers to one of the following situations:

1. When the two parties have relation of business, direction and supervision, or expense subsidies (or allowance).
2. When a contracting, trading or other contractual relationship is being sought, in progress or established.
3. When parties are favorably or adversely impacted by the decision, implementation or nonperformance of the Company's business.

The dedicated unit shall advise whether to return, accept upon payment, give to the public, donate to charity or take other appropriate actions based on the nature and value of the benefits in the first paragraph. Actions shall be taken after being approved by the General Manager.

Article 8 (Prohibition of facilitating payments and handling procedures)

The Company shall not provide nor promise any facilitating payment.

Where facilitating payment is provided or promised by personnel of the Company due to threats or intimidation, the incident shall be recorded and reported to the immediate supervisor, and be notified to the dedicated unit.

The dedicated unit shall take immediate actions after being notified and review the incident to lower the risk of re-occurrence. If any illegality was identified, the juridical authorities shall be informed immediately.

Article 9 (Procedures for handling political contributions)

Political contributions of the Company shall be approved by the Chairman and be notified to the dedicated unit. A contribution with an amount exceeding NT\$1 million shall be approved by the Board of Directors before being made. The following rules shall be observed:

1. The Company shall confirm that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. The decision-making process shall be documented.
3. Political contributions shall be booked in accordance with applicable laws and regulations and relevant accounting procedures.

4. In making political contributions, commercial dealings, permit applications, or other matters involving the interests of the Company with related government agencies shall be avoided.

Article 10 (Procedures for handling charitable donations or sponsorships)

Charitable donations or sponsorships provided by the Company shall be approved by the Chairman and be notified of the dedicated unit. Charitable donations or sponsorships with an amount exceeding NT\$500 thousand shall be approved by the Board of Directors before being made. The following rules shall be observed:

1. The conduct shall be in compliance with the laws and regulations of the place where the Company operates.
2. The decision-making process shall be documented.
3. Parties receiving the donations shall be legitimate charitable institutions. Money spent cannot be a bribe in disguise.
4. The returns received due to the sponsorship shall be specific and reasonable. The subject of sponsorship cannot be someone having business relation with the Company nor personal interests with personnel of the Company.
5. Once the charitable donation or sponsorship is granted, the Company shall verify that the use of money is consistent with the purpose of donation.

Article 11 (Recusal due to conflict of interest)

For agenda items of which the Company's Directors, managers and other stakeholders attending or present at Board meetings, or the juridical persons they represented, have a personal interest, they shall disclose the major aspects of such personal interest at the current Board Meeting. If the interest may impair the interest of the Company, the persons shall not participate in the discussion and voting of those items, and shall recuse themselves from those sessions. They shall not stand proxy for other Directors to exercise the voting right on those items. Directors shall also exercise self-discipline among themselves and avoid collusion.

Where the spouse or a blood relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has interests in the agenda items stated in the preceding paragraph, such Director shall be deemed to have a personal interest in the item.

In the course of business, when the personnel of the Company discover themselves or the juridical persons they represented have conflicts of interest, or improper benefits may be received by themselves, their spouses, parents, children or any other stakeholders, they shall report the incident to their immediate supervisors and the dedicated unit. The immediate supervisors shall provide appropriate guidance.

Personnel of the Company cannot use company resources in external business activities nor shall their work performance be influenced by their participation in those activities.

Article 12 (Unit in charge of confidentiality and its responsibilities)

The Company shall establish a unit dedicated to establishing and implementing the management, retention and confidentiality procedures for intellectual property rights, including trade secrets, trademarks, patents and copyrights. Reviews on the implementation shall be conducted regularly to ensure the effectiveness of the procedures.

Personnel of the Company shall comply with the said rules concerning intellectual property rights. They shall not leak intellectual property rights, such as trade secrets, trademarks, patents and copyrights, that they are aware of; nor shall they enquire after or

collect intellectual property rights, such as trade secrets, trademarks, patents and copyrights, that are not related to their official duties.

Article 13 (Prohibition against unfair competition)

The Company shall engage in business activities in accordance with the Fair Trade Act and applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14 (Prohibition against insider trading and confidentiality agreement)

Personnel of the Company shall comply with the Securities and Exchange Act. They shall not engage in insider trading using undisclosed information they are aware of, nor shall they leak the information to other parties for the latter to engage in insider trading.

External institutions or persons participating in the merger, split, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or major contract of the Company shall be required to sign a confidentiality agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Company acquired as a result, and that they may not use such information without prior consent of the Company.

Article 15 (Compliance and statement of compliance with ethical management policy)

The Company shall require its Directors and senior management to issue a statement of compliance with the ethical management policy and require employees to comply with the policy as a condition of employment.

The Company shall disclose its ethical management policy in its internal control policies, annual reports, corporate websites or other promotional materials. It shall also duly announce the policy in events held for external parties, such as product launches and investor conferences, in order for its suppliers, customers, and other business-related institutions and personnel to be fully aware of its principles and rules with respect to ethical management.

Article 16 (Ethical management evaluation prior to the establishment of business relationships)

Before engaging in business, the Company shall assess the legality, ethical management policies and records of misconduct of its agents, suppliers, customers or other business counterparties to ensure the business dealings are fair and transparent, and bribes would not be requested, provided or accepted.

When the Company conducts the said assessment, it may adopt appropriate audit procedures for a review of its business counterparty with respect to the following matters, in order to understand its ethical management status:

1. The enterprise's nationality, location of business operations, organizational structure, management policy, and payment location.
2. Whether the enterprise has adopted an ethical management policy, and the implementation status thereof.
3. Whether the enterprise operates in a country highly vulnerable to corruption.
4. Whether the business operated by the enterprise is in an industry highly vulnerable to bribery.
5. The long-term operation status and goodwill of the enterprise.
6. To solicit opinions from the enterprise's business partners.

7. Whether there is any record of unethical conducts, such as bribes or illegal political contributions, where the enterprise is involved.

Article 17 (Statement of ethical management policy to business counterparties)

During the course of business, personnel of the Company shall inform the counterparties of the Company's ethical management policy and relevant rules, and explicitly refuse any direct or indirect provision, promise, request, or acceptance of improper benefits in any form or name.

Article 18 (Avoidance of business dealings with unethical parties)

Personnel of the Company shall avoid dealing with agents, suppliers, customers and other business counterparties who are involved in unethical conducts. All business dealings shall have ceased when the business counterparty or partner is found to engage in unethical conduct. Those parties shall be blacklisted for a thorough implementation of the Company's ethical management policy.

Article 19 (Terms of ethical management in contracts)

Before entering into a contract, the Company shall fully comprehend the status of the counterparty's ethical management. The contract shall include clauses of compliance with the Company's ethical management policy and the following matters at least:

1. When a party becomes aware that any personnel has violated the terms and conditions pertaining to the prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the offender's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefits that was involved. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If any party suffers losses as a result, it can claim damages from the other party and deduct such compensation from the contract price payable.
2. In the event that one party is involved in unethical conducts, the other party can terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms shall be stipulated, including the payment location and method, and relevant tax laws and regulations the parties shall comply with.

Article 20 (Handling of unethical conduct by personnel of the Company)

The Company encourages internal and external parties to report unethical behaviors or misconducts. Based on the degree of misconduct, whistleblowers can receive a corresponding reward. Internal personnel making false accusation or malicious claims will be disciplined. Serious offense can lead to termination of employment.

The Company shall create and announce an internal, independent whistleblowing mailbox or hotline on its corporate website or intranet, or commission external independent institutions to provide the same, for internal and external personnel of the Company.

The whistleblower shall provide at least the following information:

1. The name and identification number of the whistleblower (or the complaints may be filed anonymously), and an address, phone number and e-mail where he/she can be contacted.
2. The alleged wrongdoer's name or other information sufficient to distinguish his/her identity.

3. Specific facts to be investigated.

Personnel handling the complaints shall give written statements to keep the identity of whistleblower and particulars of the complaints confidential. The Company is also committed to protect the whistleblower from retaliation.

The dedicated unit of the company shall observe the following procedures in handling the complaint:

1. Complaints involving employees without ranks shall be reported to their department supervisors. Complaints involving Directors or senior managers shall be reported to the Independent Directors.
2. The dedicated unit and the department supervisors and personnel receiving the complaints stated in the preceding subparagraph shall verify the facts immediately. Where necessary, assistance from legal compliance or other relevant departments can be provided.
3. If the alleged wrongdoer is found guilty of violating relevant laws and regulations or the Company's ethical management policy or rules, the Company shall immediately demand the wrongdoer to stop the wrongdoing and adopt appropriate measures. Where necessary, the Company can report to the competent authority, refer the wrongdoer to judicial authority for investigation or take legal actions to seek damages in order to protect its reputation, interests and rights.
4. Written records of complaint acceptance, investigation and outcome shall be retained for five years. Documents can be kept in electronic form. If a complaint was taken to the court before the retention period expires, relevant documents shall be retained until the litigation is over.
5. If the alleged wrongdoer is found guilty, units involved within the Company shall review the internal control system and procedures, and propose improvement measures to prevent a re-occurrence of similar events.
6. The dedicated unit shall report the complaint, measures taken, subsequent reviews and improvement measures to the Board.

Article 21 (Actions in the case of unethical conducts by others towards the Company)

Where personnel of the Company are aware of other people's unethical conducts towards the Company and such conducts violate the laws and regulations, the Company shall relay the facts to the juridical authorities and public prosecutors. For incidents involving government agencies or public officers, anti-corruption agencies shall also be notified.

Article 22 (Internal awareness sessions, reward and discipline as well as complaint systems and disciplinary measures)

The dedicated unit of the Company shall organize internal awareness sessions when needed and arrange for the Chairman, the General Manager or senior executives to convey the importance of ethics to the Directors, employees, and mandataries.

The Company shall incorporate ethical management into the employee performance evaluations and human resources policies, and establish a clear and effective reward and discipline as well as complaint systems.

Serious offenders would be discharged or dismissed pursuant to relevant laws and regulations or the Company's human resources policies.

Details of the misconduct shall be released on the Company's intranet, including the title and name of the offender, the date and particulars of the offense, and disciplinary measures taken.

Article 23 (Enforcement)

The Procedures and Guidelines, and any amendment hereto, shall take effect after being approved by the Board of Directors and reported to the shareholders' meeting.

When the Procedures and Guidelines are submitted to the Board of Directors for discussion, the opinions of all Independent Directors shall be fully taken into consideration. Any objection or reservation of the Independent Directors shall be recorded in the Board meetings minutes. If the Independent Directors are unable to attend the meeting in person to express their objections or reservations, they shall submit written statements in advance to be recorded in the Board meeting minutes, unless there is a legitimate reason to do otherwise.

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, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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, 2023. 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, 2023 are as follows:

Authenticity of sales revenue

The Group's operating revenue for the year ended December 31, 2023 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 design and execution of 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, 2023 and 2022, 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, 2023. 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, 2024

KING CHOU MARINE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 & 6)	\$ 795,247	17	\$ 630,709	13
Financial assets at fair value through profit or loss - current (Notes 4 & 7)	53,610	1	48,178	1
Financial assets at amortized cost - current (Notes 4 & 11)	254,004	5	210,118	4
Notes receivable (Notes 4, 5, 9 & 22)	19,776	-	39,001	1
Accounts receivable, net (Notes 4, 5, 9 & 22)	617,219	13	815,143	17
Accounts receivable - related parties (Notes 4, 5, 9, 22 & 28)	25,123	1	25,811	1
Other receivable (Note 9)	24,627	-	22,785	1
Current tax assets (Notes 4 & 24)	6,043	-	8,964	-
Inventories (Notes 4 & 10)	1,031,647	22	1,124,670	23
Other current assets (Note 16)	76,577	2	106,678	2
Total current assets	2,903,873	61	3,032,057	63
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 & 8)	5,462	-	3,600	-
Financial assets at amortized cost - non-current (Notes 4 & 11)	11,271	-	6,111	-
Property, plant and equipment (Notes 4, 13, 29 & 30)	1,470,991	31	1,452,785	30
Right-of-use assets (Notes 4, 14 & 29)	172,049	4	177,819	4
Investment property (Notes 4 & 15)	81,181	2	15,069	-
Intangible assets (Note 4)	2,056	-	832	-
Deferred tax assets (Notes 4 & 24)	111,906	2	91,862	2
Prepayments for equipment	8,246	-	35,118	1
Net defined benefit assets (Notes 4 & 20)	20,508	-	16,004	-
Other non-current assets	3,454	-	3,005	-
Total non-current assets	1,887,124	39	1,802,205	37
TOTAL	\$ 4,790,997	100	\$ 4,834,262	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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 17, 28 & 29)	\$ 801,696	17	\$ 849,757	18
Contract liabilities (Notes 4 & 22)	40,667	1	52,046	1
Accounts payable (Note 18)	43,984	1	57,793	1
Other payables (Notes 19 & 28)	176,392	4	203,886	4
Current tax liabilities (Notes 4 & 24)	30,555	-	76,468	2
Current portion of long-term borrowings (Notes 4, 17, 28 & 29)	52,379	1	46,065	1
Other current liabilities	3,717	-	1,530	-
Total current liabilities	1,149,390	24	1,287,545	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 17, 28 & 29)	70,441	1	30,710	1
Deferred tax liabilities (Notes 4 & 24)	382,528	8	351,920	7
Guarantee deposits received	87	-	132	-
Total non-current liabilities	453,056	9	382,762	8
Total liabilities	1,602,446	33	1,670,307	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Ordinary shares	839,713	17	839,713	17
Capital surplus	38,917	1	38,917	1
Retained earnings				
Legal reserve	423,241	9	382,274	8
Special reserve	163,818	3	213,696	4
Undistributed earnings	1,509,965	32	1,430,448	30
Total retained earnings	2,097,024	44	2,026,418	42
Other equity	(207,752)	(4)	(162,855)	(4)
Total equity attributable to owners of the Company	2,767,902	58	2,742,193	56
NON-CONTROLLING INTERESTS (Note 21)	420,649	9	421,762	9
Total equity	3,188,551	67	3,163,955	65
TOTAL	\$ 4,790,997	100	\$ 4,834,262	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, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	2023		2022	
	Amount	%	Amount	%
Operating revenue (Notes 4, 22 & 28)	\$ 2,936,371	100	\$ 3,266,960	100
Operating costs (Notes 10 & 23)	2,195,779	75	2,302,618	70
Gross profit	740,592	25	964,342	30
Operating expenses (Notes 9 & 23)				
Selling and marketing expenses	127,062	4	168,108	5
General and administrative expenses	192,297	7	216,636	7
Research and development expenses	2,296	-	3,519	-
Expected credit loss	28,017	1	39,324	1
Total operating expenses	349,672	12	427,587	13
Profit from operations	390,920	13	536,755	17
Non-operating income and expenses (Note 23)				
Interest income	33,496	1	16,323	1
Other income	10,197	1	11,213	-
Other gains and losses	36,834	1	19,823	1
Finance costs	(32,875)	(1)	(16,796)	(1)
	47,652	2	30,563	1
Consolidated profit before income tax	438,572	15	567,318	18
Income tax expense (Notes 4 & 24)	121,958	4	165,560	5
Net profit	316,614	11	401,758	13
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	4,826	-	8,369	-
Unrealized loss on valuation of financial assets at fair value through other comprehensive income	1,862	-	-	-
Income tax related to items that will not be reclassified subsequently	(965)	-	(1,674)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(61,239)	(2)	80,602	2
Income tax related to items that may be reclassified subsequently	11,691	-	(12,470)	-
Other comprehensive income (loss), net of income tax	(43,825)	(2)	74,827	2
Total comprehensive income	\$ 272,789	9	\$ 476,585	15
Net profit (loss) attributed to:				
Owners of the Company	\$ 310,262	11	\$ 402,977	12
Non-controlling interests	6,352	-	(1,219)	-
	\$ 316,614	11	\$ 401,758	12
Total comprehensive income attributed to:				
Owners of the Company	\$ 269,226	9	\$ 459,550	14
Non-controlling interests	3,563	-	17,035	1
	\$ 272,789	9	\$ 476,585	15
Earnings per share (Note 25)				
Basic	\$ 3.69		\$ 4.80	
Diluted	\$ 3.67		\$ 4.77	

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Retained Earnings						Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Subtotal	Total	Non-controlling Interest	Total Equity
Balance as of January 1, 2022	\$ 839,713	\$ 38,917	\$355,983	\$193,381	\$ 1,243,722	\$1,793,086	(\$ 212,733	\$ -		\$2,458,983	\$ 406,861	\$ 2,865,844
Appropriation and distribution of 2021 earnings (Note 21))		(\$ 212,733)			
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)	-	(176,340)
	-	-	26,291	20,315	(222,946)	(176,340)	-	-	-	(176,340)	-	(176,340)
Cash dividends to shareholders of the subsidiaries (Note 21)	-	-	-	-	-	-	-	-	-	-	(2,134)	(2,134)
Net income in 2022	-	-	-	-	402,977	402,977	-	-	-	402,977	(1,219)	401,758
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	6,695	6,695	49,878	-	49,878	56,573	18,254	74,827
Total comprehensive income (loss) in 2021	-	-	-	-	409,672	409,672	49,878	-	49,878	459,550	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)	-	(162,855)	2,742,193	421,762	3,163,955
Appropriation and distribution of 2022 earnings (Note 21)												
Legal reserve	-	-	40,967	-	(40,967)	-	-	-	-	-	-	-
Special reserve	-	-	-	(49,878)	49,878	-	-	-	-	-	-	-
Cash dividends to shareholders of the Company	-	-	-	-	(243,517)	(243,517)	-	-	-	(243,517)	-	(243,517)
	-	-	40,967	(49,878)	(234,606)	(243,517)	-	-	-	(243,517)	-	(243,517)
Cash dividends to shareholders of the subsidiaries (Note 21)	-	-	-	-	-	-	-	-	-	-	(4,676)	(4,676)
Net income (loss) in 2023	-	-	-	-	310,262	310,262	-	-	-	310,262	6,352	316,614
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	3,861	3,861	(46,759)	1,862	(44,897)	(41,036)	(2,789)	(43,825)
Total comprehensive income (loss) in 2023	-	-	-	-	314,123	314,123	(46,759)	1,862	(44,897)	269,226	3,563	272,789
Balance as of December 31, 2023	\$ 839,713	\$ 38,917	\$ 423,241	\$163,818	\$ 1,509,965	\$2,097,024	(\$ 209,614)	\$ 1,862	(\$ 207,752)	\$	\$ 420,649	\$ 3,188,551

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Consolidated profit before income tax	\$ 438,572	\$ 567,318
Adjustments:		
Depreciation	136,160	122,595
Amortization	3,255	2,596
Expected credit loss	28,017	39,324
Net loss (gain) on financial instruments at fair value through profit or loss	(2,567)	12,953
Finance costs	32,875	16,796
Interest income	(33,496)	(16,323)
Dividend income	(4,094)	(4,746)
Net loss on disposal of property, plant and equipment	(3)	31
Impairment loss on non-financial assets	8,376	22,800
Net changes in operating assets and liabilities		
Notes receivable	19,225	(21,844)
Accounts receivable	118,879	(277,227)
Accounts receivable - related parties	688	(18,135)
Other receivable	2,031	(1,729)
Inventories	86,095	(84,565)
Other current assets	30,769	9,841
Contract liabilities	(11,379)	330
Accounts payable	(13,809)	15,085
Other payable	(27,507)	42,993
Other current liabilities	2,187	(489)
Net defined benefit assets	322	683
Cash generated from operations	814,596	428,287
Interest received	29,623	12,483
Dividend received	4,094	4,746
Interest paid	(33,873)	(17,653)
Income tax paid	(143,997)	(96,483)
Net cash generated by operating activities	<u>670,443</u>	<u>331,380</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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</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	(16,181)	(20,778)
Proceeds from sale of financial assets mandatorily at fair value through profit or loss	13,316	14,043
Acquisition of financial assets at amortized cost	(49,046)	(24,029)
Acquisition of property, plant and equipment	(135,473)	(155,425)
Proceeds from disposal of property, plant and equipment	3,876	1,296
Acquisition of intangible assets	(1,712)	(13)
Acquisition of investment property	(17,090)	-
Increase in other non-current assets	(3,286)	(2,379)
Net cash used in investing activities	<u>(205,596)</u>	<u>(187,885)</u>
Cash flows from financing activities		
Increase in short-term borrowings	2,134,797	3,077,294
Decrease in short-term borrowings	(2,181,235)	(2,841,038)
Increase in short-term bills payable	290,000	300,000
Decrease in short-term bills payable	(290,000)	(350,000)
Increase in long-term borrowings	90,475	-
Repayment of long-term borrowings	(49,734)	(140,615)
Increase in guarantee deposits received	-	74
Decrease in guarantee deposits received	(45)	-
Distribution of dividends to owners of the Company	(243,517)	(176,340)
Distribution of cash dividends to non-controlling interests	(4,676)	(2,134)
Net cash used in financing activities	<u>(253,935)</u>	<u>(132,759)</u>
Effects of exchange rate changes on cash and cash equivalents	<u>(46,374)</u>	<u>80,979</u>
Net increase (decrease) in cash and cash equivalents	164,538	91,715
Cash and cash equivalents at beginning of year	<u>630,709</u>	<u>538,994</u>
Cash and cash equivalents at end of year	<u>\$ 795,247</u>	<u>\$ 630,709</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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 are as follows:

Authenticity of sales revenue

The Company's operating revenue for the year ended December 31, 2023 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 design and execution of 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, 2023. 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, 2024

KING CHOU MARINE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 & 6)	\$ 513,523	10	\$ 456,187	9
Financial assets at fair value through profit or loss - current (Notes 4 & 7)	53,610	1	48,178	1
Notes receivable (Notes 4, 9 & 20)	17,695	-	35,121	1
Accounts receivable, net (Notes 4, 5, 9 & 20)	482,898	9	696,276	13
Accounts receivable - related parties (Notes 4, 5, 9, 20 & 26)	30,894	1	26,344	-
Inventories (Notes 4 & 10)	590,739	11	662,826	13
Other current assets	33,596	1	58,063	1
Total current assets	1,723,045	33	1,982,995	38
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 & 8)	5,462	-	3,600	-
Financial assets at amortized cost - non-current (Notes 4 & 11)	138	-	134	-
Investments accounted for using the equity method (Notes 4 & 12)	2,791,056	54	2,699,590	51
Property, plant and equipment (Notes 4, 13 & 27)	520,987	10	456,605	9
Investment property (Note 14)	67,602	1	-	-
Intangible assets (Note 4)	1,912	-	699	-
Deferred tax assets (Notes 4 & 22)	88,387	2	79,736	2
Prepayments for equipment	3,361	-	-	-
Net defined benefit assets (Notes 4 & 18)	20,508	-	16,004	-
Other non-current assets	330	-	535	-
Total non-current assets	3,499,743	67	3,256,903	62
TOTAL	\$ 5,222,788	100	\$ 5,239,898	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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 14, 26 & 27)	\$ 534,255	10	\$ 574,721	11
Contract liabilities (Notes 4 & 20)	17,573	-	39,354	1
Accounts payable (Note 16)	35,517	1	46,429	1
Other payables (Note 17)	99,820	2	118,121	2
Other payables - related parties (Note 26)	1,352,539	26	1,301,371	25
Current tax liabilities (Notes 4 & 22)	23,736	1	51,114	1
Other current liabilities	1,352	-	1,255	-
Total current liabilities	2,064,792	40	2,132,365	41
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 & 22)	390,094	7	365,340	7
Total liabilities	2,454,886	47	2,497,705	48
EQUITY (Note 19)				
Ordinary shares	839,713	16	839,713	16
Capital surplus	38,917	1	38,917	1
Retained earnings				
Legal reserve	423,241	8	382,274	7
Special reserve	163,818	43	213,696	4
Undistributed earnings	1,509,965	29	1,430,448	27
Total retained earnings	2,097,024	40	2,026,418	38
Other equity	(207,752)	(4)	(162,855)	(3)
Total equity	2,767,902	53	2,742,193	52
TOTAL	\$5,222,788	100	\$ 5,239,898	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, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	2023		2022	
	Amount	%	Amount	%
Operating revenue, net (Notes 4, 20 & 26)	\$ 2,301,278	100	\$ 2,755,247	100
Operating costs (Notes 10, 21 & 26)	1,883,707	82	2,203,981	80
Gross profit	417,571	18	551,266	20
Operating expenses (Notes 9 & 21)				
Selling and marketing expenses	87,364	4	129,110	5
General and administrative expenses	88,071	4	108,537	4
Research and development expenses	2,296	-	3,519	-
Expected credit loss	13,674	-	31,597	1
Total operating expenses	191,405	8	272,763	10
Profit from operations	226,166	10	278,503	10
Non-operating income and expenses (Note 21)				
Interest income	15,017	1	4,302	-
Other income	10,130	-	10,816	-
Other gains and losses	8,208	-	(63,638)	(2)
Finance costs	(11,072)	-	(7,939)	-
Share of profit or loss of subsidiaries accounted for using the equity method	149,916	7	288,503	11
Total non-operating income and expenses	172,199	8	232,044	9
Profit before income tax	398,365	18	510,547	19
Income tax expense (Notes 4 & 22)	88,103	4	107,570	4
Net profit	310,262	14	402,977	15
Other comprehensive income (loss) (Notes 4, 18, 19 & 22)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plan	4,826	-	8,369	-
Unrealized loss on valuation of financial assets at fair value through other comprehensive income	1,862	-	-	-
Income tax related to items that will not be reclassified subsequently	(965)	-	(1,674)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(29,143)	(1)	246,387	9
Share of other comprehensive income of subsidiaries accounted for using the equity method	(29,307)	(1)	(184,039)	(7)
Income tax related to items that may be reclassified subsequently	11,691	-	(12,470)	-
Other comprehensive income (loss), net of income tax	(41,036)	(2)	56,573	2
Total comprehensive income	\$ 269,226	12	\$ 459,550	17
Earnings per share (Note 23)				
Basic	\$ 3.69		\$ 4.80	
Diluted	\$ 3.67		\$ 4.77	

(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, 2023 and 2022
(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	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance as of January 1, 2022	\$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 19)									
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
Appropriation and distribution of 2022 earnings (Note 19)									
Legal reserve	-	-	40,967	-	40,967	-	-	-	-
Special reserve	-	-	-	(49,878)	(49,878)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(243,517)	(243,517)	-	-	(243,517)
	-	-	40,967	(49,878)	(234,606)	(243,517)	-	-	(243,517)
Net income in 2023	-	-	-	-	310,262	310,262	-	-	310,262
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	3,861	3,861	(46,759)	1,862	(41,036)
Total comprehensive income (loss) in 2023	-	-	-	-	314,123	314,123	(46,759)	1,862	269,226
Balance as of December 31, 2023	\$ 839,713	\$ 38,917	\$423,241	\$163,818	\$ 1,509,965	\$ 2,097,024	(\$ 209,614)	\$ 1,862	\$ 2,767,902

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Profit before income tax	\$ 398,365	\$ 510,547
Adjustments:		
Depreciation	11,701	12,051
Amortization	652	600
Expected credit loss	13,674	31,597
Net loss (gain) on financial instruments at fair value through profit or loss	(2,567)	12,953
Finance costs	11,072	7,939
Interest income	(15,017)	(4,302)
Dividend income	(4,094)	(4,746)
Share of profit or loss of subsidiaries accounted for using the equity method	(149,916)	(288,503)
Gain on disposal of property, plant and equipment, net	(70)	-
Other non-cash items	159	5,561
Net changes in operating assets and liabilities		
Notes receivable	17,426	(21,915)
Accounts receivable	149,192	(272,310)
Accounts receivable - related parties	(4,640)	(7,577)
Inventories	71,928	(5,497)
Other current assets	24,497	7,767
Contract liabilities	(21,781)	(837)
Accounts payable	(10,912)	17,788
Accounts payable - related parties	-	(2,321)
Other payable	(18,067)	31,539
Other payable - related parties	51,168	277,334
Other current liabilities	97	(2)
Net defined benefit assets	322	683
Cash generated from operations	523,189	308,349
Interest received	14,913	4,102
Dividend received	4,094	4,746
Interest paid	(11,232)	(7,901)
Income tax paid	(88,652)	(35,006)
Net cash generated by operating activities	442,312	274,290

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 600)
Acquisition of Financial assets at amortized cost	(4)	-
Acquisition of financial assets mandatorily at fair value through profit or loss	(16,181)	(20,778)
Proceeds from sale of financial assets mandatorily at fair value through profit or loss	13,316	14,043
Disposal of financial assets at amortized cost	-	27,680
Acquisition of property, plant and equipment	(79,444)	(30,204)
Proceeds from disposal of property, plant and equipment	70	-
Acquisition of intangible assets	(1,660)	-
Decrease in other non-current assets	(17,090)	292
Dividends received from subsidiaries	-	-
Net cash (used in) generated by investing activities	<u>(100,993)</u>	<u>(9,567)</u>
Cash flows from financing activities		
Increase in short-term borrowings	1,861,545	2,701,526
Decrease in short-term borrowings	(1,902,011)	(2,588,210)
Increase in short-term bills payable	290,000	300,000
Decrease in short-term bills payable	(290,000)	(350,000)
Repayment of long-term borrowings	-	(50,000)
Distribution of cash dividends	(243,517)	(176,340)
Net cash used in financing activities	<u>(283,983)</u>	<u>(163,024)</u>
Net increase (decrease) in cash and cash equivalents	57,336	101,699
Cash and cash equivalents at beginning of year	<u>456,187</u>	<u>354,488</u>
Cash and cash equivalents at end of year	<u>\$ 513,523</u>	<u>\$ 456,187</u>

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

(Concluded)

King Chou Marine Technology Co., Ltd.
2023 Earnings Distribution Table

Item	In New Taiwan Dollars
	Amount
Undistributed earnings, beginning balance	\$ 1,195,840,742
Remeasurement of defined benefit plans recognized in retained earnings	3,860,762
Undistributed earnings after adjustment	1,199,701,504
Net income in 2023	310,262,528
Legal reserve (10%)	(31,412,329)
Allowance of special reserve	(44,897,797)
Distributable earnings	\$ 1,433,653,906
Distribution item	
Dividends to shareholders - cash (NT\$23/share)	(167,942,798)
Undistributed earnings, ending balance	\$ 1,265,711,108

※Based on the number of shares outstanding (83,971,399 shares) as of March 13, 2024.

※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.
Comparison Table of Amendments to “Rules of Procedure for Shareholders’ Meeting”

Article	Amended Article	Original Article	Note
Article 3	<p>Unless otherwise stipulated by laws and regulations, the Company’s shareholders’ meeting shall be convened by the Board of Directors.</p> <p><u>Unless otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies (hereinafter, the “Regulations”), in order to convene virtual shareholders’ meetings, the Company shall expressly provide for such meetings in the Articles of Incorporation and obtain a resolution of the Board of Directors. Furthermore, the virtual shareholders’ meetings shall be approved in the Board meeting by the majority of attending Directors which represent more than two-thirds of all Directors.</u></p> <p>Omitted.</p>	<p>Unless otherwise stipulated by laws and regulations, the Company’s shareholders’ meeting shall be convened by the Board of Directors.</p> <p>Omitted.</p>	<p>Shareholders can only attend shareholders’ meeting via video conferencing when the Company convenes a virtual-only shareholders’ meeting. Since such meetings place more restrictions on shareholders’ rights, Paragraph 2 is added to protect such rights.</p>
Article 6-1	<p>The Company shall include the following items in the meeting notice for virtual shareholders’ meetings:</p> <p>(Paragraphs 1 to 2 are Omitted)</p> <p>3. For virtual shareholders’ meetings, alternative measures available to shareholders with difficulties in attending meetings online shall be specified. <u>Except for circumstances set forth in Paragraph 6, Article 44-9 of the Regulations, the Company shall at least provide shareholders with connection facilities and necessary assistance, and</u></p>	<p>The Company shall include the following items in the meeting notice for virtual shareholders’ meetings:</p> <p>(Paragraphs 1 to 2 are Omitted)</p> <p>3. For virtual shareholders’ meetings, alternative measures available to shareholders with difficulties in attending meetings online shall be specified.</p>	<p>1. Since shareholders can only participate in a virtual-only shareholders’ meeting via video conferencing, provisions are added to Subparagraph 3 for the Company to provide appropriate alternative measures for shareholders</p>

Article	Amended Article	Original Article	Note
	<p><u>specify the period during which shareholders may apply to the Company and other related matters requiring attention.</u></p>		<p>who have difficulties in participating via video conferencing, as well as to assist them in using connection facilities to participate in the meeting.</p> <p>2. Also, considering the fact that when, due to a natural disaster, unforeseen event, or other force majeure event, the Ministry of Economic Affairs announces that companies may hold their shareholders' meetings by means of video conferencing without having a provision on virtual-only shareholders' meeting in their Articles of Incorporation within a certain period of time, as stated in Paragraph 6, Article 44-9 of the Regulations, a proviso is added to Subparagraph 3 herein, where the Company is</p>

Article	Amended Article	Original Article	Note
			not subject to the latter part of Subparagraph 3 as necessary measures are to be provided based on the circumstances at that time.
Article 22	When convening a virtual shareholders' meeting, the Company shall provide appropriate alternative measures to shareholders with difficulties in attending the meeting online. <u>Except for circumstances set forth in Paragraph 6, Article 44-9 of the Regulations, the Company shall at least provide shareholders with connection facilities and necessary assistance, and specify the period during which shareholders may apply to the Company and other related matters requiring attention.</u>	When convening a virtual shareholders' meeting, the Company shall provide appropriate alternative measures to shareholders with difficulties in attending the meeting online.	Amendments are made for the same reasons as the ones for Article 6-1.

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/export of relevant raw materials, materials, finished products and semi-finished products.
Manufacturing, trading and import/export of machinery and equipment for fishing net factories.
Trading and import/export of fish products.
Trading and import/export 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

- | | |
|------------|---|
| 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 (Before Amendment)

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.
Director Election Procedures

Approved by the shareholders' meeting on July 26, 2021

- Article 1 The Procedures are established in compliance with Articles 21 and 42 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” for a fair, just and open election of Directors.
- Article 2 Except for matters regulated in applicable laws or the Articles of Incorporation of the Company, the election of Directors shall comply with the Procedures.
- Article 3 The election of Directors shall consider the Board composition, which shall take diversity into account. An appropriate diversity policy shall be formulated based on the Company’s operation, business model and development needs. The policy shall include, but not be limited to, standards of the following two aspects:
1. Basic conditions and values: Gender, age, nationality, and culture.
 2. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.
- Board members shall possess knowledge, skills and abilities required to carry out their duties. Competence required of Board members are presented as follows:
1. Operational judgment
 2. Accounting and financial analysis
 3. Business management
 4. Crisis management
 5. Industrial knowledge
 6. Global market perspective
 7. Leadership
 8. Decision-making
- The majority of Directors shall not be spouses or relatives within the second degree of kinship to another Director.
- The Board shall consider adjusting its composition based on the performance evaluation results.
- Article 4 The qualification of the Company’s Independent Directors shall conform to provisions in Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”
- The election of Independent Directors shall comply with provisions in Articles 5, 6, 7, 8, and 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and shall proceed in accordance with

Article 24 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”

Article 5 The election of Directors shall adopt the candidate nomination system set forth in Article 192-1 of the Company Act.

When the number of Directors falls below five due to the dismissal of Directors for any reason, the Company shall hold a by-election at the next shareholders’ meeting. However, when the number of Directors falls short by one-third of the number of seats stipulated in the Articles of Incorporation, the Company shall call a special shareholders’ meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of Independent Directors falls below the requirements set forth in Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next shareholders’ meeting to fill the vacancies. When all Independent Directors are dismissed, the Company shall call a special shareholders’ meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6 Directors of the Company are elected using the cumulative voting method. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.

Article 7 The Company shall prepare the same number of ballots as Directors to be elected and the number of voting rights shall be specified on the ballots, which would be distributed to shareholders attending the shareholders’ meeting. The attendance card numbers may be used to replace the names of voting shareholders on the ballots.

Article 8 For the number of seats set forth in the Articles of Incorporation, the number of votes for Independent and non-Independent Directors are calculated separately, and candidates who acquire more votes shall win the seats of Independent and non-Independent Directors respectively. If two or more candidates acquire the same number of votes and the number of such candidates exceeds the specified available seats, the candidates acquiring the same votes shall draw lots to decide who shall win the seats, and the Chairman shall draw lots on behalf of the candidate who is not present.

Article 9 Before the election, the Chairman shall appoint several shareholders as ballot examiners and tellers to perform relevant duties. The ballot box used for voting shall be prepared by the Board and checked in public by the ballot examiners before voting.

Article 10 Ballots shall be deemed void in any of the following circumstances:

1. Ballots not prepared by the person who has the power to convene the meeting,
2. Blank ballots,
3. Illegible writing or modification,
4. The name written on the ballot is inconsistent with the name on the Director candidate list, and
5. Ballots with written characters in addition to the number of voting rights assigned

Article 11 The ballots shall be counted right after the voting process and the voting results, including the list of Directors elected and the numbers of votes they acquired, shall be announced by the Chairman at the meeting.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the ballot examiners and retained properly 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 lawsuit.

Article 12 The Board would issue a notice of election to the elected Director.

Article 13 The Procedures, 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, 2024

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	4,36,261 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	2024 (Estimates)
Paid-in capital, beginning balance			NT\$839,713,990
Cash and Stock Dividends of Current Year	Cash dividend per share		NT\$2 (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 (%)		
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, 2024 with the number of shares outstanding (83,971,399 shares) as of March 13, 2024. The actual distribution is pending for approval from the 2024 annual shareholders' meeting.

Note 2: Not applicable, as the Company did not disclose its financial forecasts for 2024.