

King Chou Marine Technology Co., Ltd.
Minutes 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. Chairman: Chia-Jen Chen, the chairman of the board of directors **Recorded by:** Kuo-Jung Lo

Attending shareholders:

Total number of issued shares: 83,971,399 shares.

Total shares represented by shareholders present in person or by proxy: 45,239,737 shares.

Percentage of shares held by shareholders present in person or by proxy: 53.87%

Attending directors: Chairman Chia-Jen Chen 、 Shueh-In Chen

Representative of Birkin Technology Co., Ltd. : Chien-Fu Chen 、

Independent Director Su-Ching Chang 、

Independent Director Hung-Chih Sun

(A total of 5 Directors attended. It has exceeded half of the 7 Directors.)

Other attendees: Deloitte & Touche Chia-Ling Chiang

II. Call meeting to order: The Chairman announced the commencement of the meeting as shares represented by attending shareholders had reached the number legally required for shareholders' meetings.

III. Chairman's opening remarks

IV. Report Items

1. To report the 2023 operation report

Explanation: Please refer to page 5 to 7 for the 2023 operation report.

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

Explanation: Please refer to page 8 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.

V. 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 17 to 34 for details.

Resolution: Voting results for this proposal was as follows.

Shares represented at the time of voting : 45,239,737

Voting results	Number of shareholder votes	Proportion of shareholder votes present during vote
Approval votes	44,453,397 (Including 8,805,967 electronic votes)	98.26%
Disapproval votes	85,461 (Including 85,461 electronic votes)	0.19%
Abstention votes/no votes	700,879 (Including 668,878 electronic votes)	1.55%

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 35 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.

Q&A

No. 42273 shareholder : What is the reason for less cash dividend this year?

Chairman : We spend about NT\$ 390 million on the new factory building in Pingnan Industrial Park earlier this year. This includes the land purchase as well as construction and equipment. The distribution of cash dividend takes these investments into account.

Resolution: Voting results for this proposal was as follows.

Shares represented at the time of voting : 45,239,737

Voting results	Number of shareholder votes	Proportion of shareholder votes present during vote
Approval votes	44,507,797 (Including 8,860,367 electronic votes)	98.38%
Disapproval votes	135,461 (Including 135,461 electronic votes)	0.3%
Abstention votes/no votes	596,479 (Including 564,478 electronic votes)	1.32%

VI. Discussion and Election Items

- 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 36~38 for the comparison table of amendments.

Resolution: Voting results for this proposal was as follows.

Shares represented at the time of voting : 45,239,737

Voting results	Number of shareholder votes	Proportion of shareholder votes present during vote
Approval votes	44,552,797 (Including 8,905,367 electronic votes)	98.48%
Disapproval votes	85,461 (Including 85,461 electronic votes)	0.19%
Abstention votes/no votes	601,479 (Including 569,478 electronic votes)	1.33%

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: Voting results for newly-appointed Independent Director was as follows.

Name	Number of shareholder votes
Fu-Sheng Huang	41,597,309

VII. Special motions : None

VIII.Meeting closed : 10:33 a.m., June 12, 2024

Note : This minutes only records the gist of the meeting and the detailed content shall be subject to the video records of the meeting.

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.