Stock Code: 8478

Alexander Marine Co., Ltd.
2023 Annual Report

-Notice to readers-

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.

2023 Annual Report is avaliable at:
http://mops.twse.com.tw
https://oceanalexander.com/
Printed on April 25, 2024

I. Company Spokesman:

Spokesman:	Hsiung Wei (Kevin) Tseng
Title:	Vice Chairman and CEO
TEL:	(07)831-4126
E-mail address:	ir@oceanalexander.com.tw
Acting Spokesman:	Yi Cheng (Anita) Lu
Title:	Manager, Investor Relations
TEL:	(07)831-4126
E-mail address:	ir@oceanalexander.com.tw

II. Address and phone number of the head office, branch office, and factory.

Company Address: No. 1, Jinfu Rd., Qianzhen Dist., Kaohsiung City

TEL: (07)831-4126

Factory Address: No. 1, Jinfu Rd., Qianzhen Dist., Kaohsiung City

TEL: (07)831-4126

Factory Address: No. 18 & 20, Tongli Rd., Xiaogang Dist., Kaohsiung City

TEL: (07)831-4128

Factory Address: No. 11, Guangyang St., Xiaogang Dist., Kaohsiung City

TEL: (07)807-1332

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TEL: (07)807-1242

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TEL: (07)806-8141

Factory Address: No. 99, Guanghe Rd., Xiaogang Dist., Kaohsiung City

TEL: None

III. Transfer Agent:

Company:	KGI SECURITIES
Address:	5F, No. 2, Sec. 1, Chongqing S. Rd., Taipei City
Website:	https://www.kgi.com.tw/
TEL:	(02)2389-2999

IV. Independent Auditor:

Auditors:	Lee-Yuan Kuo and Jui-Hsuan Hsu
Company:	Deloitte & Touche
Address:	3F, No. 88, Chenggong 2nd Rd. Qianzhen Dist., Kaohsiung City
Website:	http://www.deloitte.com.tw
TEL:	(07)530-1888

V. Overseas Securities Exchange: None.

VI. Corporate Website: https://oceanalexander.com/

Table of Contents

I. Letter to Shareholders

Dear shareholders,

I. 2023 Business Report

(1) Implementation of business plans

In terms of superyachts, Ocean Alexander maintains its leading position in the U.S. large yacht market with profound industrial expertise and technical capabilities, along with a long-term cooperative relationship with Marine Max, a listed yacht agent in the United States. OA's ranking has dropped in the latest survey of global yacht manufacturers of 24 meters (78 feet) and above conducted by the well-known yacht magazine, Show Boat International, primarily due to the changes in their survey methodology. The Company plays greater importance on the confidentiality of customer data and is therefore unwilling to provide contracts. Despite facing various challenges from the economy and market, the Company's order backlog remains stable and production operations are proceeding as usual. We continue to develop various sizes and expand our new series product lines, aiming to meet the needs of different customers and to increase our market share.

As for small-sized yachts, the Company acts as an agent for several small-sized yacht brands to enhance the diversity and integrity of product mix and attract younger customers. We are the number one yacht agent in the U.S. West Coast market. The sales of small-sized yachts increased by 16.8% from the previous year.

With regard to after-sale maintenance service, the Company has established maintenance firms at both the East and the West Coasts in the U.S. to further explore and strengthen in-house maintenance teams, bring in steady revenue sources as well as build customer loyalty. On top of these, the Company can acquire users' first-hand experience and give feedback to the sales, production and design teams.

(2) Performance and profitability analysis

Although the sales volume of large-sized yachts was one vessel fewer than the previous year, the Company's annual sales was NT$6.33 billion, a growth of 13.9% from the previous year, supported by the favorable product mix and continuous price increase. Additionally, the impact of higher marketing expenses was offset by the rising selling prices. The Company's operating profit increased by 17.7% year-over-year, reaching NT$2.19 billion, while its net income was NT$2.08 billion, marking a 18.7% year-over-year growth, with basic EPS at NT$23.66. The Company delivered a fourth-consecutive year of record profitability, surpassing the NT$2 billion mark in profit for the first time and setting outstanding profit indicators records.

Unit: NTD thousand

Item	2022	2023	Increase / decrease %
Net Sales	5,555,452	6,325,111	13.9%
Gross Profit	2,524,117	3,048,196	20.8%
Operating Profit	1,861,633	2,191,914	17.7%
Profit before income tax	1,842,357	2,214,599	20.2%
Net income	1,753,278	2,081,427	18.7%

Unit: boat ; NTD thousand

Main Products	2022				2023			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Large-size yachts (1)	-	-	15	5,073,307	-	-	14	5,860,813
Small-size yachts	-	-	5	202,979	-	-	6	237,178
Others (2)	-	-	-	279,166	-	-		227,120
Total	-	-	20	5,555,452	-	-	20	6,325,111

Note 1: Large-size yachts refer to vessels of 24-meter and above.
Note 2: Including sales of spare parts, used boats, and income from maintenance service.

Item		2022	2023
Financial Structure	Debt-to-Assets	48.3%	46.6%
	Long-term capital to property, plant and equipment	513.7%	627.0%
Solvency	Current Ratio	341.1%	306.2%
	Quick Ratio	161.3%	150.8%
Profitability	Return on Assets	22.6%	21.7%
	Return on Shareholders' Equity	45.5%	39.5%
	Pre-tax Income to Pain-in Capital	207.3%	249.1%
	Net Profit Margin	31.6%	32.9%
	Basic EPS (NT$)	19.93	23.66

(3) Implementation of Budget

The Company did not release financial forecasts; thus, it did not have to disclose its budget execution status.

(4) Research and development

Being a labor-intensive industry, the finesse in techniques required from equipment installation to interior decoration is completely relied on the experienced master craftsmen rather than the special processes protected by patents, and the high-end equipment used on board can be acquired through procurement. As a result, yacht builders' research and development plans center around the design of "functionality" nowadays. The Company constantly improves existing products and strengthens the systematic management of production lines. The possibilities of using different materials during the manufacturing process are studied to reduce the yacht weight without compromising safety, thereby lowering energy consumption. Also, we learn of the ship owners' needs through sales who are closely connected to the market, and track the performance of relevant technologies and researches through after-sales services as feedback for production lines to make adjustments, thereby further differentiating the Company from our competitors. The first yacht of PURO has been debuted and other sizes will be launched in the future.

II. 2024 Business Plan Highlights

(1) Production: Of the six factories owned by the Company at present, four are in charge of the front-end manufacturing while two are responsible for back-end assembly. The two assembly plants are expected to reach full capacity this year (2024). Considering future production plans for the new series and bigger yachts, the construction of the third assembly plant has been initiated and will be completed next year (2025) in expectation. The maximum installed capacity of the third assembly plant will increase the existing production capacity by 50%. In addition to investing in new product development and optimizing/redesigning exciting product, the Company also continue to enhance production technology to improve production efficiency and lower operating costs. The Company plan to increase the market share by means of

diversified product series, and to boost the future revenue and profit growth with high-margin product mixes simultaneously.

(2) Service: We will continue to strengthen and deepen customer relationship and widen service range and bases through acquisitions, investments and strategic alliances. In addition, the Company will establish appropriate service procedures by customer groups to satisfy the demand of overseas markets and customers in order to obtain the latest trends, equipment and technology of the global yacht industry along with the timeliest customer feedback. Information gathered is regularly relayed to the Company for the formulation of proper operating strategies.

(3) Market: We have established a stable cooperative relationship with Marine Max, the largest listed yacht agent in the U.S., and continuously cultivated our brand advantages of high quality and technology to secure our existing market share in U.S. superyachts market. The Company also acts as an agent for several yacht brands in the small and medium-sized segment to enrich the product portfolio. Meanwhile, the Company has established in-house sales channel in the west coast of the United States and Australia as well as aimed to expand to the global market continuously to reduce its dependence on the single U.S. market as well as diversify the risk of concentrated sales.

(4) Brand: With over 40 years of experience in managing the global market and in-house brand, the Company is one step ahead where high unit price and large-sized luxury yachts are concerned. We also tailor production, marketing and customer service strategies to position the in-house brand, Ocean Alexander, on world stage, demonstrating its value in an effort to make a distinction from the price competitions of peers.

III. Future Development Strategies

(1) Continuous brand cultivation: The Company never take order for other brands, but has cultivated its in-house brand in the U.S. market for many years. We satisfy customer demand with one stop service which integrates manufacturing, sales and maintenance, and accumulate a high level of brand identity and recognition. We will continue to expand our global sales network, strengthen maintenance service and utilize media and internet in promoting brand exposure so as to heighten the worldwide visibility of "Ocean Alexander" and its image as a high-end luxury brand.

(2) Technology development: Fine quality product is the foundation of a brand. The Company has long been committed to the research and development of new products and improvement on production technology. We will continue to develop new technology and materials, exercise tight control over manufacturing process and quality as well as comply with every environmental regulation for our products to meet the expectations from both the markets and customers.

(3) Customer value enhancement: As the Company understands demand and replacement timing of top-tier customers through years of experience, production plans are established through analyzing past sales experience, future market demand and orders on hand. We could have the standardized segments, e.g. hull structure and shell, build beforehand, and later construct the interior and facilities based on customer requests. The semi-customized production plans can effectively shorten the time between order placement and goods acceptance, and enhance customer satisfaction.

(4) Alliances with upstream and downstream companies: We integrate and form strategic alliances with upstream vendors (e.g. hardware factories, subcontractors, shipyards and logistics firms) and increase our presence in downstream industry (such as recreational terminal operations, and repair and maintenance service) to face global challenges as an industry chain.

IV. Impact from External Competitive Environment, Regulatory Environment, and the Overall Business Environment

(1) External competitive environment

According to the latest data released by the internationally renowned yacht magazine, Show Boats International, the total length of superyachts (24-meter and above) on order or under construction is 45,722 meters, representing a slight decreased of 1.2% compared with the previous year, with a total of 1,166 vessels The global yacht market has entered a post-pandemic new normal, and new orders intake is expected to stabilize. Italy, Turkey, and the Netherlands, the traditional yacht manufacturing countries in Europe, continue to take the lead. Taiwan ranks the fifth place in the world and retains number one in Asia.

(2) Regulatory environment

The Company has marketing, sales and service bases overseas. Relevant operations are conducted in accordance with international trade standards and local regulations. In terms of global regulations on money laundering prevention and personal data protection, the Company will continue to pay close attention to their developments and formulate countermeasures in advance. Domestically, the Company's management team would constantly assess the potential effects of amendments in labor regulations, tax systems and environmental protection policies on the Company and adopt necessary management measures for regulatory compliance. This is to prevent significant influence on the Company's financial operation caused by changes in the regulatory environment either abroad or at home.

(3) Overall macroeconomic and business environment

According to the World Economic Outlook (WEO) published by the International Monetary Fund (IMF) in January 2023, the global growth is projected at 3.1% in 2024 on account of greater-than-expected resilience in the United States and several large emerging markets and developing economies. The economic growth is projected to be 2.1% in the U.S. and 0.9% in the Euro area. Global inflation is set to fall to 5.8% in 2024 and to 4.4% in 2025 with the effects of tight monetary policy by central banks. With disinflation and steady growth, the risks of global growth are broadly balanced, and the likelihood of a hard landing has receded.

V. Future Prospects

The Company remains committed to advanced technology and outstanding manufacturing. With a sound foundation for design, production, sales, and after-sale service, we have successfully built an upscale brand value and won customer trust. The Company continues to invest in the development and production of new series as well as larger-sized yachts. The construction plan for third assembly plant has been initiated, and the new production capacity will further drive our growth. Meanwhile, we are actively monitoring global economic conditions and changes in the high-end luxury market, making strategic adjustments as necessary to generate profits for the Company and shareholders.

On behalf of the Company's management team, many thanks to all employees, shareholders, customers and venders for your support and contribution. Wishing all shareholders good health and prosperity!

Alexander Marine Co., Ltd.

Chairman of board: Johnny Chueh

II. Company Profile

2.1 Date of Establishment: January 23, 1978

2.2 Milestones

Date	Important Events
January 1978	1. Alexander Marine Co., Ltd was established with paid-in capital of NT$16,000,000. 2. Obtained the business registration certificate and registered the factory at No.18, Tongli Rd., Xiaogang Dist., Kaohsiung City. 3. Established self-owned brand Ocean Alexander to manufacture and sell yachts.
1984	Invested in the development of luxurious yachts of size 70 feet and more, and unveiled its first yacht, the Night Hawk (OA70 feet), which is also the first made-in-Taiwan yacht of 70 feet and more.
2003	Unveiled first OA78 feet luxurious yacht.
2004	1. Developed vacuum resin infusion technology to build lighter and safer luxury yachts. 2. Completed the Jinfu factory expansion project that spanned over 19,976 square meters.
2005	Unveiled its first OA98 feet luxury yacht.
2008	1. The Company ranked 16th out of the top 20 large yacht manufacturing companies in the world. 2. Increased the paid-in capital up to NT$499,000,000 by cash capital injection.
2014	1. Developed its own global marketing and distributing channel by establishing a subsidiary Alexander Marine International Co., Limited (AMI) in Hong Kong, with 100% shareholding. 2. Cooperated with Marine Max, the largest listed yachting agent company in U.S. as strategic partner. 3. Increased the paid-in capital to NT$541,561,000 with retained earnings for an amount of NT$42,561,000.
2015	1. The Company ranked the 14th yacht manufacturer in the world by the survay of Show Boats International Magazine. 2. Increased the paid-in capital to NT$561,561,000 by cash capital injection. 3. Officially shipped out its first, self-produced OA112 feet luxurious yacht. 4. Emerging Stock Market Registration.
2016	1. The Company ranked the 4th largest yacht manufacturer in the world by the survay of Show Boats International Magazine. 2. Increased the paid-in capital to NT$666,709,000 with retained earnings transferred to captial and issuance of the restricted shares. 3. Acquired Merritt Island Boat Works, Inc. (MIBW), a factory in the East Coast of the United States to expand production lines and product portfolio. 4. Completed the Company’s first OA120 feet luxury yacht.
2017	1. The Company ranked the 5th largest yacht manufacturer in the world by the survay of Show Boats International Magazine. 2. Increased the paid-in capital to NT$945,673,000 by cash capital injection, retained earnings transferred to captial and issuance of the restricted shares. 3. Listed at Taiwan Stock Exchange.

Date	Important Events
2018	1. Completed an asset acquistion deal for a service yard in Seattle to strengthen the service and repair business. 2. Established Alexander Marine Australia Pty Ltd. ("AMA") as owned sales channel. 3. Signed a syndicated loan agreement of NT$3.2 billion with Chang Hwa Bank and 10 other banks. 4. Completed share acquistion with the related party, Rocs Marine Industry Corporation.
2019	1. OA90R granted Annual Yacht Award from Taiwan Society of Naval Architects and Engineers. 2. Established Motor Yacht Trading Pty Ltd. ("MYTP") for used boats sales in Australia.
2020	The reconstruction of TongLi Factory has been completed.
2021	OA35R won the Best of Show award at the Fort Lauderdale International Boat Show.
2022	1. The Company ranked the 3rd largest yacht manufacturer in the world by the survay of Show Boats International Magazine. 2. Signed a syndicated loan agreement of NT$5 billion with Chang Hwa Bank and other 9 banks.
2023	1. The Company ranked the 3rd largest yacht manufacturer in the world by the survay of Show Boats International Magazine. 2. The construction of the third assembly plant has been initiated. This capital expenditure has been approved through the National Development Council's "Action Plan for Accelerated Investment by Domestic Corporations," and will receive investment subsidies.
2024	The first yacht of PURO, 35P, has been debuted and other sizes will be launched in the future.

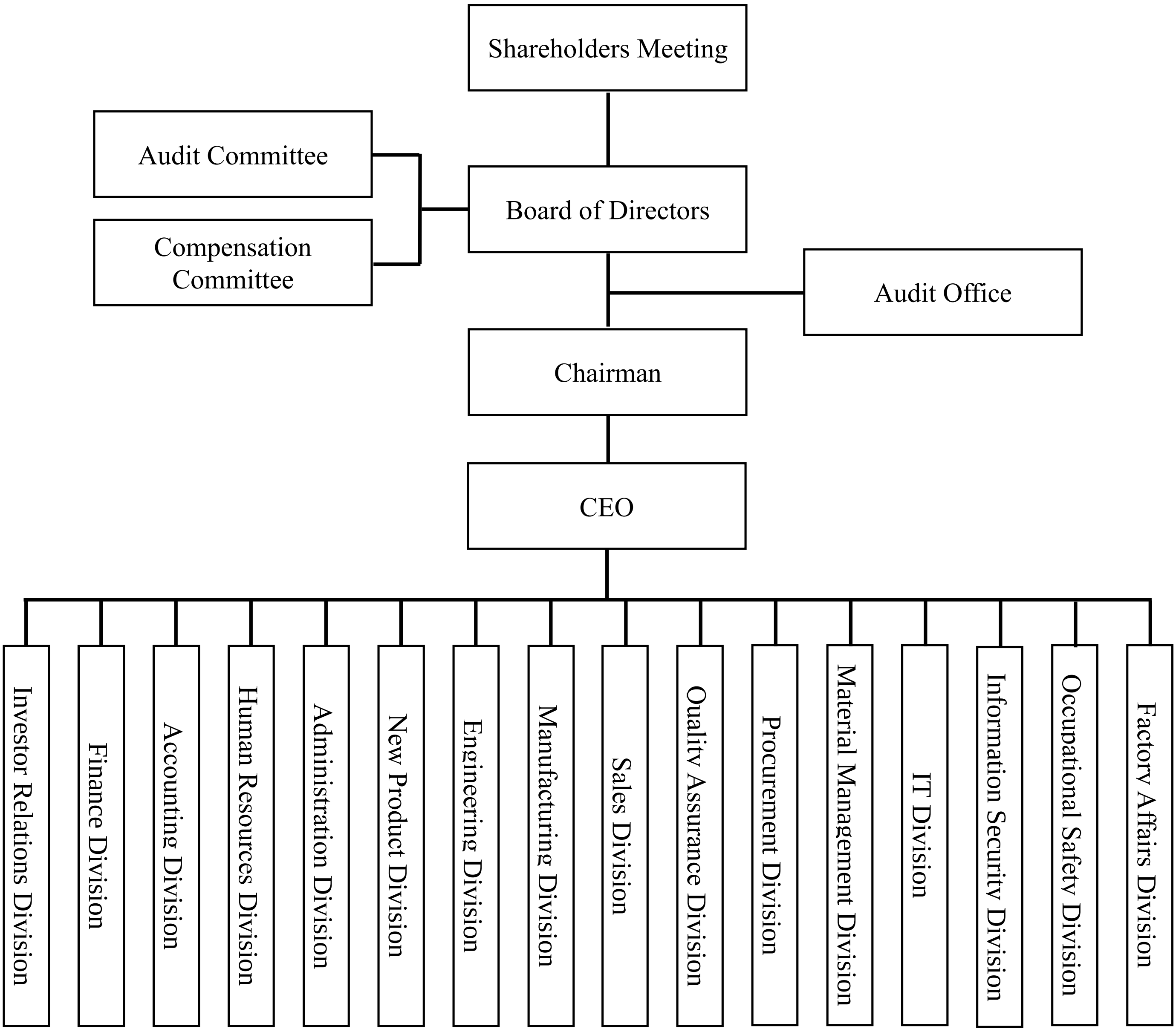
2.3 During the most recent years and up to the date of publication of the annual report, any material significant impact on shareholders' equity caused by merger and acquisition activities, strategic investments in affiliated enterprises, corporate reorganization, instances in which a major quantity of shares belonging to directors or shareholders holding greater than a 10 percent stake in the Company is transferred or otherwise changes hands, any change in managerial control, any material change in operating methods or type of business, or any other matters.

1. In order to improve the effective utilization of working capital, the Board of Directors passed the resolution on May 8, 2023 to reduce capital of MIBW and return the reduction amount to AME. Simultaneously, AME reduced its capital and ultimately returned the capital to AMI.
2. In order to use working capital efficiently, the Board of Directors passed the resolution on August 7, 2023 to reduce capital of AME and return the reduction amount to AMI.

III. Corporate Governance Report

3.1 Organizational Structure

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
CEO Office	1. Formulate long and medium term strategy for business development. 2. Comprehensive planning, evaluation, and implementation of every department. 3. Market analysis, product development, strategic planning and implementation for business competition. 4. Coordination and institutional planning among every department.
Audit Office	1. Evaluate the rationality of the internal control system. 2. Draft and finalize an audit plan to review the business execution situation of each unit, and provide analysis and recommendations.
Accounting, Investor Relations, and Finance Divisions	1. Overall financial planning, capital utilization and risk management. 2. Comprehensive accounting, tax and stock matters, and decision support analysis. 3. Stakeholder communication, information dissimilation, and management.
Human Resources Division	1. Overall human resources management, including recruitment, training and development, salary and benefits, employee relations, and performance evaluation. 2. Personnel system planning and implementation.
Administration Division	1. Responsible for office equipment, stationary, warehouse and reception. 2. Manage company facilities and internal space.
New Product Division	1. Formulate work plans for technical research and development. 2. Collect market and industry intelligence and customer demand data, and carry out research and development on new product trends, technology enhancement and equipment revolution.
Sales Division	1. Coordinate and manage every yacht production project. 2. Response to client and market needs, project developments for products and technology. 3. Coordinate clients' needs, develop and manage client relationship.
Engineering Division	1. Yacht technology development and design. 2. Technical development and improvement in electric engineering, mechanical engineering, structural, and interior design of yachts.
Manufacturing Department	1. Cooperate with every project in the implementation of product manufacturing and management. 2. On-site quality control, method, and R&D in production procedure.
Procurement Division	1. Responsible for material and tool purchases as well as supplier management. 2. Carry out strategic purchases and relevant matters.
Material Management Division	1. Manage material inventories and monitor the flows of materials for production. 2. Conduct physical inventory to ensure inventories on hand would match the records.

Department	Functions
IT Division	1. Maintain the information system and evaluate as well as develop system programs. 2. Maintain computers and peripherals and formulate network device management plans.
Information Security Division	1. Set and implement information security strategies and management policies to ensure effective protection of information security. 2. Organize, design, establish, and manage information security systems. Ensure information security requirements are me. 3. Assist each department in conducting information security advocacy to enhance internal awareness of information security within the organization.
Quality Assurance Division	1. Establish and manage quality management system. 2. Maintain customer relationships through after-sales service.
Occupational Safety Division	1. Planning of occupational safety management in factory. 2. Instruction of related departments on the implementation of occupational safety and health plan. 3. In charge of promoting and managing environmental safety and health.
Factory Affairs Division	1. Responsible for daily maintenance, regular inspection and emergency repair of machines and production equipment in the factory, and ensure equipment can operate normally for smooth production. 2. Machine and equipment installation, testing and acceptance. 3. Carry out road safety inspections for yacht launching and maintain the safety of yacht transportation.

3.2 Directors and Management Team

3.2.1 Directors

April 13, 2024; Unit: shares

Title	Nationality	Name (Note 1)	Gender Age	Date Elected	Term (Y)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Current Positions at the Company and Other Companies	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Taiwan R.O.C.	Johnny Chueh	Male 41~50	2021.07.26	3	1997.07.18	15,348,097	16.89%	8,348,097	9.39%	8,945,582	10.06%	47,549,021	53.5%	Bachelor degree in Economics, University of Chicago Mitchell Madison Management Consulting	(Note 2)	Director	Yi-Hui Kuo	Spouse
Vice Chairman and CEO	Taiwan R.O.C.	Hsiung Wei Tseng	Male 51~60	2021.07.26	3	2013.07.18	303,384	0.33%	156,384	0.18%	294	0.00%	187,000	0.21%	Bachelor degree in Hydraulic and Ocean Engineering, Cheng-Kung University Manager of Chifu Construction Engineering Corporation Limited Manufacturing Manager of Alexander Marine Co., Ltd	Vice chairman and President of the Company, and director of AMI.	None	None	None
Director	Taiwan R.O.C.	Chung Hui Cheng	Male 71~80	2021.07.26	3	2013.07.18	2,228,276	2.45%	2,214,276	2.49%	1,970,574	2.22%	-	-	Bachelor degree in Mathematics, National Tsing Hua University. General Manager of Alexander Marine Co., Ltd Manager of Yu-Ton (E-COM) Corporation Manager of Yuhua Technology Co., Ltd	None	None	None	None
Director	Taiwan R.O.C	Yi-Hui Kuo	Female 41~50	2022.06.23	2	2015.06.09	16,732,830	18.82%	8,943,830	10.06%	8,349,849	9.39%	29,662,276	33.38%	Bachelor in Anthropology, National Taiwan University Journalist, cnYES Journalist, Power News Journalist, MoneyDJ	None	Chairman	Johnny Chueh	Spouse
Independent Director	Taiwan R.O.C.	Ming Cheng Chang	Male 61~70	2021.07.26	3	2017.02.22	-	-	-	-	-	-	-	-	Bachelor degree in Mechanical Engineering, National Taiwan University MBA, University of Michigan Qualified USCPA CPA, Deloitte	(Note 3)	None	None	None
Independent Director	Taiwan R.O.C.	Hung Wen Lin	Male 51~60	2021.07.26	3	2015.12.21	-	-	-	-	-	-	-	-	Master in Economics, Institute of Economics, Tianjin Nankai University Bachelor degree in Communications Engineering, National Chiao Tung University Reporter of the Economic Daily News and assistant editor of the Business Today	(Note 4)	None	None	None
Independent Director	Taiwan R.O.C.	Chu-Sheng Hsu	Male 61~70	2021.07.26	3	2021.07.26	-	-	-	-	-	-	-	-	Master in Computer Science, Stevens Institute of Technology General Manager, IBM Taiwan CEO, GE Taiwan	(Note 5)	None	None	None

Note 1: Existing directors as of the publication date of the annual report.

Note 2: The Board of Directors selected Johnny Chueh as the Company's chairman on July 26, 2021. Johnny Chueh aslo acts as the chairman of subsidiaries Alexander Marine International Co., Limited, Alexander Marine USA Inc., Alexander Marine Enterprises Inc., Alexander Marine Australia Pty Ltd, Pacific Coast Yachting Services, Inc, and East Coast Yacht Group Inc..

Note 3: Consultant of Taiwan Auditing Standards Committee, independent director of Medigen Vaccine Biologics Corporation, and independent director of United Alloy-Tech Company.

Note 4: Host of Uni FM96.7 financial program, consultant of Business Today, director of Shacom.com Inc. and United Medical Foundation Tawian, chairperson of DingXun Electrical Engineering Education Foundation, supervisor of Digimed Co., LTD., independent director of T-Conn Precision Corporation, and director of Witology Co., LTD.

Note 5: Adjunct Professor, NTU Leadership Program, Adjunct Professor, EMBA / MBA, NTHU, Independent director of inergy Technology Inc., Independent director of Pou Chen Group, and indepndent director of Fubon Bank (China).

Disclosure of Professional Qualifications and Independence Status of Independent Directors

Criteria / Name (Note1)	Professional Qualification and Experience	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Johnny Chueh	1. Mr. Chueh graduated from University of Chicago with a degree in Economics, and is the Chairman of Alexander Marine ("AM" or the Company) Group, including the subsidiaries. He has over 25 years of experience in yachting industry. Not only taking charge of the Company's production, operation and finance businesses, he is also responsible for expanding and integrating oversea sales channels and service and maintenance business. With the capabilities of global vision, operational judgement and management, leadership, decision-making, and crisis management, he is able to lead the Company to face the various challenges and market changes. 2. He is not under any circumstances stated in Article 30 of the Company Act.	Not Applicable	0
Hsiung Wei Tseng	1. Mr. Tseng graduated from Cheng-Kung University with a degree in Hydraulic and Ocean Engineering. He has excellent competency and over 35 years of experience in yachting industry. He experienced many functions of the Company, including procurement, engineering, manufacturing and etc. Currently he serves as the Vice Chairman and CEO of the Company, and the director of AMI. With the capabilities of global vision, operational judgement and management, leadership, decision-making, and crisis management, he is able to lead the Company to face the various challenges and market changes. 2. He is not under any circumstances stated in Article 30 of the Company Act.		0
Chung Hui Cheng	1. Mr. Cheng earned his bachelor degree in Mathematics from National Tsing Hua University. He was the general manager of the Company and has over 10 years of experience in yachting industry. He also has an extended leadership experiences in other companies. With the capabilities of global vision, operational judgement and management, leadership, decision-making, and crisis management, he is able to lead the Company to face the various challenges and market changes, he is able to provide expert advice to the Company's operation. 2. He is not under any circumstances stated in Article 30 of the Company Act.		0
Yi Hui Kuo	1. Ms. Kuo earned her bachelor degree in Anthropology from National Taiwan University. She was a journalist of cnYES, Power News, and MoneyDJ. She has a good understanding of development of various industries, investment trends, and etc. Her sufficient experiences in public relations can assist the Company to formulate guidance and strategies relevant to stakeholder communication. 2. She is not under any circumstances stated in Article 30 of the Company Act.		0

Criteria / Name (Note1)	Professional Qualification and Experience	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Ming Cheng Chang	1. Mr. Chang earned his master degree in Business Administration from University of Michigan and is a Certified Public Accountant in the United States and Taiwan. He has over 40 years of professional experience in accounting and finance. He was an accountant in Deloitte & Touche. He served as the chairperson of Taiwan Auditing Standards Committee and now becomes the consultant of the committee. With the capabilities of global vision, operational judgement and management, leadership, decision-making, and crisis management, he is able to lead the Company to face the various challenges and market changes, he is able to help us to review the risk control in accounting and finance and to provide professional advice. 2. He is not under any circumstances stated in Article 30 of the Company Act.	All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of “Securities and Exchange Act” and “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note 2) issued by Taiwan’s Securities and Futures Bureau. 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any AM shares. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an “audit service” or a “non-audit service.”	2
Hung Wen Lin	1. Mr. Lin earned his master degree in Economics from Tianjin Nankai University. He was a reporter of Economic Daily News and an assistant editor of Business Today, and is a host of broadcast financial program. He has written several books on business management. He has a good understanding of development of various industries, investment trends, corporate governance and national competitiveness, and has been studied many cases of corporate crisis management and contingency strategies. His sufficient experiences in public relations can assist the Company to formulate guidance and strategies relevant to corporate governance and stakeholder communication. 2. He is not under any circumstances stated in Article 30 of the Company Act.		1
Chu-Sheng Hsu	1. Mr. Hsu earned his master degree in Computer Science from Stevens Institute of Technology in United States. He served as general manager / CEO of IBM Taiwan and GE and has more than 30 years of international corporate management experiences. He is an adjunct professor of Leadership Program at National Taiwan University, and an adjunct professor of Institute of Technology Management at National Tsing Hua University. His experience and expertise covers leadership, organizational transformation, business strategy, best practice of excellent companies, and etc. His substantial experiences can fully assist the Company in making relevant decision of organization transformation and leadership during this current fast-growing stage. 2. He is not under any circumstances stated in Article 30 of the Company Act.		2

Note 1: Existing directors as of the publication date of the annual report.

Note 2: During the two years before being elected and during the term of office, meet any of the following situations:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

(3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under someone else's name(s), in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
(6) Not a director, supervisor, or employee of a company which owns the Company’s majority of directorships or voting rights. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the “Securities and Exchange Act” or local laws.)
(7) Not a director, supervisor or employee of a company or institution whose chairman, the president, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the “Securities and Exchange Act” or local laws.)
(8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company.
(9) Not a professional individual or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services, or consultation to the Company or to any affiliate of the Company, or a spouse thereof.

Diversity and Independence of the Board

The Company clearly states its diversity policy and approval process in the “Rules for Election of Directors.” The members of the Company’s Board of Directors are nominated via rigorous selection processes. It not only considers background diversity, professional competence and experience, but also attaches great importance to his/her personal reputation on ethics and leadership. In order to implement the goal of diversity in the composition of Board of Directors and in accordance with Article 20 of the Company’s “Corporate Governance Best Practice Principles”, an appropriate policy on diversity mainly includes the following two general standards:

1) Basic requirements and value: gender, age, nationality, and culture.
2) Professional knowledge and skills: a professional background, professional skills and industry experience.

At present, the Board of Directors is composed of seven directors with three independent directors, whose terms of office do not exceed three consecutive terms. None of three independent directors serves as independent director of more than three Taiwanese Public Companies concurrently. There is one female director in the Board. The Company plans to increase the number of female directors in the future in order to achieving the goal of having 1/3 female directors to serve on the Board. All directors represent diversified perspectives, including a complementary mix of skills, experiences, and backgrounds such as that from the industry, academia, media and finance / accounting filed. Two directors are spouse. As such the Board of Directors carries independence. The following table demonstrates the implementation of the diversity policy for Board members.

Title	Name	Age	Employed by AM	Professional Knowledge				Professional Skills and Experience					
				Business	Ship-building	Finance / Accounting	IT / Cyber-security	Operation Judgement / Management	Leadership / Strategic Decision-making	Industry Experience	Legal, Accounting, & Finance	Global Perspective / Crisis Management	ESG
Chairman	Johnny Chueh	41~50		V	V	V		V	V	V		V	V
Vice Chairman	Hsiung Wei Tseng	51~60	V	V	V			V	V	V		V	V
Director	Chung Hui Cheng	71~80		V	V			V	V	V		V	V
	Yi-Hui Kuo	41~50		V				V	V			V	V
Independent Director	Ming Cheng Chang	61~70		V		V	V	V	V		V	V	V
	Hung Wen Lin	51~60		V		V	V	V	V			V	V
	Chu-Sheng Hsu	61~70		V			V	V	V			V	V

3.2.2 Management Team

April 13, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Positions concurrently held in other companies	Managers who are spouses or within two degrees of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice Chairman and CEO	Taiwan R.O.C.	Hsiung Wei Tseng	Male	1997.03.25	156,384	0.18%	294	0.00%	187,000	0.21%	Department of Hydraulic and Ocean Engineering, Cheng-Kung University Manager of Chifu Construction Engineering Corporation Limited Manufacturing Manager of Alexander Marine Co., Ltd	-	None	None	None
CFO and Corporate Governance Officer	Taiwan R.O.C.	Yu Chou Huang	Male	2016.04.27	20,131	0.02%	-	-	-	-	EMBA - Technology Management, National Cheng Kung University Chief financial officer of Chengyi Optical Co., Ltd. Deputy Supervisor of Finance and Accounting Division, Motech Industries Inc.	-	None	None	None
Assistant VP	Taiwan R.O.C.	Rong Yu Shen	Male	2019.11.11	-	-	-	-	-	-	Department of Navel Architecture and Marine Engineering, Cheng-Kung University Manager of Technical Department, Kha Shing Enterprise Sales Engineer, WCC	-	None	None	None
Assistant VP	Taiwan R.O.C.	Hsin Wen Huang	Female	2020.03.22	93	0.00%	-	-	-	-	EMBA of NSYSU Department of Naval Architecture and Ocean Engineering, National Kaohsiung University of Science and Technology Engineer of Ship and Ocean Industries R&D Center	-	None	None	None

3.3 Remuneration of Directors, President and Vice President

3.3.1 Remuneration of Directors

Unit: NTD thousand

Title	Name	Remuneration to Directors								(A+B+C+D) as % of Net Income		Compensation Earned as Employee of the Company or of the Company's Affiliates								(A+B+C+D+E+F+G) as % of Net Income		Other Compensations from Non-subsidiary Affiliates
		Base Compensation (A)		Pension (B)		Remuneration to Directors (C)		Allowances (D)				Salaries, Bonus and Allowances (E)		Pension (F)		Employees Compensation (G)						
																The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Cash	Stock	Cash	Stock	The Company	All consolidated entities	
Chairman	Johnny Chueh	-	-	-	-	-	-	-	-	-	-	-	11,224	-	-	-	-	-	-	-	11,224 0.54	None
Vice chairman & CEO	Hsiung Wei Tseng	-	8,773	-	-	-	-	-	-	-	8,773 0.42	3,947	3,947	78	78	156	-	156	-	4,181 0.20	12,954 0.62	None
Director	Chung Hui Cheng	-	-	-	-	- -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Yi-Hui Kuo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Ming Cheng Chang	600	600	-	-	-	-	8	8	608 0.03	608 0.03	-	-	-	-	-	-	-	-	608 0.03	608 0.03	None
Independent Director	Hung Wen Lin	600	600	-	-	-	-	8	8	608 0.03	608 0.03	-	-	-	-	-	-	-	-	608 0.03	608 0.03	None
Independent Director	Chu-Sheng Hsu	600	600	-	-	-	-	8	8	608 0.03	608 0.03	-	-	-	-	-	-	-	-	608 0.03	608 0.03	None

1. Please describe the policy, system, standards and structure of independent directors' remuneration, as well as the connection between the amount of remuneration paid and director's responsibilities, risks, time investment and other factors: The remuneration policy is determined in accordance with the Articles of Incorporation of the Company. The payment for directors is based on individual director's level of participation and contributions to Company operations, in reference to the industry standards. The remuneration of independent directors was decidied by the Board on December 29, 2015, to be paid monthly at a fixed amount. Per the resolution passed by the Board on April 12, 2024, the fixed remuneration is adjusted to NT$1,200,000 annually. For those serving less than a year, the remuneration is calculated based on the proportion of months served in that year. Independent directors do not participate in the allocation of director's remuneration from annual earnings.
2. In addition to the information disclosed in the table above, has any Director provided services to the Company and its subsidiaries and received compensation for such services (e.g. serving as a consultant that is not an employee): None.

Table of Compensation Range

Range of Remuneration	Name of Directors			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	The Company	All consolidated entities (H)	The Company	All consolidated entities (I)
Less than NT$1,000,000	Directors: Johnny Chueh, Hsiung Wei Tseng, Chung Hui Cheng, Yi-Hui Kuo Independent directors: Hung Wen Lin, Ming Cheng Chang, Chu-Sheng Hsu	Directors: Johnny Chueh,Chung Hui Cheng, Yi-Hui Kuo Independent directors: Hung Wen Lin, Ming Cheng Chang, Chu-Sheng Hsu	Directors: Johnny Chueh, Chung Hui Cheng, Yi-Hui Kuo Independent directors: Hung Wen Lin, Ming Cheng Chang, Chu-Sheng Hsu	Directors: Chung Hui Cheng, Yi-Hui Kuo Independent directors: Hung Wen Lin, Ming Cheng Chang, Chu-Sheng Hsu
NT$1,000,000 (inclusive)~2,000,000	-	-	-	-
NT$2,000,000 (inclusive)~3,500,000	-	-	-	-
NT$3,500,000 (inclusive)~5,000,000	-	-	Hsiung Wei Tseng	-
NT$5,000,000 (inclusive)~10,000,000	-	Hsiung Wei Tseng	-	-
NT$10,000,000 (inclusive)~15,000,000	-	-	-	Johnny Chueh, Hsiung Wei Tseng
NT$15,000,000 (inclusive)~30,000,000	-	-	-	-
NT$30,000,000 (inclusive)~50,000,000	-	-	-	-
NT$50,000,000 (inclusive)~100,000,000	-	-	-	-
More than NT$100,000,000	-	-	-	-
Total	7	7	7	7

3.3.2 Remuneration of President

Unit: NTD thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and Allowances (C)		Employee Compensation (D)				(A+B+C+D) as % of Net Income		Compensations from Non-consolidated Affiliates or Parent Company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash	Stock	Cash	Stock			
CEO	Hsiung Wei Tseng	1,973	1,973	78	78	1,974	1,974	156	-	156	-	4,181 0.20	4,181 0.20	None

Table of Compensation Ranges

Compensation range for each President and Vice President	Name of manager	
	The Company	All Consolidated Entities (E)
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive)~2,000,000	-	-
NT$2,000,000 (inclusive)~3,500,000	-	-
NT$3,500,000 (inclusive)~5,000,000	Hsiung Wei Tseng	Hsiung Wei Tseng
NT$5,000,000 (inclusive)~10,000,000	-	-
NT$10,000,000 (inclusive)~15,000,000	-	-
NT$15,000,000 (inclusive)~30,000,000	-	-
NT$30,000,000 (inclusive)~50,000,000	-	-
NT$50,000,000 (inclusive)~100,000,000	-	-
More than NT$100,000,000	-	-
Total	1	1

3.3.3 Names of managers provided with employees' emuneration as and the status of payment

December 31, 2023; NTD thousand

	Title [1]	Name	Stock	Cash	Total	As a percentage of net income (%)
Manager	CEO	Hsiung Wei Tseng	-	541	541	0.03
	CFO	Yu Chou Huang				
	Assistant VP	Rong Yu Shen				
	Assistant VP	Hsin Wen Huang				

Note 1: The applicability of a manager is based on the scope as defined in the official letter issued by the Securities and Futures Commission, Ministry of Finance (Ref. No. SFC-MOF-0920001301) on March 27, 2003:
(1) President or equivalent
(2) Vice President or equivalent
(3) Assistant Manager or equivalent
(4) Head of Finance
(5) Head of Accounting
(6) Other personnel that are involved in the management of the Company or with signing authority

3.3.4 Disclose the individual remuneration paid to each of its top five management personnel: None.

3.3.5 Compare and analyze total remuneration as a percentage of net income stated in the parent company only financial reports or individual financial reports, paid by the Company and by all consolidated entities (including this company) for the most recent two fiscal years to each of the Company's directors, independent directors, general managers, and deputy general managers. Also describe the policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to business performance and future risk exposure.

1. The total remueration as a percentage of net income stated in the parent company only financial statemet, paid by the Company and by all consolidated entities in the most recent two years to directors, president, and vice president of the Company are as the following:

Unit: NTD thousand; %

Title		2022		2023	
		Total Remuneration	% of Net Income	Total Remuneration	% of Net Income
The Company	Directors (including independent directors)	8,035	0.46	6,005	0.29
	President & Vice Presidents	6,211	0.35	4,181	0.20
Companies in the consolidated statements	Directors (including independent directors)	23,918	1.36	26,002	1,25
	President & Vice Presidents	11,348	0.65	12,954	0.62

2. Policies, standards, and packages for payment of compensation, as well as the procedures followed for determining the compensation, and their linkages to business performance and future risk exposure.

(1)The remuneration policy is determined in accordance with the Articles of Incorporation of the Company. The payment fo directors is based on individual director's level of participation and contributions to Company operations, in reference to the industry standards.If the general financial statement results in a surplus, the Board of Directors is authorized to decide to distribute no more than 5% of the surplus as the remuneration of the Board and will report to the shareholders' meeting.

(2)The remuneration of independent directors was decidied by the Board on December 29, 2015, to be paid monthly at a fixed amount. Per the resolution passed by the Board on April 12, 2024, the fixed remuneration is adjusted to NT$1,200,000 annually. For those serving less than a year, the remuneration is calculated based on the proportion of months served in that year. Independent directors do not participate in the allocation of director's remuneration from annual earnings.

(3)Remuneration of managers includes salaries, allowance, and various bonuses to employees, which are determined after considering the nature of work, responsibilities, functionalities and performance results, and with reference to industry standards. The Remueration Committee will set the compensations and submit to the Board's approval on an annual basis.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

1. The Company had convened 5 Board of Directors meetings in 2023 with the following attendance:

Title	Name	Attend in Person	By Proxy	Attendance Rate (%)	Note
Chairman	Johnny Chueh	5	0	100	-
Vice Chairman	Hsiung Wei Tseng	5	0	100	-
Director	Chung Hui Cheng	5	0	100	-
Director	Yi-Hui Kuo	4	0	80	-
Independent director	Ming Cheng Chang	5	0	100	-
Independent director	Hung Wen Lin	5	0	100	-
Independent director	Chu-Sheng Hsu	5	0	100	-

Other mentionable items:

I. In accordance to the list of matters prescribed in Article 14-3 of the Securities and Exchange Act, and that when independent directors have dissenting or qualified opinions, they shall be clearly recorded in the minutes of the directors meeting, with date, session, content of the proposal, opinions of the independent directors and the Company's response to their opinion:
   1. Regulations from Article 14-3 is not applicable sine the Company has already established an Audit Committee. Please refer to the section of "Other mentionable items" in the "Operation of Audit Committee".
   2. In addition to the aforementioned maters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that thas been recorded or stated by writing: None.

II. When Directors abstain themselves for being a stakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the results of voting counts should be stated.

Date	Name	Content of Motions	Causes for Avoidance	Voting
2023/03/20	Hsiung Wei Tseng	Approval of distribution of employees remuneration (including managers).	Acting concurrently as the Company's managerial officers	Not participated in discussion or voting
2023/11/13	Hsiung Wei Tseng	Approval of distribution of manager performance bonus.	Acting concurrently as the Company's managerial officers	Not participated in discussion or voting

III. Goals to enhance the Board's operations and evaluation of implementations:
   1. The board of directors shall direct company strategies, supervise the management, and be responsible to the Company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.
   2. The Company established the Compensation Committee on August 7, 2015 to periodically assess and stipulate remuneration of directors and managers, as well as to regularly review the policies, systems, standards, and structures of directors and managers' performance appraisal and salary remuneration. Please refer to page 29 of this annual report for the operation of the Compensation Committee.
   3. The Company establish the Audit Committee on Decembeer 21, 2015 to exercise the functions and powers stipulated in the Securities Exchange Law, the Company Law, and other related laws and regulations. The Committee supports the Board of Directors in supervising the quality and integrity of the Company's accounting, auditing, and financial reporting procedure and control. Please refer to page 21-22 of this annual report for the operational status of the Audit Committee.
   4. The Company completed the renewal of the entire Board of Directors' liability insurance in August 2023 to strengthen the Company's risk management and to protect shareholders' equity. As well as to encourage directors to fulfill their duties and do their part.
   5. Every year the Directors select training courses in fields beyond their professional background, with topics covering corporate governance such as finance, risk management, sales, business affairs, legal affairs, accounting, corporate social responsibility, internal control system, or financial reporting responsibility to enhance the directors' knowledge of corporate governance and its implementation. Please refer to page 40 of this annual report for the training status.

2. Performance assessments of the Board and committees

Frequency	Period	Subject	Method	Items
Annually	2023	Board, Independent directors, Audit Committee, Compensation Committee	Self assessment for the Board, Committees and individual directors	Notes

Notes: Performance assessment items cover the following aspects based on the subjects.

(1) Board: level of participation in corporate operations, enhancement on the quality of Board decisions, composition and structure of the Board, election and continuing education of fiectors, internal control.

(2) Individual directors: command over corporate goals and mission, understanding of directors' duties, level of participation in corporate operations, internal relationship management and communicaiton, specialty and continuing education of directors, internal control.

(3) Committees: level of participation in corporate operations, understanding of committees' duties, enhancement on the quality of committees' decisions, composition of the committees and election of members, internal control.

3.4.2 Audit Committee:

1. Annual key functions of the Audit Committee are as the followings:
   - Communicate results of audit report with the head of internal audit regularly according to the annual audit plan.
   - Review financial reports.
   - Review the hiring, dismissal of CPAs and evaluate the independenceof CPAs.

- Assessment of the effectiveness of internal control system.
- Review the Company's operational procedures and material transactions of assets, capital lending and endorsement/guarantees.
- Legal compliance.

2. The powers of the Audit Committee are as the following:
   - The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
   - Assessment the effectiveness of the internal control system.
   - The adoption of or amendments, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others,endorsement or guarantees for others.
   - Matters related to directors' personal interests
   - Asset transactions or derivatives trading of a material nature.
   - Loans of funds, endorsements, or provision of guarantees of a meterial nature.
   - The offering, issuance, or private placement of equity-type securities.
   - The hiring or dismissal of a certified public accountant, or their compensation.
   - The appointment or discharge of a financial, accounting, or internal audit officer.
   - Annual and semi-annual financial reports.
   - Other material matters as may be required by the Company or by the competent authority.

3. The Company had convened 5 Audit Committee meetings in 2023 with the following attendance:

Title	Name	Attend in Person	By Proxy	Attendance Rate (%)	Note
Independent director	Ming Cheng Chang	5	0	100	-
Independent director	Hung Wen Lin	5	0	100	-
Independent director	Chu-Sheng Hsu	5	0	100	-

Other mentionable items:

I. If any of the following circumstances occurs in the operation of the Audit Committee, the date of Audit Committee Meetings, session, the content of proposals, the resolution of the Audit Committee and the Company's actions in responses to the Audit Committee's opinions shall be specified.

1. Matters prescribed in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Proposal	Resolution	Handling of Audit Committee Members' Opinions
3rd Term 8th Meeting 2023/3/20	1. Approval of business report and financial review report for fiscal year 2022. 2. Approval of the proposal for distribution of 2022 earnings. 3. Approval of the Company's "Statement of Internal Control System" for fiscal year 2022. 4. Evaluation of the independence of the auditor. 5. The Company's appointment of the auditor for fiscal year 2023. 6. Approval of non-audit services proposed by Deloitte & Touche. 7. Approval of investment of foreign low-risk financial instruments making by AMI.	Approved by all Audit Committee members.	Approved by all Directors of the Board.
3rd Term 9th Meeting 2023/5/8	1. Approval for capital reduction of subsidiary MIBW. 2. Approval for capital reduction of subsidiary AME. 3. Subsidiary AMI provided capital injection to Australia-based second tier subsidiary AMA.	Approved by all Audit Committee members.	Approved by all Directors of the Board.

Audit Committee	Proposal	Resolution	Handling of Audit Committee Members' Opinions
3rd Term 10th Meeting 2023/8/7	1. Approval for capital reduction of subsidiary AME.	Approved by all Audit Committee members.	Approved by all Directors of the Board.
3rd Term 11th Meeting 2023/9/18	1. Approval of capital expenditures projection for expansion.	Approved by all Audit Committee members.	Approved by all Directors of the Board.
3rd Term 12th Meeting 2023/11/13	1. Approval of the audit plan for fiscal year 2024. 2. Approval of the volume of long-term loan. 3. Amendment to part of the content on the Company's "Statement of Internal Control System".	Approved by all Audit Committee members.	Approved by all Directors of the Board.

2. Except for the aforementioned matters, other resolutions which were not approved by the Audit Committee but resolved by more than two-third of all directors: None.

II. Ways in which independent directors have abstained from motions that pose a conflict of interest, the independent director's name, the content of the motion, cause of the conflict of interest, and the circumstances of the vote shall be elaborated: None.

III. Communication between independent directors and internal audit manager and CPAs (for example, material matters, methods, and results of audits of the Company's financial and business condition, etc.):

1. The audit manager shall give audit reports to the independent directors on a regular basis, and the independent directors had no objections in 2023. The audit manager shall report the audit implementation results to the Audit Committee and the Board quartely. At the end of every fiscal year, the audit manager shall report to the independent directors regarding the implementation of the audit plan and evaluation outcome and, concurrently, issue a Statement of Internal Control System.
2. Chief financial officer and audit manager of the Company shall attend every Audit Committee meeting. In response to the reports and discussion matters, independent directors shall provide professional opinions, and relevant personnel of the Company shall respond and continue to track progress.
3. The Accountant communicates with the governance unit (including the Audit Committee made up of independent directors) regularly face-to-face or in writing; attends the Audit Committee and Board of Directors meetings when required, and the Audit Committee shall issue an evaluation report on the annual financial statement.

Summary of communications between independent director and CPA for 2023:

Date	Communication Highlights	Results
2023/3/20	CPA reported the results and major matters of consolidated and standalone financial report of 2022.	Consolidated and standalone financial reports of 2022 were publicly announced and reported to the authority after being approved by the Audit Committee, and the Board.
2023/11/13	CPA reported the planning key audit matters of 2023.	Key audit matters for 2023 financial reports were confirmed.

3.4.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?</td><td>V</td><td></td><td>The Company establlished its the "Corporate Governance Best Practice Principles" and disclosed on the official website. The relevant regulations are set up to protect the rights and interests of shareholders, to strengthen the powers of the board of directors, to respect the rights and interests of stakeholders, and to enhance information transparency.</td><td>No significant difference</td></tr>
<tr><td>2. Shareholding structure and shareholders' rights
(1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations and implement based on the prodecure?
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?
(3) Does the Company establish and execute the risk management and firewall system within its onglomerate structure?
(4) Does the Company establish internal rules against insiders trading with undisclosed information?</td><td>V
V
V
V</td><td></td><td>(1) The Company has enacte "Procedures for Handling Material Inside Information" and appoints a spokesperson and a professional agent for stock affairs to handle shareholders' recommendations, stock affairs and serves as a channel for communication, and when in litigation will commission a legal counsel to handle the issue.
(2) The Company has specialized staff to handle relevant matters, and appoints an agent for stock affairs to be responsible for and handling of all shareholding related matters, thus aware of the major shareholders in control of the Company, as well as the final controllers of major shareholders, while maintaining a good relationship with major shareholders.
(3) The Company has established "Management of Related Parties, Specific Companies and Group Companies," "Computerized Information System Handling Procedure," and "Major Internal Information Processing Procedures" to clearly define information and staff control mechanisms and firewall measures.
(4) The Company has enacted "Procedures for Handling Material Inside Information", "Guard against Insider Trading Operation Procedures" and " Code of Ethics" to prohibit insiders from using undisclosed information to purchase or sell securities.</td><td>No significant difference</td></tr>
<tr><td>3. Composition and Responsibilities of the Board of Directors
(1) Has the Board of Directors established a diversified policy, set goals and implemented them accordingly?
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually? Does the Company report the assessment results to the Board and determine the individual director's compensation and nomination based on the assessments?
(4) Does the Company regularly evaluate the independence of its external auditors?</td><td>V
V
V
V</td><td></td><td>(1) Please refer to "Board of Directors – Board Diversity and Independence" on page 11-14 of this Annual Report.
(2) Apart from setting up the Remuneration Committee and Audit Committee, the Company has not yet set up other functional committees. New committees will be set up based on future needs and regulation requirements.
(3) The Board of Directors has established the "Rules for Performance Assessments of the Board of Directors and Functional Committees" on November 11, 2019, which clearly stipulates the assessment methods for regular reviews on the Board performance.
Performance assessments of the Board cover the following five aspects:
1. Level of participation in corporate operations.
2. Enhancement on the quality of Board decisions.
3. Composition and structure of the Board.
4. Election and continuing education of directors.
5. Internal control.
Performance assessments (either self or peer assessment) on Board members cover the following six aspects:
1. Command over corporate goals and mission.
2. Understanding of directors' duties.
3. Level of participation in corporate operations.
4. Internal relationship management and communication.
5. Specialty and continuing education of directors.
6. Internal control.</td><td>No significant difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>
Performance assessments on functional committees cover the following five aspects:
1. Level of participation in corporate operations.
2. Understanding of functional committees’ duties.
3. Enhancement on the quality of functional committees’ decisions.
4. Composition of the functional committees and election of members.
5. Internal control.
Assessments are conducted by means of internal surveys and the outcome is reported to the Board before the end of the first quarter of the following year. Improvement schemes are proposed for recommendations from directors. The assessment outcome would serve as reference for the selection of nominated directors and determination of remuneration.
The Company has competed the performance assessments on the Board, directors, Audit committee, and Remuneration Committee in end of 2023 and submitted the outcome to the Board meeting held on Feburary 29, 2024.
The overall average score of the Board’s self-assessment is 4.79 (out of 5).
The overall average score of the directors’ self-assessment is 4.88 (out of 5).
The overall average score of the Audit Committee’s self-assessment is 4.82 (out of 5).
The overall average score of the Remuneration Committee’s self-assessment is 4.89 (out of 5).
The outcome indicates a sound operation of the Board and meets the corporate governance standard.
(4) The Company commissions a reputable accounting firm for auditing and certification, which is appointed annually by the Audit Committee and the Board of Directors after the evaluation of the accounting firm’s independence and competence. In addition to requiring the “declaration of impartiality and independence” of the CPA, the Company also evaluates with reference to the Aduit Quality Indicators (AQIs). The Company has confirmed that apart from the assurance and tax related services, there is no financial interest or business relationship between any of the CPA and the Company, and none of the CPA’s family members is in violation of the independence requirement. Evaluation procedure is as follows:
<table>
<tr><th>Items for evaluation</th><th>Complied</th></tr>
<tr><td>The accountant has no direct or indirect financial interest with the Company.</td><td>Yes</td></tr>
<tr><td>The accounting firm does not have any mutual financing with or the Company.</td><td>Yes</td></tr>
<tr><td>The accounting firm does not have any abnormal business relations with the Company or directors/managers.</td><td>Yes</td></tr>
<tr><td>The relatives of the auditing team members are not employed as directors, managers, or positions that have direct influence to auditing work.</td><td>Yes</td></tr>
<tr><td>Independence of the accounting firm or the auditing team.</td><td>Yes</td></tr>
<tr><td>The Company does not have any improper acts of giving presents or special offers to the auditing team members.</td><td>Yes</td></tr>
<tr><td>The accountant cannot serve as the chief accountant of the Company for more than 7 years, and requires at least 2 years of lag time before returning.</td><td>Yes</td></tr>
<tr><td>The independence of the accountant is not influenced by the non-auditing services provided by the accountant.</td><td>Yes</td></tr>
<tr><td>Obtain a “Statement of Independence” from the accountant.</td><td>Yes</td></tr>
</table>
</td><td></td></tr>
</table>

Item	Implementation Status			Deviation from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Based on AQIs provided by the CPA, the auditors, CPA, and CPA firm have sufficient experience and received enough training. Staff turnover rate was below than average. The team, including the auditors and CPA, devote appropriate working hours at each audit and review phase. Also, the CPA firm has undertaken innovative tools to improve audit quality. The latest evaluation was approved by the Audit Committee and the Board of Directors on February 29, 2024.	
4. Does the Company designate a full-time (part-time) unit or personnel and assign chief corporate governance officer to take charge of the Company's governance businesses (including but not limited to providing required data to the directors, assisting directors to comply with the law, performing related events of the Board and the shareholder meetings by law, and producing minutes of the Board meetings and shareholders' meetings)?	V		On May 8th, 2023, the Board of Directors appointed Mr. Tim Huang, the Chief Financial Officer, as the Corporate Governance Officer. The responsibility for corporate governance matters included safeguarding shareholder rights and reinforcing the functions of the Board of Directors, conducting Board of Directors and Shareholders' meetings in accordance with the law, preparing minutes of these meetings, assisting directors in their appointments and continuous education, providing necessary information for the execution of directors' duties, and aiding directors in compliance with regulations, etc. The duties performed by the Corporate Governance Office in 2023 are as follows: assisted the Chairman of the Board of Directors and Committees' Chairs in convening 3 Board Meetings, 3 Audit Committee Meetings, 1 Compensation Committee Meetings, and 2023 Annual Shareholders' Meeting, provided continuing education information to directors, provided information required for performance of duties by directors, presented quarterly legal compliance report to the Board of Directors, and timely responded to all Directors' requests, and etc. Please refer to page 40 of the continuous trainings and courses related corporate governance taken by the Corporate Governance officer.	No significant difference
5. Does the Company setup communication channels between the investors (including but not limited to the shareholders, employees and suppliers), establish the Investor Relation area on the Company's website and respond to the issues of corporate social responsibilities concerned by the investors?	V		The Company's major stakeholders include shareholders, investors, government units, local communities, employees, suppliers, and so on. To respect the rights and interests of the stakeholders, multiple communication channels are provided, including providing a stakeholder section on the Company website; through appropriate communication methods to better understand stakeholders' expectations and needs, we can effectively address issues related to corporate social responsibility.	No significant difference
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company commissions KGI Securities as the agent for stock affairs to handle matters related to shareholding.	No significant difference
7. Information Disclosure (1) Does the Company have a website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the Company publicly announce and register with the annual financial reports within two months after the close of each fiscal year, and also the first, second and third quarterly financial reports and monthly operating figures before the deadlines?	V V V		(1) In accordance with the law, the Company discloses financial business information on the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange. The Company's website also provides financial and corporate governance information for stakeholders' reference. (2) The Company has also set up corporate websites in English, appointed dedicated personnel to collect and disclose company information, implemented the spokesperson system, and posted information about annual general shareholders' meetings and investor conferences on he corporate websites. (3) The Company publicly announces and files its annual financial reports within two months after the close of each fiscal year, and submits its quarterly financial reports before the filing deadlines. Additionally, the Company publicly discloses sales figures for the previous month before the 10th day of each month.	No significant difference

Item	Implementation Status			Deviation from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) In accordance with the provisions of the Labor Standards Act, the Company has established an Employee Welfare Committee and Labor Union to ensure employees' rights and interests. Employees enjoy benefits such as regular health check-ups, corporate retreats and etc., and are provided with channels to file complaints. Valuing a harmonious relationship between employees and the Company, regular labor meetings are also held. (2) In accordance with the law, the Company discloses its information truthfully so as to protect the rights of investors and stakeholders, fulfilling the Company's responsibility to the shareholders. (3) Due to industrial characteristics of the Company, apart from some raw materials that have specific suppliers, the Company categorizes suppliers based on the risk and quality evaluation of suppliers, and communicate with them regularly through emails and phone calls to understand the supply situation, and to maintain good relationships. (4) The directors and independent directors of the Company have professional background and actual business management experiences. They are provided with training regularly and are covered by liability insurance to strengthen corporate governance and to safeguard shareholders' equity. (5) Risk management and measuring standard of the Company is based on a comprehensive evaluation by various departments. Major risk concerns are reported to the Board of Directors. The Company develops plans for the succession of and candidates for the directors, based on future operational developments. It also plans to standardize processes to assess and develop potential employees as key players for long-term training in order to ensure that the supply of talents does not form any gaps. <u>Succession plan of directors</u> The election of the Directors shall take diversity into consideration, such as basic requirements and values (including gender, age, nationality, culture, etc.), professional knowledge and skills (including professional background, professional skills, and industry experiences). Furthermore, to achieve the ideal target for corporate governance, the Directors shall generally be equipped with the knowledge, skills, general capacity and disposition required for performing its duties. The Company conducts the succession plan of its Directors according to the following approaches: 1) Adequate candidates recommended by the current Directors. 2) Director candidates recommended by shareholders. 3) Refer to the results of performance evaluation of the Board of Directors for the nomination of the Directors' re-appointment. To reinforce the efficacy for Directors to exercise their powers and functions, the Company will keep up with the trend and arrange annual training programs with reference to the changes in internal and external environmental conditions and the development demand, so as to improve the professional know-how for our Directors. <u>Succssion plan of the management team</u> The Company has assigned a dedicated director of talent development, holds regular meetings to discuss and review the succession planning and key talent cultivation of the Company's management. The personal development plan will be developed according to one's professional capability and the job requirements. The plan includes management capability training and a	No significant difference

Item	Implementation Status			Deviation from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			mentor system, regular work interviews, in the hope to assist key talents to develop professional capabilities closer to the Company's business strategy and to cultivate a full range of management talents.	
9. The Company shall describe the improvements with reference to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and shall make available the prioritized enhanced measures for the matters that have not been improved.			The Company carried out corporate governance self-evaluation yearly according to the regulations of the Stock Exchange, and compiles items with no scores. The responsible units are requested to make improvements accordingly, in the hope that it will meet the requirements of the evaluation indicators, so as to strengthen the corporate governance system. The Company ranked among 36%~50% in 2023 (the 10th Corporate Governance Evaluation). The Company will continue to demonstrate our sustainable competencies in economic, environmental, and social aspects. The areas that required improvement are described as follows: 1) #3.4: The Company publicly announced and registered with the annual financial reports on 2024/2/29, which was within two months after the close of each fiscal year. 2) #4.11: The Company is going to disclose the greenhouse gas emissions, water consumption, and total weight of waste in the last two years in the 2023 ESG report.	

3.4.4 Composition, Responsibilities and Operations of the Compensation Committee

1. Composition of the Compensation Committee

December 31, 2023

<table>
<tr><th>Title</th><th>Criteria
Name</th><th>Professional Qualification and Experience</th><th>Independence Status</th><th>Number of other public companies where the individual is concurrently serving as a compensation committee member</th></tr>
<tr><td>Independent director (Chair)</td><td>Hung Wen Lin</td><td rowspan="3">Please refer to "Information regarding Board Members" on page 12 of this Annual Report.</td><td rowspan="3">All the Compensation Committee members meet any of the following situations:
1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company whose stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Taiwan's Securities and Future Bureau.
2. Independent director (or nominee arrangement) as well as his/her spouse and minor children do not hold any the Company's shares.
3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service".</td><td>1</td></tr>
<tr><td>Independent director</td><td>Ming Cheng Chang</td><td>2</td></tr>
<tr><td>Independent director</td><td>Chu-Sheng Hsu</td><td>2</td></tr>
</table>

Note: During the two years before being elected and during the term of office, meet any of the following situations:

(1) Not an employee of the Company or its affiliates.

(2) Not a director or supervisor of the Company or its affiliates. Except for the independent directors that are appointed by the Company or the parent company and subsidiaries in accordance with this Law or the local law.

(3) Not a natural person, spouse, minor children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Bank or among the top 10 natural person shareholders.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of managerial officers in (1) or any of the persons in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder which directly holds 5% or more of the Company's total number of issued shares, ranks among the Company's top five shareholders, or appoints representatives to be the Company's directors or supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Securities and Exchange Act" or local laws.)

(6) Not a director, supervisor, or employee of a company which owns the majority of the Company's directorships or voting rights. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Securities and Exchange Act" or local laws.)

(7) Not a director, supervisor or employee of a company or institution whose chairman, the president, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (This requirement does not apply where the independent director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Securities and Exchange Act" or local laws.)

(8) Not a director, supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (This requirement does not apply where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the independent director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Securities and Exchange Act" or local laws.)

(9) Not a professional individual, nor an owner, partner, director, supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing services or renders commercial, legal, financial, or accounting services with a cumulative compensation not exceeding NT$500 thousand in the past two years to the Company or any of its affiliate. However, this requirement does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition who perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

2. Operation of the Compensation Committee

(1) The Remuneration Committee of the Company is consisted of 3 members.

(2) Term of office of current committee members: July 26, 2021 to July 25, 2024. The Remuneration Committee has convened for 2 times in the most recent year (2023). The qualifications of the members and their attendance to the meetings are shown below:

Title	Name	Attend in Person	By Proxy	Attendance Rate (%)	Note
Convener	Hung Wen Lin	2	0	100	-
Member	Ming Cheng Chang	2	0	100	-
Member	Chu-Sheng Hsu	2	0	100	-

Other mentionable items:

I. Where the Board may not take or revise the advice of the Remuneration Committee, specify the date and the session of the Board, the content of the motion, the resolution of the Board, and the response to the opinions of the Company towards the advice of the Remuneration Committee (if the resolution of the Board suggested better position of remuneration than the advice of the Remuneration Committee, specify the reasons and the variations): None.

II. Where members of the Remuneration Committee may have adverse opinions or qualified opinions in their resolutions on record or in written declaration, specify the date and session of the committee, the content of the motion, the opinions of all other members, and the responses to the adverse opinions: None.

Operation of 2023 Compensation Committee:

Term & Date	Agenda	Results and handling of the resolution	Handling of the Compensation Committee Members' Opinions
3rd Term 4th meeting 2023/03/20	1. Formulated 2023 Remuneration Committee work plan. 2. Reviewed the list of proposed remuneration projects to be implemented in 2023. 3. Approval of employees and directors' remuneration distribution for 2022.. 4. Approval of distribution of employees remuneration and incentive bonus (including managers).	Approved by all attending committee members	Approved by all attending directors of the Board
3rd Term 5th meeting 2023/11/13	1. Approved of distribution of manager incentive bonus.	Approved by all attending committee members	Approved by all attending directors of the Board

III. Scope of duties of the Compensation Committee

1. Periodically reviewing the Compensation Committee Charter and making recommendations for amendments.
2. Establishing and periodically reviewing the annual and long-term performance goals for the directors and managerial officers of the Company and the policies, systems, standards, and structure for their compensation.
3. Periodically assessing the degree to which performance goals for the directors and managerial officers of the Company have been achieved, and setting the types and amounts their individual compensation.

3.4.5 Fulfillment of Sustainable Development and Gaps with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Has the Company establish a governance structure and an exclusively (or concurrently) dedicated unit to promote sustainable development where top executives are authorized by the board to handle relevant issues under supervision from the board?		V	Although the Company has yet to establish an exclusively (or concurrently) dedicated unit authorized by the board to promote sustainable development, our chairman and CEO take relevant matters seriously. The heads of departments are assigned to carry out sustainable development measures in accordance with their job scopes and duties. Topics including ethical management, occupational safety and health management, green operation, customer service, supply chain management, employee relations and social care. The Board amended "Sustainable Development Best Practice Principles" on March ,9 2022. The Company regularly and irregularly report to the Board regarding operations, finance, corporate governance and other related issues. Through the diverse experience of its members, the Board offers broad and professional opinions to assist the Company in making appropriate decisions. The first ESG report was completed and issued by the end of October in 2023. In 2023, the Company reported to the Boards 4 times on the progress of greenhouse gas inventory and the issuance status of the first sustainability report. In the future, the Company will follow relevant laws and report to the Boards regularly or irregularly as necessary.	The Company will formulate the risk management policies as required in the future.
2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality?	V		The Board of the Company has established a risk management mechanism to regularly review the risks related to finance, laws and regulations, water / electricity resources, industrial supply chain, information security and occupational safety and health, so as to improve its competitiveness in the industry. In principal, the scope of risk management includes the Company and its all subsidiaries. The risk management process mainly encompasses risk identification, risk assessment and risk response. In view of the principle of materiality, the scope of the following material topics is mainly the Company. The key points of the related risk management policies or strategies are summarized as follows: (1) Environmental issues – climate change and environmental risk: the Company is devoted to establish a production process that complies with regulations and reduce resources consumption. In order to achieve the eco-friendly objective, the Company conduct the industrial and safety hygiene management and regular monitor the implementation to effectively reduce pollution emissions. Moreover, the Company is studying the possibilities of using different materials during the manufacturing process to reduce the yacht weight without compromising safety and further to lower energy consumption. (2) Social issues – occupational safety risk: the Company has listed "improving occupational safety and health management" as a key item in the social issues. The relevant management policies include continuously improving the work environment, routine inspection on the conduct and working environment of employees and subcontractors by on-site supervisors, holding fire safety and occupational health training annually. The goal is to improve employees' safety awareness and the ability of deal with any contingency. (3) Corporate governance issues: a) Legal risk: the internal controls of the Company are strictly carried out and serve as guidance for employees to conduct themselves in accordance with laws and regulations and ethical standards to ensure laws and regulations are fully complied with and the Company is legally operated. b) Strategy and operation risks: management team regularly report strategic issues to the Board to reduce risks through the participation, supervision and advice of the directors. c) Consistent information: the Company has established various investors/stakeholders communication channels. The spokesperson and investor relations officer actively communicate with the investors/stakeholders and response their questions to avoid the misunderstanding and to prohibit any information asymmetry.	No significant differences

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>According to the principle of materiality, our company summarized 33 significant issues in the areas of environment (5 items), society (3 items), and corporate governance (25 items) for the year 2023, and reported them to the board of directors.</td><td></td></tr>
<tr><td>3. Environmental issues
(1) Has the Company referred to the nature of its industry to establish a suitable environmental management system?
(2) Is the Company committed to improving usage efficiency of various resources utilization and use renewable resources with reduced environmental impact?
(3) Does the Company assess the potential risks and opportunities brought by climate changes on the Company, both for the time being and for the future, and take measures to respond to climate issues?
(4) Does the Company count the amount of greenhouse gas emissions, water consumption and total weight of waste for the past two years? Are any policies pertaining to energy conservation, carbon reduction, greenhouse gas reduction, reduction of water consumption, or other waste management policies formulated accordingly?</td><td>V
V
V
V</td><td></td><td>(1) The Company has been actively promoting relevant Occupational Safety and Health Management System and so forth to facilitate a positive cycle of gradual improvement for green sustainability and safety culture. Due to the nature of our industry that requires the use of certain solvents, the Company has set up organic solvent operation procedures according to the regulations and received “Stationary pollution source operating permit” from the Department of Environmental Protection. Concurrently, the Company has established safety and health policy and related training courses, and conducts environmental safety auditing from time to time. The Company will obtain international related certification based on relevant law and regulations.
(2) Improvement of resource utilization efficiency
a) Waste disposal: The factory continues to promote waste reduction, sorting, recycling, and reuse policy, and entrusts legal vendors approved by the Environmental Protection Agency to carry out waste cleaning and removal. At the same time, promoting the occupational safety and health management system.
b) Water treatment: The Company has two rainwater collection tanks (with storage capacity of 2,160 cubic meters). To reduce water consumption during manufacturing, recycled water is used for these activities, such as splashing water to prevent staining of the ground, ship cleaning after completion, testing for water leakage, and overall cleaning.
c) Electricity: The factory area installed solar panels and administrative offices use LED light bulbs, saving up to 550,000 watt-hour/year of electricity. The average solar power generation has exceeded the annual electricity consumption of the Company in recent years.
d) The Company purchased waste solvent recovery equipment where waste solvent produced daily are recycled and processed, with every 75 liters of waste solvent to be recycled to reproduce 40 liters of solvent that can be reused for cleaning purposes.
(3) Facing the inevitable increases in energy and environmental protection costs, the Company is devoted to various energy saving projects to diminish the impact on costs and at the same time, committed to the recycling and renewal of waste resources to improve competitiveness and work towards the management goals of minimum energy consumption as well as cost optimization. The Company’s improvement measures are as follows:
a) Innovation design: carbon emissions stem from consumption of electricity and diesel/gasoline and therefore the largest emission contributors are the Company’s production facilities. The Company continually find ways to replace fiberglass with carbon fiber in select areas in the manufacturing of the yachts. Carbon fiber uses less materials overall and makes yachts lighter and more durable. Lighter yachts consume less fuel.
b) Air pollution prevention: The Company actively uses VOC negation technology using pyro techniques with EPS approval. Also, the Company recently uses low emission resins during vacuum infusion process, which is more expensive but less environmental impact.
c) Material substitution: Actions to reduce VOC emissions are also focused on reducing acetone consumption levels by promoting the use of alternative products. Acetone is no longer used in virtually all boat assembly activities. Acetone-free cleaning machines or units with recycled acetone (closed loop) have been deployed, particularly for floors in the molding facilities and spray guns for gelcoat repair activities.
(4) The Company promotes the concept of energy saving and carbon reduction from time to time and strengths employees’ awareness for sustainable environmental development through slogan posters.</td><td>No significant differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>The statistical data for greenhouse gas emissions, water usage, and waste volume at the Company's operating sites in Taiwan over the past 2 years are as follows:
a) GHG emissions: The Company has installed the solar panel rooftop system at its factories. In 2023, the system generated over 3.07M kw power and reduced CO2e emission by 1.52 million kg.
The GHG emissions over the past 2 years (Unit: million kg CO2e):
<table>
<tr><th>Item</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1</td><td>300.85</td><td>432.69</td></tr>
<tr><td>Scope 2</td><td>1,370.13</td><td>1,614.18</td></tr>
<tr><td>Total emissions</td><td>1,670.98</td><td>2.046.87</td></tr>
</table>
b) Water consumption is primarily for filling its test tanks and carrying out water-tightness testing, as well as sanitation purposes. Due to capacity ramp-up and more outputs, the Company consumed 13,367 m3 in 2023, over 20% more than the previous year.
The water usage over the past 2 years:
<table>
<tr><th>Item</th><th>Unit</th><th>2022</th><th>2023</th></tr>
<tr><td>Water usage</td><td>(Million Liters)</td><td>10.81</td><td>13.37</td></tr>
<tr><td>Intensity</td><td>($10 million)</td><td>4,823.44</td><td>5,435.74</td></tr>
<tr><td>Water usage intensity</td><td>(Million Liters /$10 million)</td><td>0.0022</td><td>0.0025</td></tr>
</table>
c) Total weight of waste: All hazardous waste is treated prior to disposal, or disposal is outsourced to licensed third-party waste disposal contractors. The contractors collect, treat, and dispose the waste according to compliance standards set by the local regulations. All factories have sorted their waste for several years, with various channels for recovery and reclamation, particularly for packaging (cardboard, plastics, metals) and wood waste. Part of the non-hazardous waste that cannot be recycled is used to produce energy in incinerators.
The waste volume over the past 2 years (unit: tone):
<table>
<tr><th>Item</th><th>2022</th><th>2023</th></tr>
<tr><td>Non-hazardous waste</td><td>1,040</td><td>935.27</td></tr>
</table>

Resources consumption, such as energy and water, will increase as the production capacity expands. The Company will continuously commit to improving resource efficiency in the yacht design and manufacturing operations.</td><td></td></tr>
<tr><td>4. Society
(1) Has the Company set up management policy and procedures according to related laws and regulations and the International Bill of Human Rights?
(2) Does he Company formulate and implement reasonable employee benefits measures (including compensation, days-off, and other benefits, etc.), and appropriately link the operating performance or results to employee compensation?</td><td>V

V</td><td></td><td>(1) The Company formulates its human rights policies by following international recognized human rights conventions, including the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization, and the Taiwan Labor Standards Act.
In order to identify and assess potential risks related to human rights, the Company periodically examines its operations, value chain, new business activities such as M&A and JV, and other related activities every year through monitoring social material issues, data surveillance, questionnaires, etc. Based on the identified potential risks, the Company draws up control plans and continuously monitors and improves the execution results.</td><td>No significant differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr>
<td>(3) Has the Company provided employees with a safe and healthy work environment as well as conducted regular classes on health and safety?
(4) Has the Company established effective career and competence development and training plans?
(5) Has the Company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing and labeling, and formulated relevant consumer protection policies and grievance procedures?
(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor rights, and how well are those policies implemented?</td>
<td>V
V
V
V</td>
<td></td>
<td>Human rights policy and specific plans:
<table>
<tr><th>Human Right Policy</th><th>Specific Plans</th></tr>
<tr><td>a) Provide a safe and healthy working environment
b) Assist employees in maintaining physical and mental health and work-life balance
c) Implement high salary, high development, and high care policy</td><td>• The Company arranges OSH seminars and fire drills annually to provide employees with correct and comprehensive safety protection knowledge.
• The Company has established a complete, smooth, and transparent promotion channel for every employee to see their career path.</td></tr>
<tr><td>Prohibit forced labor and comply with the local government labor laws and regulations</td><td>Implement the vacation system and encourage a work-life balance lifestyle</td></tr>
<tr><td>Stipulate human rights clauses in contracts with the suppliers</td><td>Ask each supplier to fill out the sustainability self-evaluation form</td></tr>
</table>

(2) <u>Remuneration</u>
The year-end bonus plan is based on the profit after tax and distributed to all staff for motivation after considering their seniority and annual performance evaluation. In 2023, the year-end bonus plan is based on 5.4% of the profit after tax. According to the Articles of Incorporation of the Company, employee remuneration shall not be less than 1% of its annual profit.

<u>Compensation and Benefit</u>
The Company sets up a welfare committee, and allocated more than NT$4.9 million in 2023 for employee welfare. The Committee plans and offers various benefits, such as subsidies for travel subsidies, clubs, marriage, childbirth and funeral, as well as birthday cakes, etc. The Company also provides health examinations for free.
Employees who need longer leaves to take care of personal and family may apply for unpaid leave.

<u>Diversity and Equality in the Workplace</u>
For gender equality, the Company implements equal pay for equal work and fair promotion to promote sustainable economic growth. In 2023, the average proportion of female workers was 16%, and the average proportion of female managers was approximately 19%.
The Company values the importance of employees' working rights and benefits, and shares benefits with employees to maintain a good working environment and to promote physical and mental care for all.
a) Achieve a 100% goal of employing colleagues with disabilities and tailor appropriate job duties, and environmental facilities.
b) Specialized projects are implemented for Vietnamese and Indonesian colleagues in terms of recruitment, cultural integration, health and safety, etc.
c) Implement female empowerment in a friendly working environment so that colleagues of all genders feel at ease.</td>
<td></td>
</tr>
</table>

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

Female Diversity Indicator

Indicator	Percentage(%)
Female/Total Employees	16.34%
Female/All Managers	18.94%
Female/Junior-level Managers	12.20%
Female/Senior Managers (within two levels of CEO)	35.30%
Female/Income-generating Units	3.46%
Female in positions of STEM(Science, Technology, Engineering, and Mathematics)	3.46%

Equal Pay

The Company has established Compensation Committee to offer competitive compensation package. It rewards and shares fruits of its operational performance with employees through the transparent and equitable remuneration policy. Entry-level staff on the same level are employed with equal treatment. Also, remunerations are evaluated based on the academic backgrounds and experiences of individuals with relevant expertise and work experiences, regardless of gender or ethnicity.

Equal Pay Indicators	Differential(%)
Gap in "mean" pays between male and female	1.84%
Gap in "median" pays between male and female	0.23%
Gap in "mean" variable bonuses between male and female	1.24%
Gap in "median" variable bonuses between male and female	0.00%

The Operational Performance is Reflected in Employee Compensation

Based on its after-tax profit of the current year, the Company shall set aside compensation amount for accumulated losses before the distribution of employee and director remuneration. If the Company makes a profit in a fiscal year, it shall set aside no less than 1% as employee remuneration and no more than 5% as director remuneration. Eligible employees need to meet certain criteria.

The Company participates in the market salary survey every year. It adjusts salaries based on the market salary level, economic trends, and individual performance to maintain overall compensation competitiveness. In 2023, the average salary adjustment rate was 5.95%, with the highest individual adjustment reaching 15%.

(3) The Company installs the necessary health and emergency measures, organizes safety and hygiene training regularly, and provides employees with health check-ups. The Company also installed fire protection facilities with regular maintenance to provide employees with a safe and healthy work environment.

Occupational Safety and Health (OSH) Policy

Compliance with OSH regulations, and execution of risk assessments and environmental considerations.

Promotion of green energy and carbon reduction for lower emissions, and maintenance of a healthy workplace through joint efforts.

Enhancement on work safety awareness, and establishment of quantitative indicators to improve performance.

Commitment on corporate social responsibility fulfillment, and continuous improvement for sustainable operations.

Workplace Monitoring

Workplace monitoring refers to the planning, samplings, monitoring and analyses carried out for the purpose of understanding the actual working conditions and assessing the exposures of laborers. To protect employees

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			from harmful substances at workplace and to provide them with a healthy and comfortable work environment, workplace monitoring is conducted twice every year to gradually understand the actual exposures of laborers. <u>Occupational Safety Audit</u> The Company has an annual OSH management plans in place. Various on-site inspections are conducted irregularly by the Company's OSH specialist. Improvement items identified during inspections are communicated to dedicated groups in each factory for reference and improvement. Additionally, the deficiencies and improvements are reviewed during OSH committee meetings held every three months. Procedures of occupational safety audits are summarized as follows: ◆ OSH specialists perform conduct intermittent inspections at various factory sites, employing a mobile management approach. ◆ Regular safety and health inspections are conducted on a scheduled basis. ◆ Fire equipment maintenance is conducted twice every year with audit inspections at least once every month. <u>Equipment Safety Management</u> The Company adopts the equipment classification approach where hazardous machines and equipment are placed under surveillance pursuant to laws and regulations. Thorough inspections are performed to ensure safe operation. In 2023, the Company's hazardous machines were the 28 fixed cranes at factories. Regular inspections were carried out in accordance with the "Regulations for Safety Inspection of Existing Hazardous Machines and Equipment" to ensure these machines are safe to use. <u>Education, Training and Promotion</u> Internal training: The Occupational Safety Division regularly arranges OSH seminars for senior and junior on-site team leaders to attend. External training: To ensure the validity of certificates. <u>The Number of Occupational Accidents</u> In 2023, there were 738 employees, and there were no reported cases of occupational accidents. <u>The Number of Fire Incidents and the Proportion of Casualties</u> There were no fire incidents with no casualties in 2023. <u>The Current Measures for Preventing and Controlling Fires</u> a) For any hot work operations required by departments within the factory, a hot work permit must be obtained. The permit must be signed by the department manager and include the operation date, time, and the requirement for onsite fire watchers. Adequate firefighting equipment such as fire extinguishers and fire blankets must be prepared. Flammable materials must be removed from the work area, and hot work should not be conducted near organic solvents or chemicals to prevent sparks from causing fires. b) The fire inspection system is implemented annually, including tasks such as replacing defective equipment and inspecting fire extinguishers. Additionally, fire drills are conducted semi-annually at each factory site to ensure that employees are knowledgeable about fire prevention, familiar with the use of fire extinguishers, evacuation routes, and the relevant emergency response procedures. c) Smoking is strictly prohibited within the factory premises, and strict controls are enforced. d) Fire safety personnel are designated at each factory site to patrol and inspect the condition of fire-fighting equipment, with records maintained in hard copy format. (4) The Company offers comprehensive training courses for managers and staff at all levels, including new employee orientation, advanced skills, and managerial training, etc. These training programs cover six major categories : production technology, software tools, quality, equipment, general application, and leadership and management training. The Company designs training courses on corporate ethics to instill essential values	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>and cultivate a core culture among colleagues. These courses are delivered both in-person and through an online platform, enabling continuous learning for colleagues anytime, anywhere.
A total of 431 employees completed the training courses in 2023, totaling 10,804 hours.
Furthermore, the Company regularly monitors the progress of its employees' career path development. Managers and staff collaborate to set up annual promotion and development plans, and assist colleagues in establishing individual training paths through regular review and feedback.
(5) Marketing and labeling of products and services are in compliance with the regulations and international standards; trademark ownership has been registered with the responsible agency.
(6) To maintain a long-term partnership and honor social sustainability with the suppliers, the Company will fill out a "Supplier Evaluation form" to select exceptional suppliers when making business contact with new suppliers. Our major suppliers like Garmin, Man Engine comply with requirements related to substainability, human rights, transparency, labor rights and more. We are kept updated on their efforts. The Company has also set up Safety and Health Management policy for subcontractors in order to ensure they conform to the relevant regulations.</td><td></td></tr>
<tr><td>5. Does the Company refer to the guidelines for the preparation of internationally accepted reports in preparing its sustainability reports and other reports that disclose the Company's non-financial information? Did the aforesaid report obtain the assurance or accreditation of an impartial third party?</td><td>V</td><td></td><td>The company refers to the Global Reporting Initiative (GRI) Universal Standards 2021, published by the Global Reporting Initiative, and the 'Operating Procedures for Listed and OTC Companies to Prepare and Submit Sustainability Reports' issued by the Taiwan Stock Exchange as the main comprehensive disclosure framework. The Company used the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standards to compile the 2022 sustainability report, which was publicly disclosed on the company's website. The report has not been verified by a third party unit.</td><td>No significant differences</td></tr>
<tr><td colspan="5">6. If the Company has established the corporate sustainability principles based on "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: No major difference.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company's CSR practices:
(1) The Company, from time to time, participates in charity and community activities, giving back to local neighborhoods through activities such as blood donation event, purchase of agricultural products for distribution to employees, adoption of green land, and so on.
a) To support local produce and charity, the Company purchases crops to share with employees. In 2020, approximately NT$220,000 were spent on sweet potatoes and watermelons as gifts for Mother's Day. In 2021, the Company spent NT$40,000 on rally behind Taiwan pineapples. In 2022, the Company spent approximately NT$90,000 on sweet potatoes as gifts for Mother's Day. In 2023, the Company spent approximately NT$ 600,000 on charities' gift boxes as gifts for Mother's Day and Luna New Year.
b) In order to sponsor the caring campaigns, the Company spent approximately NT$170,000 to purchase charity gift sets as employees' gifts.
c) The Company sponsored NT$50,000 for environmental afforestation.
d) The Company supported shops in the community by purchasing refreshments for tea breaks and Taiwan Super ice pops for employees.
(2) The Company's factory is located within an industrial park where we adopt the universal environmental contamination prevention standard set by the industrial park, and accepts regular and irregular check-ups and supervision from the Environmental Protection Bureau.
(3) We are proactive in addressing environmental protection issues. In accordance with the regulation, the factory is equipped with canvas to prevent exhaust gas from diffusing. We also followed the proper procedures for the application of stationary pollution source certification.
(4) The Company's "Work Rules" on the utilization of human resources such as recruitment, appointment, training, promotion, assessment, and so on, do not give special treatment based on gender, ethnical, social class, age, marital status and family condition to any employee. Every employee shall be treated equally.
(5) The Company values capacity building of staff and employee welfare by establishing diversified training courses and a robust remuneration system. At the same time, we collaborate with local universities for summer internship to launch industry-university cooperation, making the Company a talent dream factory.</td></tr>
</table>

3.4.6 Implementation of Climate-Related Information

<table>
<tr><th>Item</th><th>Implementation</th></tr>
<tr><td>1. Describe supervision and governance of climate related risks and opportunities by the board of directors and management.</td><td>Supervision and guidance role of the Board in sustainable development (ESG) management strategies. The heads of departments are assigned to carry out sustainable development measures by their job scopes and duties. The Company regularly and irregularly reports to the Board regarding operations, finance, corporate governance, and other related issues. Through the diverse experience of management, the Board offers broad and professional opinions to assist the Company in making appropriate decisions.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities impact the business, strategy, and finances of the Company (short, medium, and long term).</td><td>
<table>
<tr><th>Term</th><th>Climate Risks</th><th>Opportunities</th></tr>
<tr><td>Short-term</td><td>The occurrence of unusual weather conditions has affected the supply of processes or supply chains, consequently impacting the Company's short-term profitability.</td><td>Develop alternative manufacturing processes or engage in cross-border cooperation with other manufacturers to mitigate the impact of uncontrollable climate factors on company operations.</td></tr>
<tr><td>Medium-term</td><td>In line with international trends, the Company are undergoing an environmental transformation by researching, developing, and utilizing green energy products, leading to an increase in operational costs.</td><td>Researching and utilizing green energy, low energy consumption, and low carbon emission products help reduce environmental impact and mitigate climate threats.</td></tr>
<tr><td>Long-term</td><td>Increased pressure on water and electricity resources, along with the imposition of international carbon taxes, has led to a decrease in production capacity and increased costs, necessitating the reduction or adjustment of processes.</td><td>Introducing more diverse alternative energy sources and energy management systems helps reduce environmental damage, energy consumption, and operational costs.</td></tr>
</table>
</td></tr>
<tr><td>3. Describe the financial impact of extreme weather and transition.</td><td>To address the impacts of the extreme weather on supply chain logistics and shipbuilding schedule, forecast future conditions, sufficient inventory in advance, and adjust production processed to stabilize the long-term operational momentum against the short-term financial implications.</td></tr>
<tr><td>4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</td><td>The Company will conduct a greenhouse gas inventory to understand and manage the quantification of overall emissions, identify significant climate-related risks, and have respective departments responsible for risk control and management. Regular/irregular reports will be provided to the board of directors.</td></tr>
<tr><td>5. If using scenario analysis to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impact used should be explained.</td><td>The Company did not adopt scenario analysis.</td></tr>
<tr><td>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, as well as the indicators and targets used to identify and manage physical and transition risks.</td><td>The Company hasn’t set up a transition plan for managing climate-related risks.</td></tr>
<tr><td>7. If using the internal carbon pricing as a planning tool, describe the basis for price determination.</td><td>The Company did not adopt internal carbon pricing.</td></tr>
<tr><td>8. If climate-related goals are set, describe the covered activities, scope of GHG emissions, planning timeframe, and progress achieved annually. If carbon offset or RECs are used to achieve goals, describe the source and quantity of carbon offsets exchanged or the quantity of RECs used.</td><td>Although the Company has not set up the climate-related goals, it has been devoted to various energy saving projects to diminish the impact on costs and at the same time, committed to the recycling and renewal of waste resources to improve competitiveness and work towards the management goals of minimum energy consumption as well as cost optimization.

According to regulatory requirements, as the paid-in capital of the Company is less than 5 billion, the parent company is required to complete the GHG inventory check by 2026 and verification by 2028. Subsidiaries included in the consolidated financial statements are required to complete the inventory check by 2027 and verification by 2029.</td></tr>
</table>

Item	Implementation
9. GHG inventory and assurance status, reduction goals, strategies, and physical plans.	(1) GHG inventory: The statistical data for greenhouse gas emissions at the Company's operating sites in Taiwan over the past 2 years are as follows: <table><tr><td>Scope</td><td>Unit</td><td>2022</td><td>2023</td></tr><tr><td>Scope1: Direct</td><td>(Ton CO_2e)</td><td>300.85</td><td>432.69</td></tr><tr><td>Scope2: Indirect</td><td>(Ton CO_2e)</td><td>1,370.13</td><td>1,614.18</td></tr><tr><td>Total</td><td>(Ton CO_2e)</td><td>1,670.98</td><td>2,046.87</td></tr><tr><td>Intensity</td><td>(Ton CO_2e/ NT$ million)</td><td>0.35</td><td>0.32</td></tr></table> (2) GHG Assurance Information: The Company will obtain GHG assurance opinions in accordance with relevant laws and regulations. (3) GHG reduction targets, strategies, and specific action plans: The Company will follow relevant laws and regulations to formulate GHG reduction targets, strategies, and specific action plans.

3.4.7 Implementation of Ethical Corporate Management and the Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Causes thereof

Item	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the Company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies? (2) Does the Company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (3) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	 V V V		(1) We have established corporate rules and regulations including the "Code of Integrity," "Integrity in Management Procedure and Behavior Guideline," and "Ethical Code of Conduct," to prevent and handle dishonest acts through precautionary measures, operational procedures, and an appeal system, and have clearly established relevant policies and reporting channels for conflict of interests to ensure managerial level and directors abide to them as well. (2) The "Integrity in Management Procedure and Behavior Guideline" includes preventative measures of dishonest actions, operational procedures, and appeal system, and the Company follows through with actual implementation and will conduct regular evaluation. (3) The Company has established preventative measures in the "Code of Integrity" as required by Article 7-2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," which requires companies to establish preventive measures for business scope that are of a higher risk of unethical conduct behavior.	No significant differences
2. Implementing ethical operation (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Has the Company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least	 V V		(1) The "Code of Integrity" clearly states that before engaging in business dealings, the Company shall consider the legality and integrity of agents, suppliers, clients, or companies with business transactions, and ensure to avoid having business transactions with those that have unethical records.	No significant differences

Item	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof? (3) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (4) Has the Company established effective systems for both accounting and internal control to implement ethical corporate management? Has the internal auditors formulated related plans and checked the compliance of anti-unethical conduct based on the unethical risks assessed? Or does the Company commission a CPA for the audit task? (5) Does the Company regularly hold internal and external educational trainings on operational integrity?	 V V V		(2) The general manager's office heads the Company's authority unit who is responsible for supervising and monitoring any unethical practice within the Company. Whenever necessary, it will evaluate its implementation outcomes and continue to improve and strive for a better ethical corporate management. (3) The "Ethical Code of Conduct" clearly prescribed policy to address conflict of interest issues, and the Company encourages anyone to report illegal acts or unethical practices. (4) To ensure the implementation of ethical corporate management, the Company establishes an effective accounting system and internal control system where internal auditing members will regularly assess every procedure of the internal control system and prepare audit reports for the Board of Directors. (5) Some of the Company's supervisors participate in external seminars on ethical corporate management and corporate social responsibility and promote these concepts and standards internally through managerial level meetings.	
3. Operation of the integrity channel (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases? (3) Does the Company provide proper whistleblower protection?	 V V V		(1) The "Employee Reward and Penalty Measures" and the "Work Rules" specify the system for filing reports and reward and penalty. The Company website has contact information for various stakeholders to file reports as an approach to realize the operation of the reporting system. (2) Regarding the ethical corporate management measure, the Company has established the necessary investigation standard, operation procedure, and a mechanism for confidentiality. For investigations of reported cases, the Company conducts investigations in a confidential and rigorous manner. After the investigation of the reported cases is completed, the Company takes follow-up measures according to the severity of the internal rules. If criminal responsibilities is involved, it will be transferred to the judicial office for investigation. (3) The informer is kept confidential and protected by the Company, and will not be subjected to any inappropriate treatment.	No significant differences
4. Strengthen information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		According to the law, the Company discloses information on the outcome of implementing ethical corporate management on the website for public information in a timely manner, as well as maintaining a sustainable business page providing related corporate governance information about the system and procedures on the Company's website.	No significant differences
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: no major discrepancy.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. review and amend its policies): The Company keeps monitoring the changes of domestic and international regulations and will amend the "Code of Integrity" when necessary to enhance the implementation of ethical corporate management.				

3.4.8 Corporate Goernance Guidelines and Regulations:

Please refer to the Company's website under Policy and Policy & Regulations section.

3.4.9 Other Important Information regarding Corporate Governance:

1. The Company has established the Procedures for Handling Material Inside Information which clearly regulates how to disclose the material information, and regularly reviews the procedure to comply with the latest regulations and practical needs.

2. Continuous trainings and courses related corporate governance taken by the Directors:

Title	Name	Date	Organizer	Course name	Hours
Chairman	Johnny Chueh	2023/11/13	Taiwan Corporate Governance Association	The Director responsibilities in the Corporate Mergers and Acquisitions	3
		2023/11/13	Taiwan Corporate Governance Association	The Rules and Case Description of Competitive Behaviors for Management Right	3
Vice Chairman	Hsiung Wei Tseng	2023/11/13	Taiwan Corporate Governance Association	The Director responsibilities in the Corporate Mergers and Acquisitions	3
		2023/11/13	Taiwan Corporate Governance Association	The Rules and Case Description of Competitive Behaviors for Management Right	3
Director	Chung Hui Cheng	2023/11/13	Taiwan Corporate Governance Association	The Director responsibilities in the Corporate Mergers and Acquisitions	3
		2023/11/13	Taiwan Corporate Governance Association	The Rules and Case Description of Competitive Behaviors for Management Right	3
Director	Yi-Hui Kuo	2023/11/13	Taiwan Corporate Governance Association	The Director responsibilities in the Corporate Mergers and Acquisitions	3
		2023/11/13	Taiwan Corporate Governance Association	The Rules and Case Description of Competitive Behaviors for Management Right	3
Independent director	Ming Cheng Chang	2023/07/04	Taiwan Stock Exchange	2023 Cathay Forum for Green Banking and Climate Change	6
Independent director	Hung Wen Lin	2023/07/25	Taiwan Corporate Governance Association	Introduction of Corporate Governance 4.0	3
		2023/07/25	Taiwan Corporate Governance Association	Practice of Trade Secrets and Fraud Prevention	3
Independent director	Chu-Sheng Hsu	2023/04/13	Taiwan Academy of Banking and Finance	Corporate Governance	3
		2023/05/15	Taiwan Corporate Governance Association	Sustainable Development Trends and Practical in Multinational Corporations	3

3. Continuous trainings and courses related corporate governance taken by the Corporate Governance officer:

Date	Host By	Training/Speech Title	Duration	Total Duration
2023/05/22	Taiwan Stock Exchange, Taipei Exchange	Advocacy Conference on Sustainable Development Action Plans for Listed Companies	3.0	18.0
2023/11/03	Securities and Futures Institute	Analyzed the Derivative Financial Markets and Enhanced the Corporate Sustainability	3.0	
2023/11/13	Taiwan Corporate Governance Association	Regulatory Framework and Practical Case Analysis of Competitive Behaviors in Corporate Management Rights	3.0	
2023/11/13	Taiwan Corporate Governance Association	The Duties of the Directors and Supervisor in Mergers and Acquisitions	3.0	
2023/11/15	Securities and Futures Institute	The Seminar on Legal Compliance for Internal Personnel Stock Rights Trading in 2023	3.0	
2023/12/05	Accounting Research and Development Foundation	Sustainable Development Action Plans for Listed Companies	3.0	

3.4.10 Internal Control System

1. Statement of Internal Control System

Alexander Marine Co., Ltd.
Internal Control System Statement

Date: February 29, 2024

For the Company's internal control system of 2023, we would like to declare as follows according to the results of spontaneous inspections:

I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reliability of financial reports, and compliance with applicable laws and regulations, among other goals.

II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism; however, built inside the internal control system of the Company that helps the Company take a corrective action against deficiencies confirmed.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter referred to as "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to "Governing Regulations" for details.

IV. The Company has adopted the abovementioned determining items and conducted inspection of the design and effectiveness of its internal control system.

V. Pursuant to the results of the abovementioned inspections, the Company is of the view that the design and implementation of its internal control system as of December 31, 2022 (including its supervision and management of subsidiaries), including its awareness the extent by which the operating effects and efficiency goals are fulfilled, reliability of financial reporting, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring that the aforementioned goals can be achieved.

VI. This Statement constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. The Company shall be legally liable under -86- Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.

VII. This Statement was approved at the meeting of the Company's Board of Directors on February 29, 2024 with no Directors expressing dissent out of the 6 Directors in attendance.

Alexander Marine Co., Ltd.

Chairman: Johnny Chueh

General Manager: Hsiung Wei Tseng

2. Disclose the review report of independent auditors if they are retained for reviewing the internal control system: None.

3.4.11 The Company and its personnel have been punished by law, the Company has undertaden disincentive measures for its personnel for breaching the internal control system, and any material deficiencies and revisions in the most recent year up to the publication date of the Annual report: None.

3.4.12 Resolutions reached in the Shareholders' Meeting or by the board of directors in the most recent years and up to the date of the annual report printed:

1. Major resolutions of the shareholders meeting

Date	Major Resolutions	Review of Execution
2023/06/12 (Annual General Meeting)	1. Adoption of the 2022 business report and financial statements. 2. Adoption of the proposal for distribution of 2022 earnings.	1. Proceeded according to resolution. 2. The ex-dividend record date was set on July 17, 2023 and other matters were proceeded accordingly.

2. Major resolutions of the Board of Directors Meetings

Date	Major Resolutions
2023/03/20	1. Approval of employees and directors' remuneration distribution for fiscal year 2022. 2. Approval of distribution of employees' remuneration and incentive bonus (including managers). 3. Approval of business report and financial review report for fiscal year 2022. (Note) 4. Approval of the proposal for distribution of 2022 earnings. (Note) 5. Approval of the Company's "Statement of Internal Control System" for fiscal year 2022. (Note) 6. Evaluation of the independence and competence of the independent auditors. (Note) 7. Approval of the Company's appointment of the auditor for fiscal year 2023. (Note) 8. Approval of non-audit services proposed by Deloitte & Touche. 9. Application for line of credit with financial institutions. 10. Approval of investment of foreign low-risk financial instruments making by AMI. 11. Amendment to part of the content on the Company's "Corporate Governance Best Practice Principles". 12. Set the date and time, location, and convening content of fiscal year 2023 Annual General Meeting.
2023/05/08	1. Approval of 1Q 2023 consolidated financial report. 2. Application for line of credit with financial institutions. 3. Approval for capital reduction of subsidiary MIBW. 4. Approval for capital reduction of subsidiary AME. 5. Subsidiary AMI provided capital injection to Australia-based second tier subsidiary AMA. (Note) 6. Approval of the Company's appointment of the Corporate Governance Officer.
2023/08/07	1. Approval of 2Q 2023 consolidated financial report. 2. Application for line of credit with financial institutions. 3. Approval for capital reduction of subsidiary AME.
2023/09/18	1. Approval of capital expenditure project for expansion. 2. Application for line of credit with financial institutions.
2023/11/13	1. Approval of distribution manager performance bonus. 2. Approval of 3Q 2023 consolidated financial report. 3. Approval of 2024 audit plan. (Note) 4. Approval of the Company's 2024 business plan. 5. Application for line of credit with financial institutions. 6. Approval of the volume of long-term loan. 7. Amendment to part of the content on the Company's "Statement of Internal Control System". 8. Amendment to part of the content on the Company's "Guard against Insider Trading Operation Procedures".

Date	Major Resolutions
2024/2/29	1. Approval of employees and directors' remuneration distribution for fiscal year 2023. 2. Approval of distribution of employees' remuneration and incentive bonus (including managers). 3. Approval of the Company's Fund for Employee Stock Ownership Trust Plan. 4. Approval of business report and financial review report for fiscal year 2023. (Note) 5. Approval of the proposal for distribution of 2023 earnings. (Note) 6. Approval of the Company's "Statement of Internal Control System" for fiscal year 2023. (Note) 7. Evaluation of the independence and competence of the independent auditors. (Note) 8. Approval of the Company's appointment of the auditor for fiscal year 2024. (Note) 9. Approval of non-audit services proposed by Deloitte & Touche. 10. Amendment to part of the content on the Company's "Internal Control System". 11. Amendment to part of the content on the Company's "Rules and Procedures for Directors Meetings". 12. Amendment to part of the content on the Company's "Rules and Procedures for Shareholders' Meetings". 13. Election of seven directors (including three independent directors). 14. Set the date and time, location, and convening content of 2024 Annual General Shareholders' Meeting.
2024/4/12	1. Proposal to the Board to nominate and review the list of candidates for seven directors (including three independent directors) and their independency. 2. Subsidiary AMI provided loans to U.S.-based second tier subsidiary AMUSA. (Note) 3. Amendment to part of the content on the Company's "Directors Remuneration and Rules for Distribution of Compensation to Directors".

Note: Items listed in Article 14-5 of the Securities and Exchange Act.

3.4.13 Major contents of any dissenting opinions on record or stated in a written statement made by Directors or supervisors regarding material resolutions passed by the Board of Directors' Meeting in the most recent years and up to the publication date of this annual report: None.

3.4.14 In the most recent year and up to the publication date of this report, a summary of the resignation and dismissal of the Company personnel such as Chairman, President, accounting manager, financial manager, internal audit manager, corporate governance officer and R&D manager: None.

3.5 Information Regarding the Company's Independent Auditors

3.5.1 Information on Audit Fees

Unit: NTD thousand

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Remark
Deloitte & Touche	Lee-Yuan Kuo	2023/01/01~ 2023/12/31	4,190	580	4,770	-
	Jui-Hsuan Hsu					

Note: Tax attestation of NT$210 thousand, a transfer pricing report of NT$340 thousand, and business tax direct deduction method review fee of NT$30 thousand.

3.5.2 Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of the previous year: None.

3.5.3 Audit fee reduced more than 10% year over year: None.

3.6 Information on Change of CPA: None.

3.7 Has Any of the Company's Chairman, President or Managers in charge of Finance or Accounting Duties Served in the Company's CPA firm or its Affiliated Company within Most Recent Year: None.

3.8 Net Changes in Shareholding and Net Change in Shares Pledged by Directors, Management and Shareholders with 10% Shareholding or More

3.8.1 Changes in shares held by Directors, managers, and major shareholders

Unit: shares

Title	Name	2023		As of April 13, 2024	
		Increase (decrease) of shares held	Increase (decrease) shares pledged	Increase (decrease) of shares held	Increase (decrease) shares pledged
Chairman and Major Shareholder	Johnny Chueh	-	600,000	-	-
Vice Chairman and CEO	Hsiung Wei Tseng	(24,000)	-	-	-
Director	Chung Hui Cheng	(4,000)	-	-	-
Director and Major Shareholder	Yi Hui Kuo	(930,000)	-	-	
Independent Director	Ming Cheng Chang	-	-	-	-
Independent Director	Hung Wen Lin	-	-	-	-
Independent Director	Chu-Sheng Hsu	-	-	-	-
Major Shareholder	Bridgetop Global Company Limited	-	-	-	-
Chief Financial Officer	Yu Chou Huang	(17,000)	-	-	-
Assistant VP	Rong Yu Shen	(5,000)	-	(1,000)	-
Assistant VP	Hsin Wen Huang	-	-	-	-

3.8.2 Shares Trading with Related Parties : There is no party involved in shares transfer known as the related party.

3.8.3 Shares Pledge with Related Parties : None

3.9 Relationship among The Company's Top Ten Shareholders

As of April 13, 2024; Unit: share

Name		Shareholding		Shareholding under Spouse & Minor		Shareholding under the title of a third party		Name and relationship between the Company's top 10 shareholders, or spouses or relatives within two degrees of kinship		Note
		Shares	Proportion	Shares	Proportion	Shares	Proportion	Name	Relationship	
1	Bridgetop Global Company Limited	17,886,745	20.12%	-	-	-	-	Note 1	Note 1	
	Representative: -	-	-	-	-	-	-	-	-	
2	Yi Hui Kuo	8,943,830	10.06%	8,349,849	9.39%	29,662,276	33.38%	Johnny Chueh Ching Chia Chueh Li-Jia Investment Ze-Ning Investment	Spouse Second-degree kinship Representative Supervisor	
3	Johnny Chueh	8,348,097	9.39%	8,945,582	10.06%	47,549,021	53.30%	Yi Hui Kuo Ching Chia Chueh Li-Jia Investment Ze-Ning Investment	Spouse Second-degree kinship Representative Supervisor	
4	Oberyn Investments LTD. Under the custody of ChinaTrust	7,998,138	9.00%	-	-	-	-	Note 1	Note 1	
5	Stormlands Worldwide LTD. Under the custody of ChinaTrust	7,998,138	9.00%	-	-	-	-	Note 1	Note 1	
6	Ze-Ling Investment Co., Ltd	7,000,000	7.88%			-	-	-	-	
	Representive: Johnny Chueh	8,348,097	9.39%	8.945,582	10.06%	47,549,021	53.50%	Yi Hui Kuo Ching Chia Chueh Li-Jia Investment	Spouse Second-degree kinship Supervisor	
7	Li-Jia Investment Co., Ltd.	6,666,00	7.50%	-	-	-	-	-	-	
	Representative: Yi Hui Kuo	8,943,830	10.06%	8,349,849	9.39%	29,662,276	33.38%	Johnny Chueh Ching Chia Chueh Ze-Ling Investment	Spouse Second-degree kinship Supervisor	
8	Chung Hui Cheng	2,214,276	2.49%	1,970,574	2.22%	-	-	Chung Hui Cheng	Spouse	
9	Ching Chia Chueh	2,164,612	2.44%	-	-	-	-	Johnny Chueh Yi Hui Kuo	Second-degree kinship Second-degree kinship	
10	Nien Yun Chou	1,970,574	2,22%	2,214,276-	2.49%	-	-	Chung Hui Cheng	Spouse	

Note 1: Final beneficiary is a first-degree relative of the chairman.

3.10 Ownership of Shres in Affiliated Enterprises

As of December 31, 2023 Unit: share; %

Name	Investment by the Company		Investments Directly or Indirectly Controlled by Directors and Managers of the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
Alexander Marine International Co., Limited	10,000	100%	-	-	10,000	100%
Rocs Marine Industry Corporation	674,310	100%	-	-	674,310	100%
Alexander Marine Enterprises Inc.	-	-	10,000	100%	10,000	100%
Alexander Marine USA Inc. (Note 2)	-	-	Note 1	100%	Note 1	100%
Alexander Marine California Inc. (Note 2)	-	-	Note 1	100%	Note 1	100%
Merritt Island Boat Works, Inc.	-	-	Note 1	100%	Note 1	100%
Alexander Marine Australia Pty Ltd.	-	-	Note 1	100%	Note 1	100%
Motor Yacht Trading Pty. Ltd.	-	-	Note 1	100%	Note 1	100%
Pacific Coast Yachting Services Inc.	-	-	100,000	100%	100,000	100%
East Coast Yacht Group Inc.	-	-	Note 1	100%	Note 1	100%

Note 1: It is a private company that has not issued shares. The shareholding portion (%) field shows the ratio of capital investment instead.

Note 2: The financial statement of the group’s Alexander Marine California Inc. is prepared by foreign holding company Alexander Marine USA Inc., which prepared a consolidated financial statement based on its local regulations, therefore it is disclosed as the foreign holding company Alexander Marine USA Inc.

IV. Capital Overview

4.1 Capital Stock and Shares

4.1.1 Capitalization

As of April 13, 2024; Unit: thousand shares; NT$ thousand

Year and month	Issue price	Authorized Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets other than Cash	Others
1978.01	10	3,600	36,000	1,600	16,000	Incorporation	-	-
1983.01	10	3,600	36,000	1,700	17,000	Cash NT$1 million	-	-
1985.12	10	3,600	36,000	3,600	36,000	Cash NT$19 million	-	-
2008.10	10	49,900	499,000	18,600	186,000	Cash NT$150 million	-	Notice Jing-Shou-Zhong-Zi No. 09733330070 dated October 27, 2008.
2008.12	10	49,900	499,000	33,600	336,000	Cash NT$150,000 million	-	Notice Jing-Shou-Zhong-Zi No. 09734194090 dated December 19, 2008.
2009.01	10	49,900	499,000	49,900	499,000	Cash NT$163 million	-	Notice Jing-Shou-Zhong-Zi No. 09831508830 dated January 7, 2009.
2014.12	10	70,000	700,000	54,156	541,561	Retained earnings NT$42,561 thousand	-	Notice Jing-Shou-Shang-Zi No. 09734194090 dated March 17, 2015.
2015.07	10	70,000	700,000	56,156	561,561	Cash NT$20 million	-	Notice Jing-Shou-Shang-Zi No. 10401170970 dated August 17, 2015.
2016.07	10	70,000	700,000	66,489	664,888	Retained earnings NT$103,327 thousand	-	Notice Jing-Shou-Shang-Zi No. 10501160430 dated July 5, 2016.
2016.10	10	70,000	700,000	66,671	666,709	Restricted stock awards of NT$1.82 million	-	Notice Jing-Shou-Shang-Zi No. 10501249280 dated October 19, 2016.
2017.06	10	70,000	700,000	66,683	666,829	Restricted stock awards of NT$120 thousand	-	Notice Jing-Shou-Shang-Zi No. 10601082800 dated June 27, 2017.
2017.07	10	100,000	1,000,000	84,017	840,173	Retained earnings NT$173,344 thousand	-	Notice Jing-Shou-Shang-Zi No. 10601099560 dated July 21, 2017.
2018.01	10	100,000	1,000,000	94,567	945,673	Cash NT$105.5 million before listing.	-	Notice Jing-Shou-Shang-Zi No. 10601171170 dated January 5, 2018.
2018.06	10	100,000	1,000,000	94,877	948,773	Restricted stock awards of NT$3.15 million Cancellation of restricted stock awards of NT$50 thousand	-	Notice Jing-Shou-Shang-Zi No. 10701068200 dated June 27, 2018.
2018.09	10	100,000	1,000,000	93,062	930,623	Restricted stock awards of NT$1.84 million Capital reduction by cancelling treasury stock of NT$19.92 million Cancellation of restricted stock awards of NT$70 thousand	-	Notice Jing-Shou-Shang-Zi No. 10701121640 dated September 20, 2018.
2019.01	10	100,000	1,000,000	93,045	930,453	Cancellation of restricted stock awards of NT$170 thousand	-	Notice Jing-Shou-Shang-Zi No. 10801012740 dated January 29, 2019.
2019.04	10	100,000	1,000,000	90,938	909,383	Capital reduction by cancelling treasury stock of NT$21.07 million	-	Notice Jing-Shou-Shang-Zi No. 10801044340 dated April 22, 2019
2019.07	10	100,000	1,000,000	90,908	909,083	Cancellation of restricted stock awards of NT$300 thousand	-	Notice Jing-Shou-Shang-Zi No. 10801072170 dated July 11, 2019
2019.12	10	100,000	1,000,000	90,893	908,933	Cancellation of restricted stock awards of NT$150 thousand	-	Notice Jing-Shou-Shang-Zi No. 10801169770 dated December 3, 2019
2020.04	10	100,000	1,000,000	90,886	908,863	Cancellation of restricted stock awards of NT$70 thousand	-	Notice Jing-Shou-Shang-Zi No. 10901055730 dated April 13, 2020
2020.07	10	150,000	1,500,000	90,886	908,863	-	-	Notice Jing-Shou-Shang-Zi No. 10901127370 dated July 29, 2020
2021.11	10	150,000	1,500,000	88,886	888,863	Capital reduction by cancelling treasury stock of NT$20 million	-	Notice Jing-Shou-Shang-Zi No. 11001212360 dated November 29, 2021

As of April 13, 2024

Type of Shares	Authorized Shares			Remark
	Outstanding shares (Note)	Unissued Shares	Total	
Common stock	88,886,276	61,113,724	150,000,000	Listed stocks

Note: Including 914,000 treasury shares.

Information for Shelf Registration: None.

4.1.2 Shareholder Structure

As of April 13, 2024 (per the shareholders list); unit: person; share

Composition of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institution and Foreigners	Total
No. of Person	-	8	51	11,015	76	11,150
Shares	-	365,262	15,264,483	35,818,351	37,438,180	88,886,276
Holding ratio %	-	0.41	17.17	40.30	42.12	100.00

4.1.3 Distribution of Shareholding

Common stock:

As of April 13, 2024

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Percentage (%)
1-999	6,253	717,034	0.81
1,000-5,000	4,459	7,294,889	8.21
5,001-10,000	247	1,920,305	2.16
10,001-15,000	70	888,964	1.00
15,001-20,000	31	568,466	0.64
20,001-30,000	22	563,106	0.63
30,001-40,000	13	456,147	0.51
40,001-50,000	12	548,903	0.62
50,001-100,000	21	1,387,587	1.56
100,001-200,000	7	1,020,465	1.15
200,001-400,000	3	935,000	1.05
400,001-600,000	1	481,000	0.54
600,001-800,000	-	-	-
800,001-1,000,000	1	914,000	1.03
Over 1,000,001	10	71,190,410	80.09
Total	11,150	88,886,276	100.00

Preferred Shares: None

4.1.4 List of Major Shareholders

As of April 13, 2024

Name of Principle shareholder	Shareholding(shares)	Percentage(%)
Bridgetop Global Company Limited	17,886,745	20.12
Yi Hui Kuo	8,943,830	10.06
Johnny Chueh	8,348,097	9.39
Oberyn Investments LTD. under the custody of ChinaTrust	7,998,138	9.00
Stormlands Worldwide LTD. under the custody of ChinaTrust	7,998,138	9.00
Ze Ning Investment Co., Ltd.	7,000,000	7.88
Li Jia Investment Co., Ltd.	6,666,000	7.50
Chung Hui Cheng	2,214,276	2.49
Ching Chia Chueh	2,164,612	2.44
Nien Yun Chou	1,970,574	2.22

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Common Share

Unit: NTD

Item \ Year			2022	2023	Until March 31, 2024 (Note 3)
Market Price per Share	Highest		344.50	668.00	458.00
	Lowest		123.00	289.00	331.00
	Average (Note 1)		230.10	451.25	393.25
Net Worth per Share	Before Distribution		53.21	66.52	-
	After Distribution		43.21	(Note 2)	-
Earnings per Share	Weighted Average Shares (in thousand shares)		87,972	87,972	-
	Earnings per Share (EPS)		19.93	23.66	-
Dividends per Share	Cash dividends		10.00	12.00	-
	Stock Dividends	Dividend from retained earnings	-	-	-
		Dividend from capital reserve	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/Earnings Ratio		11.55	19.07	-
	Price/Dividend Ratio		23.01	37.60	-
	Cash Dividend Yield (%)		4.35	2.66	-

Note 1: Average market price = Annual Transaction Amount / Annual Transaction Volume
Note 2: Subject to the approval of the Annual General Meeting.
Note 3: 1Q 2024 financial report has not been approved by the Board up to the publication date of this annual report.

4.1.6 Dividend Policy and Implementation

1. Dividend Policy:

If the Company makes a profit in a fiscal year, it shall set aside no less than 1% as employee remuneration, which the Board of Directors will determine whether to issue as stock or cash. Eligible employees need to meet certain criteria. When the Company receives the above profitable amount, the Board of Directors will decide to distribute no more than 5% as directors' remuneration. Employee remuneration and director remuneration proposals shall be reported to the shareholders meeting. However, if the Company has accumulated losses, the compensation amount shall be provided first before provision for employee remuneration and director remuneration in accordance with the percentages under the previous paragraph.

If the Company's yearly closing shows profit, taxes shall be paid in accordance with the law and accumulated losses be compensated. Then 10% shall be provided as legal reserve, unless the amount of legal reserve has reached the paid-in capital of the Company. The rest shall be used to provide or recycle special reserve in accordance with the law. The remaining amount, if any, together with the accumulated undistributed profit, shall be subject to a profit distribution proposal to be established by the board of directors. Such proposal shall be submitted to the shareholders meeting for resolution to distribute shareholder dividend and bonus.

The Company's dividend policy is to pay dividends considering factors such as the Company's current and future development plans, the investment environment, funding needs and domestic and overseas competition status, and taking shareholders' interest into consideration. No less than 20% of the retained earnings available for distribution of the current year shall be distributed as dividend. If the retained earnings available for distribution of the current year does not reach 2% of the paid in capital of the Company, the Company may distribute no dividend. The cash portion of the dividend shall not be less than 10% of the total dividend in the form of cash and stock. The dividend distribution ratio in the preceding paragraph could be adjusted taking into consideration finance, business and operations, etc.

2. Proposed Distribution of Dividends:

As resolved by the Board of Directors on February 29, 2023, the Company is intended to distribute cash dividends from retained earnings NT$12 per share to shareholders, which totals NT$1,055,667,312 The proposal is subject to shareholders' approval at the Annual Shareholders' Meeting. The Chairman will then determine an ex-dividend date.

3. Explanation regarding Expected Major Changes to Dividend Policy: None.

4.1.7 Impact of the Proposed Stock Dividend in Shareholders Meeting on Operating Performances and EPS: None.

4.1.8 Employees'Compensation and Remuneration to Directors:

1. Employees' compensation and remuneration to directors as stated in the Company's Articles of Incorporation: Please refer to 4.1.6 Dividend Policy and Implementation.
2. For this period, when there is a difference between estimated column of employee dividend and forecast basis of director's compensation, basis for calculating shares for the purpose of paying out share dividends and actual payout figure, and the estimated column are different, what is the accounting procedure to handle this:

   The Company estimates and recognizes the employees' compensation and remuneration to directors based on the annual profits. The expected amount is recognized as compensation expenses. If there is any change after the date of issuance of the financial report in the following year, it will be treated as changes in accounting estimates and the effect of this change will be recognized as profit or loss for the following year.
3. Compensation allocation based on the resolution of the board of directors:
   (1) The Board of Directors resolved on February 29, 2024 to distribute cash as employees' and directors' remuneration for the 2023 fiscal year, which amounts to NT$25 million and NT$0 respectively, no difference with the amounts recorded in 2023.
   (2) The amount of remuneration to employees distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total remuneration to employees:

   The Company's Board of Directors resolved to distribute employees' compensation all by cash.
4. Actual distribution of employees and Directors' compensation in the previous year, and the difference, reasons, and processing situation for the employees and Directors' compensations that were recognized:

   The Board of Directors resolved on March 20, 2023 to distribute cash as employees' and directors' remuneration for the 2022 fiscal year, which amounts to NT$23 million and NT$0 respectively, The distribution proposal was reported to the annual general meeting on June 12, 2023. There is no difference between the actual distribution amount and the Board of Directors resolution.

4.1.9 Repurchase of Shares by the Company:

The implementation of the share buyback program in the most recent year and as of the annual report printed was as follow.

(1) Completed: None.

(2) Under execution: None.

4.2 Arrangement of Corporate Bond: None.

4.3 Preferred Stocks: None.

4.4 Issuance of Global Depository Receipts: None.

4.5 Employee Stock Option Certificate: None.

4.6 Issuance of New Employee Restricted Stock Awards: None.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquistions: None.

4.8 Financing Plan and Implementation:

No uncompleted share issurance or completed transaction without expected benefits in the past 3 years.

V. Operational Highlights

5.1 Business Activities:

5.1.1 Scope of Business:

1. The main business activities of the Company:
The Company mainly engages in the design, production and sales of yachts and the sales of yacht-related spare parts.
(1) F401021 Controlled Telecommunications Radio-Frequency Devices Industry
(2) CA02060 Metal Containers Manufacturing
(3) CB01010 Machinery and Equipment Manufacturing
(4) CD01010 Ship and Parts Manufacturing
(5) CN01010 Furniture and Fixtures Manufacturing
(6) E801010 Building Maintenance and Upholstery
(7) I501010 Product Designing
(8) I503010 Landscape and Interior Designing
(9) F114060 Wholesale of Ship Machinery and Parts
(10) F199990 Other Wholesale Trade
(11) F401010 International Trade
(12) ZZ99999 Non-prohibited or non-restricted businesses, in addition to the permitted business

2. Revenue Mix

Unit: NTD thousand

Year / Main products	2022		2023	
	Sales	%	Sales	%
Yachts	5,348,238	96.18	6,108,538	96.58
Others (Note)	212,214	3.82	216,573	3.42
Total	5,555,452	100.00	6,325,111	100.00

Note: Including sales of spare parts, used boats, and income from maintenance service.

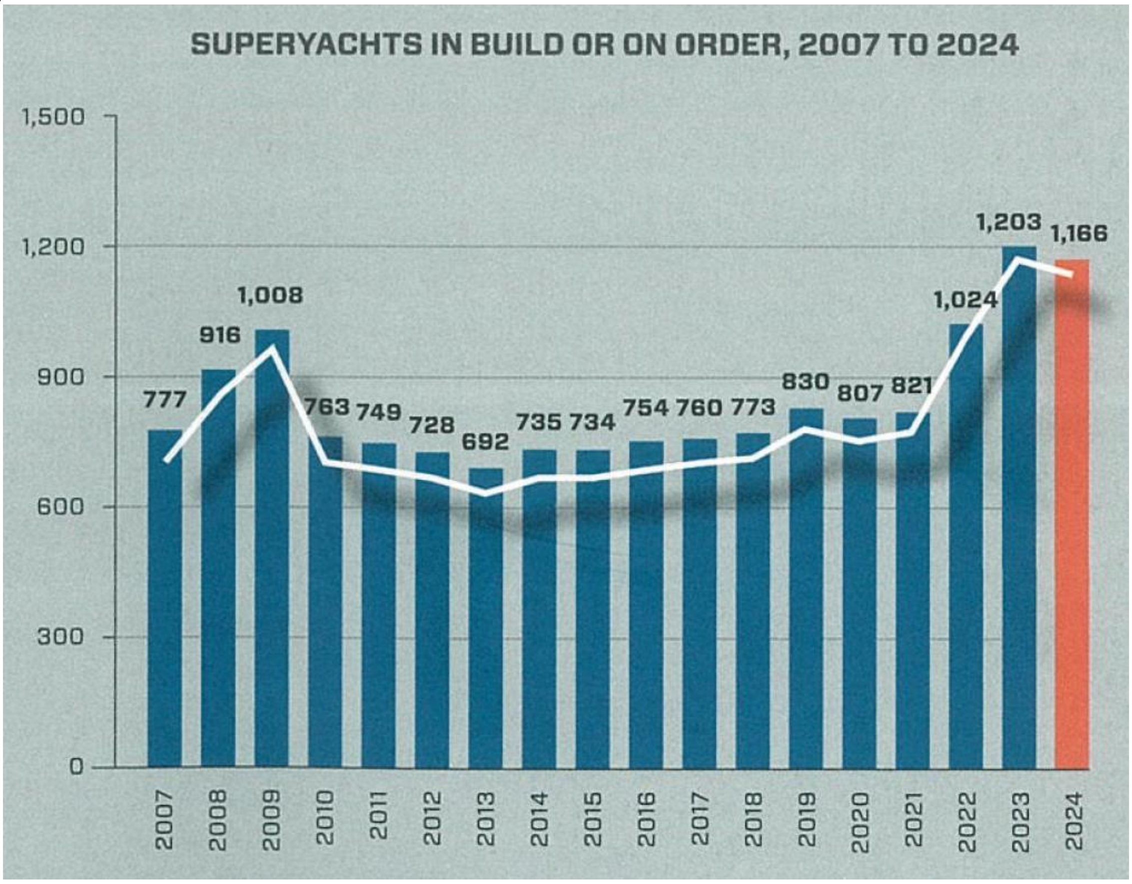
3. Current products (service)
A. Sales and after-sales service of yachts
B. Design and manufacturing of 27 to 40 meters motoryachts
C. Decoration, repair, and maintenance of yachts
D. Design, processing, and manufacturing of yacht-related spare parts

4. New products (service) under planning
A. Development and manufacturing of yachts with innovating designs
B. Modification on existing yacht series
C. Expansion of overseas sales channels, service yards, and marina operations
D. Expansion of domestic production capacity
E. Collaboration with a European manufacturer to produce larger yachts

5.1.2 Industry Overview

1. Industry status and trend
A. Global yacht industry - production and orders
The spending on yachts is related to a nation's economic strength, people's wealth, geographic location, consumption concepts and relevant policy systems. Looking at the yacht markets around the world, North America and Europe are the top two major markets today. Together they account for more than 90% of the global yacht market share. In North America, the United States has the world's most sophisticated yacht market with sales exceeding 50% of the global sales, making it the world's largest yacht spending country.

The financial crisis at the end of 2008 and the European debt crisis has led to complete changes in the structure of the yacht industry in the global economy, especially for high-end consumption. The global yacht sales shrank by more than 40% instantly, and more than one third of the yacht factories have closed down or faced operational crisis. Therefore, some large international factories in the Europe and North America region have closed down or consolidated, and were even acquired by large Chinese enterprises. However, the global yacht industry in 2013 began to recover gradually. The latest data from the internationally renowned professional yacht magazine “Show Boats International” shows that a stable growth in the global yacht market between 2013-2019. Although the yacht industry suffered a downturn due to COVID-19 in 2020, as governments have been promoting the practice of social distancing and avoidance of crowds under the impact of pandemic for over two years, lifestyles and leisure activities have undergone changes. Yachting, in comparison to other activities, offers a more comfortable and private space. The rising number of consumers switching to yachts as their means of leisure and entertainment in search of higher level of independence and safety creates robust demand. As the global economy enters the new normal after the pandemic, the yacht market is gradually stabilizing, but still maintains a higher level of orders than before the pandemic, promising prospects for the future development of the yacht market.



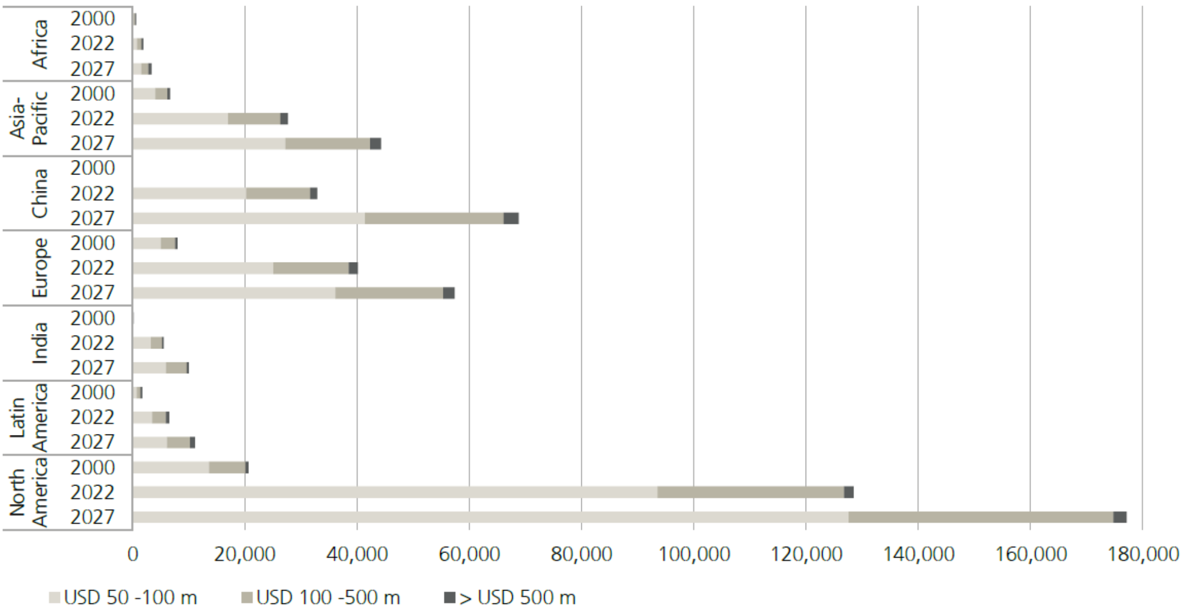
Source: Show Boats International

According to the international professional yacht magazine “Show Boats International”, the analysis of orders and production areas shows Italy, Turkey, and the Netherlands, the traditional yacht manufacturing countries in Europe, continue to take the top three in the ranking of World’s superyachts on order or in build in 2024. The total length of mega-yachts on order or in build in Italy, Turkey, and the Netherlands are 22,468 meters, 5,838 meters and 4,959 meters in 2024, respectively. Taiwan’s yacht manufacturing in terms of total length of 2,058 meters, is the fifth ranked in the world, remains number one in Asia. The Kaohsiung yacht factory is with outstanding results accounting for more than 80% of the total Taiwanese output.

B. Prospects of customer base for the yachting industry

Buyers of superyachts are ultra high net wealth individuals on the top of the global wealth pyramid, whose disposable income is unlikely to be affected by a short-term economic turbulence. Therefore, demand for luxury goods is most resilient. Similar to cars of top brands in the automotive industry where there is still a certain amount of sales even during times of economic turmoil. The orders of this group of customers are not many, but they are often the indicators for the future development of the industry and the forecast of the economy. According to Camper & Nicholsons' 2016 State of Wealth, Luxury and Yachting report, a new generation of Ultra High Net Worth Individuals (UHNWI) is increasingly focusing on pursuing rare, tailor-made products, in part because this uniqueness gives and ensures the high social status of these people. Therefore, the market has begun to discover that some high-profile first-time buyers entering the world of superyacht owners. This market demand is also reflected in the World-famous Monaco Yacht Show, which exhibited 100 luxury yachts and 14 large yachts of 70 meters and above in 2021. The average length of superyachts in the Monaco Yacht Show reached 49 meters in 2021.

According to the 2023 Global Wealth Report released by Credit Suisse, although asset prices and personal wealth have shrunk due to worldwide inflation and the RussiaUkraine war, we are of the opinion that the aggregate global wealth will continue to grow in the future. The number of people with wealth exceeding US$50 million (approximately NT$1.5 billion) is expected to increase by 53% between 2022 and 2027 to reach a population of 372,000. More than half of all UHNWIs reside in North America. It is obvious that the economic strength is strong and it is expected to continue to maintain the potential for high-end consumption. Therefore, the Company's future sales prospect of the client group is still mainly the US market. The table below shows the distribution of the World's richest in major regions and future growth:



Source: Global Wealth Report, 2023, Credit Suisse

C. Summary of yacht industry development in Taiwan

In 1958, the US military advisory group stationed in Taiwan introduced the wooden sailboat designs. As ships manufactured in Taiwan had fine quality with competitive prices, the shipbuilding industry began to take off with orders flocked in from all over the world. At that time, orders would pour in as long as there was production capacities in Taiwan. The era of exporting OEM products by Taiwanese shipyards commenced, and Taiwan earned the reputaion of being the "Yacht Kingdom" in the 1980s. However, the output value curve of Taiwan's yacht industry plummeted after 1988 and slammed to the lowest point in 1994 where total export was only slightly over US$71 million. The 64% drop from the peak to the bottom was mainly due to the appreciation of New Taiwan dollar (a drastic appreciation from US$1 to NT$40 to NT$25), wage increases, luxury tax levied in the United States, and commissions to OEM agents. The industry could barely break even and had undergone the first reshuffle in its history.

The well-known yacht builders in Taiwan today, namely Ocean Alexander, Horizon Yachts, Monte Fino Yachts, Bluewater Yacht Builders, Johnson Yachts and President Boat are among the most robust to have survived the downturn back then. With their own brands, these companies transformed towards producing high value-added products, and the resulting luxury toys for the wealthy people triumphed over ones manufactured by competitors in Europe and the United States and are once again recognized by global buyers. In 2005, the output value exceeds US$200 million for the first time. "Made-in-Taiwan Yacht" have then become highly acclaimed worldwide. According to customs statistics, Taiwan's export value of yacht reached record high of NT$8.1 billion in 2023, a 9.7% increase from the previous year. It was the first time the average unit value was over NT$90 million, an over 80% increase from the last few years.

D. Domestic industry competitive advantages, restrictions and outlook

Early domestic implementation of sea banning, the lack of relevant yacht regulations and environmental facilities, many legal restrictions on procurement, and complex procurement processes, consequently the domestic market of Taiwan yachts was almost zero. Almost all of the export models caused Taiwan's yacht factories to encounter many difficulties in developing yacht model types for mass production. One of the difficulties was that it was too far from the end consumers. The yacht buyers were mainly concentrated in the United States and Europe. As a result, the yachts produced in Taiwan must bear additional transportation costs and time, thus, reduced its competitiveness with local shipyards. In addition, yachts sales were subject to the overseas agents and lack of good self-distribution channels.

However, the yacht industry's customer base is mainly the wealthiest at the top of the pyramid. The super wealthy are particular about the quality and product personalization. Taiwan's tailor-made customization ability is very high. Neighboring manufacturing countries such as Japan, Korea, and Mainland China are still unmatchable. In addition, coupled with the high cost performance of high quality and low price, this has made Taiwan an internationally renowned yacht production base.

In response to the uncertainty of the international economic situation and the characteristics of Taiwan's yacht industry, the former OEM-based yacht manufacturers have begun to realize the importance of developing their self-owned brands with superior quality and unique life experiences, and to build brand loyalty with consumers. Concurrently, developing customer-oriented and large-scale production models can meet the needs of the consumers, and also take into account the control of production costs and avoid losses in costs of parts and technology dispersion.

E. Types and introduction of the yachting industry

The standard unit of the international standard yacht is calculated in feet (1 foot = 0.305 meters), which is distinguished by size: 40 feet and below are small yachts, 40 to 80 feet are medium yachts, 80 to 120 feet are Super Yachts, 120 feet and above is a Mega Yacht.

By length:

(A) Yachts less than 40 feet in length: Belongs to the entertainment vehicles connecting the land and seas. The structure is simple and the materials are economical. The internal decoration is determined by the manufacturer to enter mass production. The safety and stability of a small-size boat is low, the scope of activities is mainly inland seas, inner bays, lakes and nearshore within 12 nautical miles, used for fishing, diving and water sports. They are often called power yachts or power boats. The middle class mostly owns this type of yacht. It is transported on the trailer and stored in a ship warehouse on land.

(B) Yachts between 40 and 80 feet in length: Products of this range are larger in size and can be designed to accommodate two to three rooms with facilities, adding to the general on-land living function, with high stability and endurance. It is possible to sail for more than one week's time. Most of the yachts in this class were designed and produced by the shipyard in batches, with varying degrees of luxury, and the main customers were in the early stage of the emerging wealthy.

(C) Yachts at more than 80 feet to 120 feet in length: This is already a super yacht. This type of yacht is more commonly made of fiberglass, and carbon fiber composites for the hull material. There are two or more decks with three or more rooms. Internal decoration can be modified according to the customer's personal preferences and fashion tastes. With high-powered diesel propulsion, advanced satellite navigation equipment and an electronic automatic hull balancing system to ensure that the vessel maintains high stability during wind and waves, there are also restrictions to the qualifications for operating the vessel.

(D) A yacht with more than 120 feet in length: This is called Mega Yacht. The mega yacht is the king of the yachts. It is the most eye-catching luxury sea-surface palace. It requires not only professional captains and sailors, but the ship's width is larger than normal, so it needs a dedicated large-size dock.

By power:

(A) Sailing yacht: Uses wind as a source of power.

(B) Motor yacht: Uses diesel or gasoline as a source of power.

By hull:

There are wooden shipbuilding; glass fiber, carbon fiber composite yacht; aluminum yacht and steel yacht. At present, fiberglass yachts account for a large proportion in all types of yachts, and steel and aluminum yachts account for a large proportion in large-scale luxury yachts of more than 160 feet.

By style (function):

(A) Motor Yacht/Cruiser

Large and long-range luxury yacht, with luxurious interior, well-equipped for long-distance sailing, and simple color lines, showing a calm and elegant style.

(B) Expedition yacht

The large and long-distance luxury yacht is equipped with a number of sophisticated instruments. It looks like a tool ship. It has special functions such as deep sea and ice-breaking. It is mostly used in large luxury yachts of more than 80 feet.

(C) Sailing yacht

Using wind power as the source of power, emphasizing the joy of control, mostly the choice by boat owners who love sports.

(D) Open Yacht

Yacht without cabin, above the main deck is an open steering area and open space.

(E) Sport fisher

There is complete fishing equipment. A cockpit on the upper deck or rear drive characterizes this boat, and the deck is very close to the water.

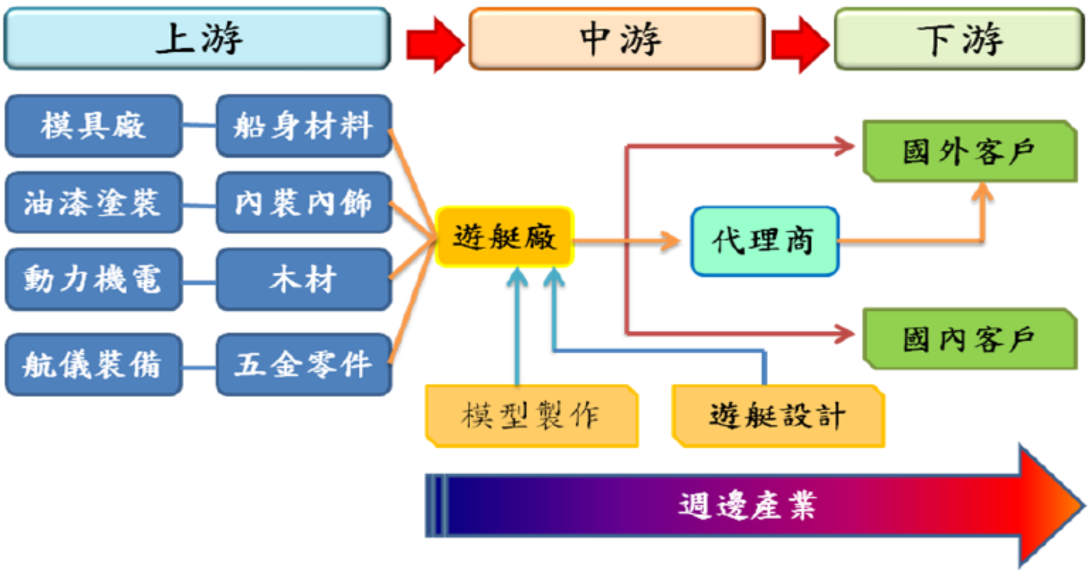
With changes in the preferences of markets and consumer groups, the industry shifts towards large-scale yachts featuring customization, superb quality, luxurious comfort and an image of excellence, where a higher level of technology is usually required to realize these features. These superyachts represent extremely high added-value. Taking a yacht over 250 feet as an example, the cost could exceed US$1 million per meter on average. As the export unit price of yachts increases annually in Taiwan, many yacht builders gradually enter the competition of manufacturing superyachts with 80 feet and more, clearly moving towards larger and higher value product. In addition, the mass-produced yachts have emerged as another development direction. These types of yachts have lower prices but higher market demand. Hence, advanced manufacturing technology, product cost control, and sound marketing channels are crucial.

Meanwhile, the emerging Asia-Pacific market has become the focus of attention. The rapid economic growth in mainland China in particular has created a group of potential customers. In the face of such a market, Taiwan enjoys excellent advantages in terms of geographical position and climate when compared with other major yacht manufacturing countries, as most of the mass-produced yachts use FRP materials, which are unfavorable for production in high latitude regions during winter.

Yacht builders in Taiwan have oriented towards large-scale and exquisite high-end yachts, and compete directly with internationally renowned mega yacht factories in Italy, the United States, the United Kingdom, etc. on a global scale. How to improve technical capabilities, production efficiency and brand value so as to enhance the overall industry's market position as well as strengthen its brand power; and develop high-value mass-produced yachts to increase its market shares at both ends of the M-shaped market will be the future directions of Taiwan's yacht industry.

2. Correlation of upstream, midstream, and downstream of the industry

The yacht industry is characterized as being labor-intensive, technology-intensive, knowledge-intensive, capital-intensive and culturally intensive. It is known as "a huge business opportunity floating on the golden waterway" because of its long industrial chain. The upstream part includes hardware processing, chemical raw materials, woodwork decoration, electrical equipment and other manufacturers; its downstream includes sales, after-sales service, brand, patent and derivative related industries, and so on. The inter-relationship diagram below shows the upper, middle, and lower part of the value chain industry for the yacht industry:



Source: Ministry of Economic Affairs, Department of Technology, 2007

Although Taiwan's yacht industry has long been in the top ten producers in the world, nonetheless, in recent years, part of the supply chain has moved to the mainland's industrial clusters, which has gradually weakened the overall competitiveness of Taiwan's yacht industry. The integration of upstream and downstream has become an urgent task. From the convenience of geographical location, support industries (such as professional ship inspection, ship docking, consignment channels, and maintenance services), upstream manufacturers (such as equipment, raw materials, and outsourcing suppliers), even to the building of the completeness of the government regulations and policy support, is a very important development for the overall yacht industry chain.

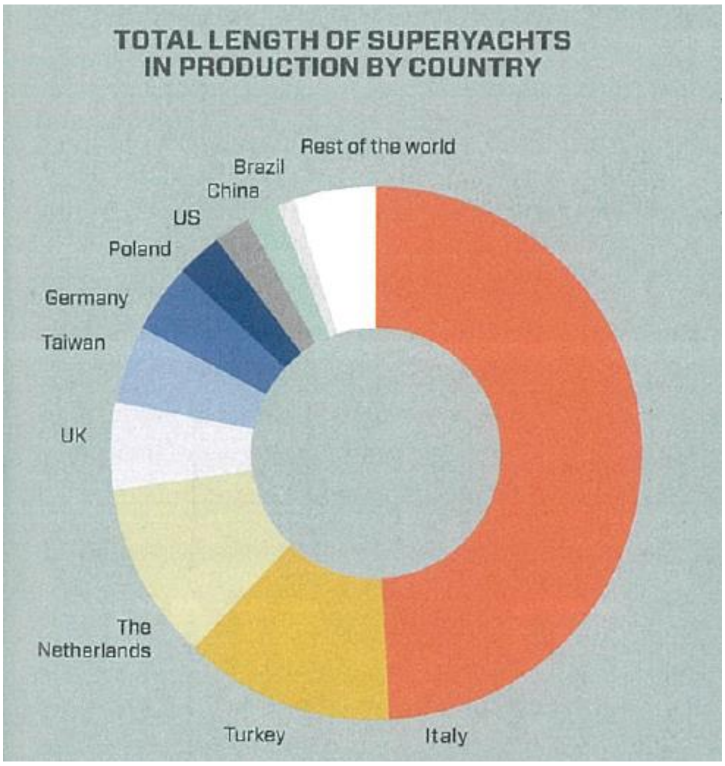
3. Various development trends

Large-scale yachts are the development trend of the world's giant yachts. These types of yachts are characterized by customization, high quality, luxurious comfort, and high-quality image. In order to achieve these characteristics, high technical standards are usually required. These top-class yachts also represent an added high value. According to a survey conducted by Show Boats International, the 2008 financial crisis outbreak has dramatically affected the yacht consumer market, but the orders for Super Yachts (24-meter and more) have gradually warmed up after 2009. Additionally, according to the market analysis of "The State of Yachting," the demand for superyachts of 30 meters and above has been strong in the past five years, with a CAGR of 7.5%. Within this range, yachts in the 40-50 meter range have shown stable positive growth each year, with a CAGR of 10% over the past five years, exceeding the overall average growth. It shows that in addition to the continuous upward rise in the consumption strength of the wealthy customers, the development trend shows that consumption preference has also oriented towards large-size yachts.

In detail, the current trend development of yacht design is towards multi-functionality, comfort and fashion. Most yacht designers are working to create the perfect exterior and interior decoration design; Some design experts have begun to attempt to improve and innovate in services such as work spaces, entertainment and fitness centers, safety and health facilities; some yacht designers consider designing private suites on the yacht, providing back-up life-saving passages, adequate rest space and perfect lighting effects; some designers consider designing offices, conference rooms and advanced communication systems on the yacht. They believe that with the help of satellite communications, video conferencing and the internet, yacht owners can host meetings and engage in commercial activities via satellite communications. In addition, design content has to fit the personal needs of the yacht owner. For example, for yacht owners who place importance on health, fitness centers have become more popular; for yacht owners who like music and film, audio facilities and private movie theater are favored.

4. Industry Competition

According to the data of the internationally renowned professional yacht magazine Show Boats International, Taiwan ranked the 5th largest yacht-producing country in the world after Italy, Turkey and The Netherlands in 2024. The yacht industry in Taiwan can match European manufacturers in terms of technical complexity and market visibility. However, as the global demand for medium and large yachts increases, how our manufacturing techniques can evolve to accommodate larger yachts, whether local supply chain can keep up with all demands, or whether industry resources can be integrated would be the main considerations for enhancing product competitiveness, thereby maintaining our competitive advantages.



Source: Show Boats International

5.1.3 Research and Development

1. Technical level and research development of the business

With realizing dreams and fulfilling expectations as the primary goals, the Company's designs, along with its highly flexible and efficient customization capability, bring about demands and desires for a leisure lifestyle at sea; and at the same time differenciate its products from those of competitors. Major technical developments in meeting yacht owners' expectations are as folllows:

A. Hull design and fluid mechanics
B. Space utilization and furniture design
C. Yacht control system and hull stability system
D. Sound insulation and weight reduction designs
E. Ship model development and segmentation technology
F. Laser correction technology
G. Vacuum-assisted resin infusion molding (VARIM) technology

The Company provides one-stop service encompassing design, production, sales and after-sales warranty. Relevant designs and technical developments are carried out to satisfy the yacht owners' dreams and needs. Having the sales staff gaining full knowledge on the yacht owners' demands in the early stage, followed by tracking the performance of relevant technologies and reseach and development through after-sales service, the production lines can be adjusted based on the feedback. This virtuous cycle facilitates in making extensive innovations on existing products and commanding the initiatives on product developments. Consequently, the Company can create products and service that fully satisfy the market and potential buyers, as well as bring a higher degree of eleboration and user friendliness to yacht designs.

The advantages of the Company are as follows:

(1) Outstanding experience

(A) Over 40 years of experience in the manufacture and sale of yachts.

(B) Rich experience in selling large and small-sized yachts, second-hand yachts, and agent yachts.

(C) Brand yachts are highly regarded in the United States and maintain good interactions with traditional ship owners.

(D) Professional technology is systematically passed down internally through apprenticeship system with close relationships.

(E) Train local sales talents in the United States to break the barriers between East and West, living, culture and language.

(F) Established self-owned professional maintenance service team in the east and west coast of the United States.

(2) Professional technology

(A) Vacuum-assisted resin infusion molding (VARIM)

The difference and benefits of the Fiber Reinforced Polymer (FRP) close mold laminating process and the traditional open mold laminating are as follows:

a. The process is covered by a vacuum bag, which can reduce air pollution by about 90%.

b. The finished product is stronger and lighter in weight than conventional methods.

c. Reduce working hours and increase mold efficiency.

d. The improvement of the working environment and the protection of employees' health.

(B) Laser alignment of shaft

Use a laser-assisted calibration instrument to ensure alignment of the drive shaft:

a. Avoid hull vibration caused by center point deviation.

b. Provide a credible correction report.

(C) Floating floor and wall

Install shock-proof materials on the floor and walls to provide elastic support between the interior space and the structure, to absorb and isolate the vibration of the vessel during operation and the noise it generates.

(D) Elastically changing mold

In addition to practicality, the mold design will take into account the future expansion. Under the premise of not investing a large amount of money, the existing mold can be changed to produce different ship types or parts, in addition to shortening the product development time, reducing the assets consumption and cost savings.

(E) Excellent interior design

The Company has been working with well-known foreign designers for many years. It grasps the fashion trends in the US and Europe, and also cultivates internal design talents. It can quickly implement interior decoration planning that meets market expectations according to market demand.

2. Product developers and their education background

Unit: person; year

Item		2022		2023		April 25, 2024	
		# of employee	%	# of employee	%	# of employee	%
Education	Master (and above)	14	29%	19	35%	18	31%
	University (Associate degree)	34	71%	36	65%	41	69%
	High school (and below)	0	0%	0	0%	0	0%
Total		48	100%	55	100%	59	100%
Seniority (average years)		3.3		3.7		3.7	

3. Development costs invested in the past five years

Each luxury yacht of the Company has a high degree of customized design and different production techniques. Until the date of publication of the publicly-announced guide, the R&D department has not yet been established, but the general manager leads the development team (including the project management department, the engineering department's diagram making staff, the design department, and factory personnel) can respond to invest in developing staffs and funds at any time according to the changes and customization of individual yacht processes. The related expenses are specific and unique and have been listed as the manufacturing costs of each yacht project.

4. Successful developed technologies or products

The products and technologies developed by the Company in recent years are as follows:

Year	Technology or Product
2012	Launched modified OA85E luxury yacht
2013	Launched modified OA90 luxury yacht
2014	Launched OA100 luxury yacht
2015	Launched OA112 Tri-level luxury yacht
2016	Launched newly-design OA70E luxury yacht. Launched OA120 luxury yacht.
2017	The newly designed OA90R luxury yacht entered production schedule and was expected to be officially unveiled in 2018.
2018	Launched OA 45 outboard cruising yacht.
2019	Launched the second 45 outboard model. Unveiled the newly designed OA84R luxury yacht.
2020	Launched the newly OA32L luxury yacht.
2021	Launched the newly OA35R luxury yacht. Launched the newly OA30R luxury yacht. Launched the newly OA27R luxury yacht.
2022	Launched 2 models of Explorer series, OA 28E and OA 32E.
2023	The first of the new series "PURO", 35P was completed in 2023, and was debut in 2024.

5.1.4 Long- and Short-term Business Development Plans

1. Short term plans:

In view of the market development trend, the Company's short-term plan aims to enrich the following bases:

(1) Manufacturing technology:

On the production side, with assistance from new technology, the Company persistently enhances the modularization technology and its application scope to shorten the production cycle and reduce operating costs, increases production and output value as well as actively expands capacity and product lines. Also, the Company is studying the possibilities of using different materials during the manufacturing process to reduce the yacht weight without compromising safety, thereby lowering energy consumption. On the technical side, the Company keeps track of the dynamic changes in the market and the continuous evolution of international regulatory standards, demonstrating stability and the leading position of the Company's technology foundation. Planning to corporate with a European yacht manufacturer to expand product sizes and enhance production technology.

(2) Multiple product line:

The Company continuously develops a diverse yacht series to meet various customer preferences and to expand market share further in the United States. Additionally, we aim to achieve geographical expansion through appropriate yacht series. Meanwhile, we plan to launch larger-sized yachts to enrich our range of yacht sizes. Considering our existing production capacity and investment efficiency, we intend to form a strategic alliance with a European manufacturer. This outsourcing strategy will assist us in satisfying the customers' demand in a shorter timeframe and also enhancing our own manufacturing capabilities.

(3) Talent cultivation:

The Company's yachts are well liked by international yachts buyers. One of the main reasons is that its excellent craftsmanship is well recognized. To continue to maintain such excellence and tradition, the Company has established professional processes to pass on the skills, while continuing to cultivate and supplement talents to stabilize future development.

(4) Customer service:

Continues to strengthen and deepen customer service, expands service team in West Coast and East Coast of US, and establishes good relationships with yacht owners; grasps the latest feedback information from the customers. At the same time, through agents at the frontline making contact with customers and market trend information, it would be beneficial to obtaining latest development trends of the international yacht industry, equipment, technology, and that of other yacht companies. Planning to strengthen customer loyalty by expanding maintenance services and venturing into marina services.

2. Long term plan:

Product development and marketing strategies will be adjusted towards the following directions in response to the Company's plans concerning the international yacht market:

(1) Reduce dependence on a single market and spread unpredictable risks.

Facing with the global trend of continuous fluctuations in the worldwide economy, the Company will continue to cultivate the brand advantages of high quality and technology to secure its existing market share in the US superyachts, and at the same time take part in the small and medium-sized yacht market to expand its scale and diversify the risks. Europe is the second largest yacht market in the world. Given its proximity to the Mediterranean Sea and the Caribbean coast, Europe has an enormous number of marinas and yacht berths while being renowned as an world-famous holiday destination. Moreover, the European yacht market has begun to show signs of recovery as the economy rebounds. The Company has invested in the design and production of new products catered for the European market and will arrange staff to attend boat shows to study the market dynamics in order to secure a leading position in entering the market and gradually lower its dependence on a single market.

(2) Develop high value, mass-produced yacht types; to capture the customers in the base class of the M-shaped market.

In the face of future competition and to explore potential customers, the Company has developed diverse ship types and interior designs to satisfy the preferences of different customer groups. In addition to the Legend, Revolution, and Explorer series yachts, the first yacht of the fourth series, Puro, has officially debuted. In order to strengthen competitiveness and expand its market share, the Company plans to launch more novel luxury superyacht models gradually and modify on existing products continuously.

(3) Develop economical and energy-efficient models and upgrade production technologies in light of the new technologies, environmental protection and green energy issues.

Environmental protection and green energy are key issues for the yacht industry. To meet the requirements, the Company will utilize new technologies and techniques, such as developing eco-friendly yachts (solar power, hybrid energy, etc.), adopting eco-friendly and energy-saving materials and equipment, and improving production technology to reduce the consumption and wastes of materials.

(4) Expand yacht culture and promote yacht popularization.

From the perspective of the yacht culture development model and industrial evolution model in Europe and America, the popular consumption of yachts is an inevitable trend, and it is also the best way for the yacht industry to develop towards healthy and long-term development. One of the purposes of the popularization of yachts is to satisfy the leisure consumption needs of the public. To attract the public to consume yacht leisure products, to this end, it is necessary to enrich the content and form of the product services, such as hosting yacht owners' gatherings. Designing a variety of water sports programs and events to meet the growing and diversified needs of the public will enable the Company to deepen its presence in the market and enhance its brand image.

(5) Integration of industrial settlements.

With the rise of emerging Asian countries, the potential consumer groups of ASEAN countries will be the battleground for the future battlers. The Company is committed to integrating upstream supply chains, such as hardware factories, cooperative engineering plants, shipyards, logistics and other manufacturers. We will also invest in industry-university cooperation, train relevant talents, and prepare to play the "Asian Cup" of the yacht industry in advance.

5.2 Market and Sales Overview

5.2.1 Market analysis

1. Sales Mix by Region

Unit: NTD thousand; %

Sales region \ Year		2022 Amount	2022 %	2023 Amount	2023 %
Domestic sales		-	-	-	-
Exports	America	5,471,047	98.48	6,287,614	99.41
	Australia	84,405	1.52	37,497	0.59
	Europe	0	0.00	0	0.00
Total		5,555,452	100.00	6,235,111	100.00

2. Market share

According to the survey data of industrial production and sales of the Statistics Department of the Ministry of Economic Affairs of Taiwan, the total number of direct sales of yachts in the year of 2023 was 70, and the export value was NT$9.2 billion. The Company exported 13yachts in 2023, with a sales value of NT$3.27 billion, accounting for 18.6% and 35.2% of the market. Moreover, the Company has won high reputation and captured #1 market share through more than 40 years experiences in the US market with the largest demand for yachts.

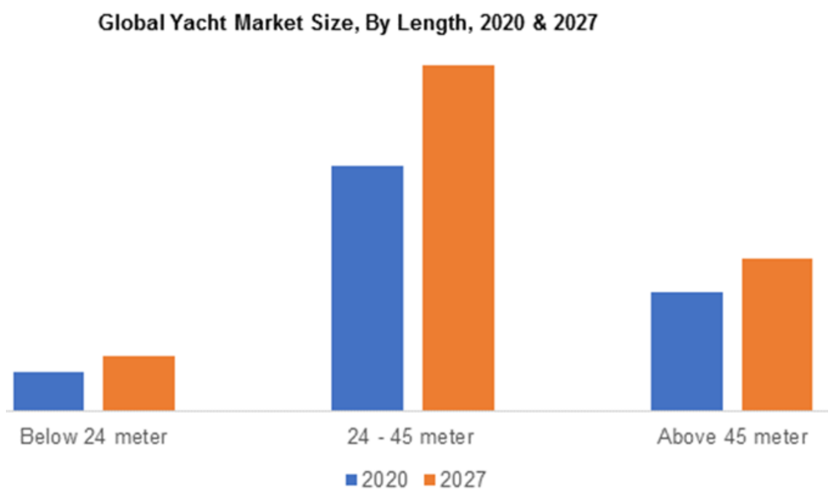
3. Market demand and supply and market growth

A recent survey of the 2024 Global Order Book shows that Azimut Benetti is still the market leader in terms of total length, with a total project length of approximately 6,014 meters, followed by Sanlorenzo. In terms of gross tonnage, Italy, the traditional shipbuilding power, is still the first, followed by Turkey and the Netherlands. The 2024 Global Order Book shows that the total length of yachts on order or in build is 45.7 kilometers and total project length of top five ship builders is 14.9 kilometers, roughly equivalent to the previous year and indicating a stable demand in the market.

2024 RANK	COMPANY	TOTAL LENGTH (FT)	NUMBER OF PROJECTS	AVERAGE LENGTH (FT)	NUMBER OF PROJECTS, 2023	2023 RANK
1	Azimut-Benetti	19,731	167	118	168	1
2	Sanlorenzo	14,774	132	112	128	2
3	Feadship*	5,285	N/A	N/A	N/A	4
4	Lürssen*	4,554	13	350	11	7
5	The Italian Sea Group	4,508	24	188	21	8
6	Damen Yachting	4,160	19	219	15	9
7	Princess Yachts	3,930	48	82	63	5
8	Overmarine	3,776	28	135	25	10
9	Sunseeker	3,622	41	88	53	6
10	Ocean Alexander	3,333	30	111	73	3
11	Sunreef Yachts	3,153	35	90	22	16
12	Baglietto	2,940	19	155	16	13
13	Heesen Yachts	2,694	15	180	11	15
14	Horizon	2,543	27	94	29	11
15	Cantiere delle Marche	2,139	17	126	13	19
16	Palumbo	1,965	12	164	18	12
17	Bilgin Yachts	1,798	9	200	8	18
18	Viking Yachts*	1,552	18	86	26	14
19	Numarine	1,526	14	109	N/A	N/A

Source: Show Boats International

As the increase in the number of UHNWIs and the rising demand for luxure leisure, the global luxury yacht market is expected to grow strongly, with growing popularity of 24 to 45-meter yachts.



Source: Global Market Insights, Sep. 2021

4. Competitive niche:

(1) The Company has established a stable cooperative relationship with Marine Max, which is the largest listed yacht dealer in the U.S., and has over 70 sales offices in the U.S.. Its subsidiary, AMI, was established in 2014 to build a comprehensive organizational structure for global marketing and the provision of service and busienss to customers.

(2) Instead of starting out as an OEM like many of the yacht builders in Taiwan, the Company has focused on its own brand of "Ocean Alexander" since its establishment. Through years of expanding its presence overseas, the Company has cultivated a high level of brand identity and recognition. The Company possesses high customer loyalty, along with high repurchase rate.

(3) To promote the Ocean Alexander brand, each yacht exhibits the Company's excellent craftsmanship. From design, molding, and manufacturing to sales, maintenance and warranty services, there are integrated and professional teams to provide consistent service.

(4) The Company has profound industrial expertise and technical capabilities to support its persistent research and development of new energy-saving models, or to adopt to production processes which reduce material consumption and pollution. In addition to taking its environmental responsibility seriously, the Company also has a high degree of production flexibility to meet yacht owners' demand.

(5) Through long-term cultivation and specialization in the yacht market and understanding of the industry's or stakeholders' dynamics and topics of concerns (including long-term cooperation with upstream and downstream companies in the industry chain, the progress of yacht industry clustering, and sustainable development in community care and environmental protection,) the Company can formulate countermeasures in response to laws and environmental changes at any time.

5. Favorable and unfavorable factors in future developments and countermeasures

In recent years, the yacht industry has become the highlight in the global fashion industry, superyachts (24-meter and above) featuring high unit prices, customization, luxury and comfort are the curent trend of global yacht industry. As many Taiwanese manufacturers have demonstrated superb skills, orders from overseas increase annually. According to the Global Order Book's survey of large yacht orders, Taiwan ranked top one in Asia and the fifh in worldwide, showing our fine craftsmanship attracts the attention of global top yacht buyers.

(1) Favorable factors:

A. The Company has been deeply involved in the US market for many years, and has a world-renowned self-owned brand (Ocean Alexander), which has a stable and highly recognized consumer group in the United States.

B. Long-term operation of the US market, close to the consumer market, in the grasps of the latest market and fashion trends, in line with product changes and design to meet consumer demand as quickly as possible.

C. It has service and agent sales bases in the East and West coast of the United States, a sales base in Australia, a complete and sound global service and sales organization structure, and the establishment of subsidiaries as global orders and sales centers, which is also conducive to the newly emerging Asia-Pacific regional layout.

D. The Company has long been building up in-house manufacturing techniques and research and development capabilities, and is located in the Asia New Bay Area which is vigorously promoted by Kaohsiung government policies.

E. The Company has cultivated its presence in the luxury yacht market for many years. The key products are superyachts (80 feet and more) featuring high unit prices, customization, luxury and comfort, which are very popular among the wealthy consumer groups. The Company also acts as an agent for several yacht brands in the small and medium-sized segments to enrich the product portfolio for attracting new customer groups who are younger, value individuality and enjoy water sports.

F. The adoption of modulization and semi-customized make-to-stock scheduling shortens the lengthy manufacturing process many peers have to undergo with their adoption of full-scale customnization. The Company thus enjoys superior inventory turnovers among peers and increases customer satisfaction.

G. The Company has a steady collaborative relationship with Marine Max, the largest listed yachting agent in the United States, with more than 70 sales offices in the US. Equipped with the Company's own sales team and maintenance logistics department to provide the most professional services before and after the sale.

H. The Company has cooperated with internationally renowned yacht designers for many years. At the same time, it can grasp the popular trends of Europe and America simultaneously, and constantly launch amazing new products placing the brand at the forefront of the fashion trend; it is more beneficial to shorten the production process communication and maintain product consistency.

(2) Unfavorable factors and coping strategies

A. Risk of order growth due to the fucluation of global economic and economic impact from the higher geopolitical risk

Coping strategies:

Global economic growth has slowed down as the world economy enters a new normal after the pandemic, coupled with persistent global inflation and high interest rates, the stalemate in the Russia-Ukraine conflict, the outbreak of conflicts in the Middle East, and the sluggish performance of the Chinese economy. According to statistics from Show Boats International, demand in the yacht market has also gradually returned to pre-pandemic levels. Since the company's primary clientele consists of ultra-high-net-worth individuals (UHNWIs), who are generally more resilient to short-term economic fluctuations, their demand for yachting remains robust, thus not affecting the Company's sales and outlook. Moving forward, the Company will continue to develop new yacht models and enrich the product portfolio to meet customer needs. Additionally, we plan to expand into services and marina operations through vertical integration to provide more comprehensive services, thereby strengthening brand loyalty and enlarging the Company's market share.

B. Great fluctuation in monthly and quarterly revenue due to longer production cycle for superyachts

Coping strategies:

The Company makes plans for the production schedules. It takes about one year to one and a half years from the beginning of production to test completion, depending on the size of the yacht. After that, following the shipping schedule of export bulk carrier, it will take about 30 to 45 days to ship to the West Coast of the United States. Shipment to the US East Coast varies from 45 to 60 days; after arriving in the United States, it will once again work with the equipment supplier for the trial test in the sea and final arrangement, maintenance and cleaning work for about 1 month. Therefore, the product turnover time is long and adopts the full completion method to recognize sales revenue, resulting in fluctuations in revenue performance. With increased capacities, we have more flexibility to make production line allocation. Sales is expected to be no longer over-concentrated in particular month or quarter.

In order to improve customer satisfaction, the Company has years of experience in understanding the needs of the pyramid customers and their timing for change of boats. Production plan is drawn upon by analyzing historical sales experience, future market needs, and orders at hand. Standardized parts such as shells and decks, interior compartments, equipment and functions are made in advance according to customer requirements. This type of semi-customized planned production can effectively shorten the time from when the customer made the order to final acceptance.

At the same time, in order to provide small and medium size market demand and strengthen the integrity of the product portfolio, the Company has an formed alliance with industry peers to sell small-size yachts. In addition to the steady profitability of the revenue, the Company also cultivates deep customer relationships through the sales and after-sales service of small and medium-sized yachts, which may become potential customers of large yachts of our self-owned brand.

C. Highly concentation on the US market

Coping strategies:

The demand for large yachts is mainly distributed in Europe and North America. The U.S. has entered the post-pandemic era. Driven by consumption and expansionary spending of the government, prosperity continues to improve. It is expected that the United States will remain the main consumer yacht market in the next few years. The first-tier European brands yacht factories also began to enter the US market, but the Company has been working for many years to build high brand awareness and has cooperated with large agents. It has an advantage over its European peers in preempting the US market share continuously. At the same time, the Company observes that the yacht culture in Australia is similar to that in the United States. The existing product lines should be able to meet the needs of local consumers. A sales base has been established in Australia to expand the source of customers in different regions and reduce dependence on a single market.

In view of the different cultures, living habits and design tastes of Europe and the United States., the Company has already developed the production of yachts series that meet European aesthetics and usage habits. The first yacht of the PURO series, created in collection with Italian designers has been debuted. We will reassess the European expansion plan while continuously monitoring the market status.

D. The largest customer is the dealer.

Coping strategies:

Marine Max is the largest yacht sales distribution channel company in the United States. It is listed on the New York Stock Exchange. It sells more than 30 yacht brands and has over 70 bases in the US. The Company cooperates with industry agents and expands market demand in order to provide value-added aftersales service to the top customer group of the pyramid through professional agent services to enhance the market share of the products and create a stable source of profit. Therefore, unlike general regional agents, the Company and Marine Max have signed a yacht sales agency contract for the eastern region of the United States to protect the agency relationship, providing large-size yachts to complement the integrity of the agent products. Company wise, we can also have a more accurate prediction of the market direction through the agents and grasp the latest pulse of customers to achieve a win-win situation. To ensure the quality of subsequent services, the Company obtains buyer information from the dealer after sales, and then maintains customer relationships based on the customer list.

5.2.2 Application and production processes of the main products

1. Important use of major products

Most consumers' first thought of the word "luxury" when "yacht" was mentioned, a high-end consumer good for water recreation. In fact, yachts are commonly used for private consumption internationally. In developed countries such as North America, there is an average of one yacht for every 15 people. However, water sports such as yachts and sailboats are not leisure activities that only the wealthy can afford. It is a type of positive and fashionable lifestyle, which is not only suitable for billionaires, but also suitable for the urban middle class. So, the yacht is not simply a symbol of wealth for high society, but a part of the marine life culture, and even more so it is a way of life. The yachts are categorized as below according to the yacht function.

(1) Business yachts, is for one to drive out and anchor at a suitable place for leisure activities such as motorbikes, sailing boats, and other water sports, also for swimming in the sea or fishing, reading, sunbathing, and so on. Business clients can enjoy such kind of nice environment to negotiate business, which is a rare and good place.

(2) Speedboats, with fast speed as the key selling point, are popular among young players and beginners because of the low price.

(3) Sport yachts, fast and usually rich in individual design, are suitable for fishing, diving and other water activities, and also have the functions of leisure and relaxation.

(4) Fishing boats, the users are basically fishing enthusiasts, and there is complete fishing equipment on board. A cockpit on the upper deck or rear drive characterizes this boat, and the deck is very close to the water.

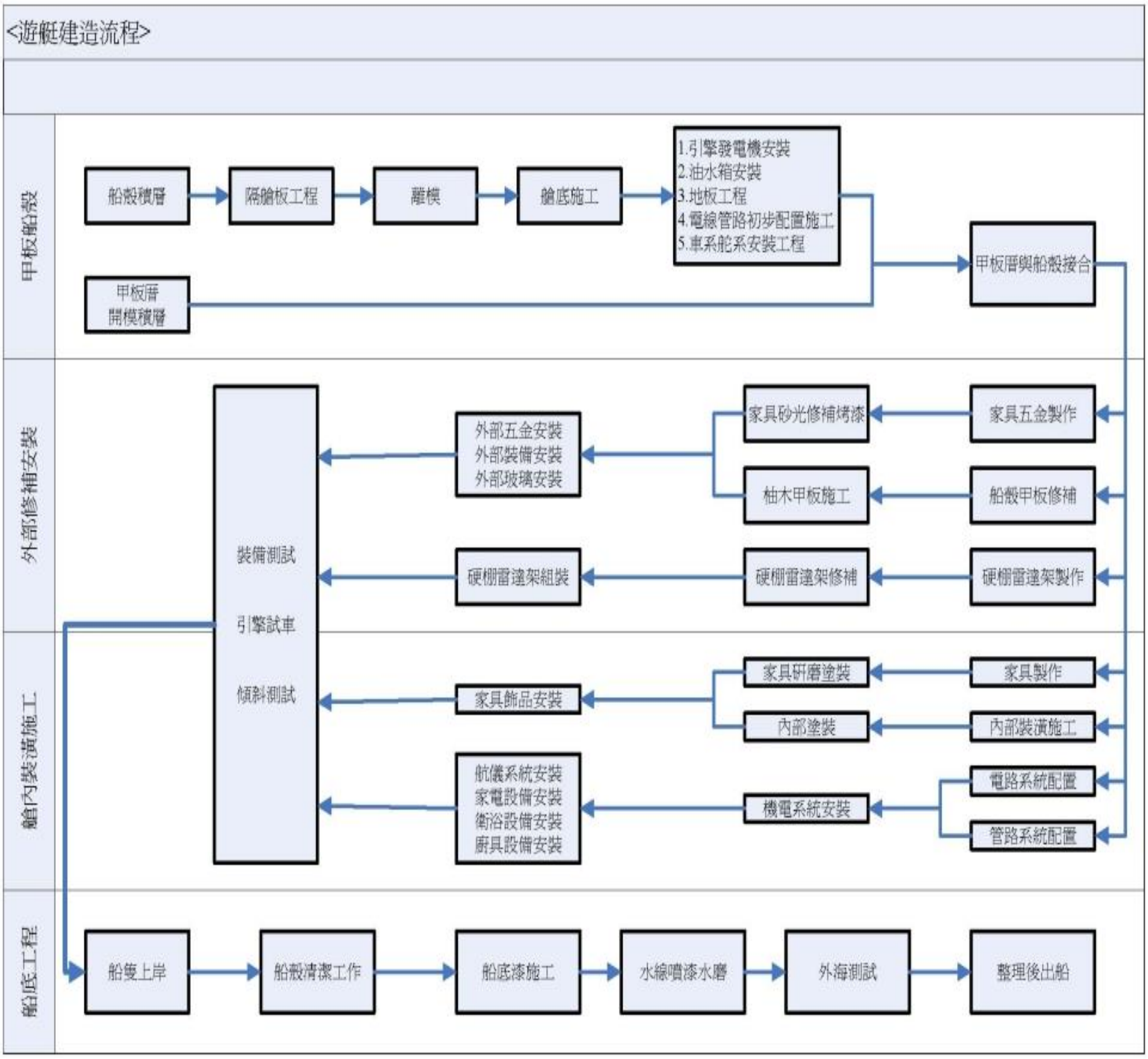
(5) Leisure yachts, mostly purchased by families, are used for family vacations. In general, yachts ranging from 30 feet to 60 feet as primary model, design takes into account the convenience for use by family, and decoration places a focus on family atmosphere as the selling point. The yachts on the mainstream market are also dominated by this category.

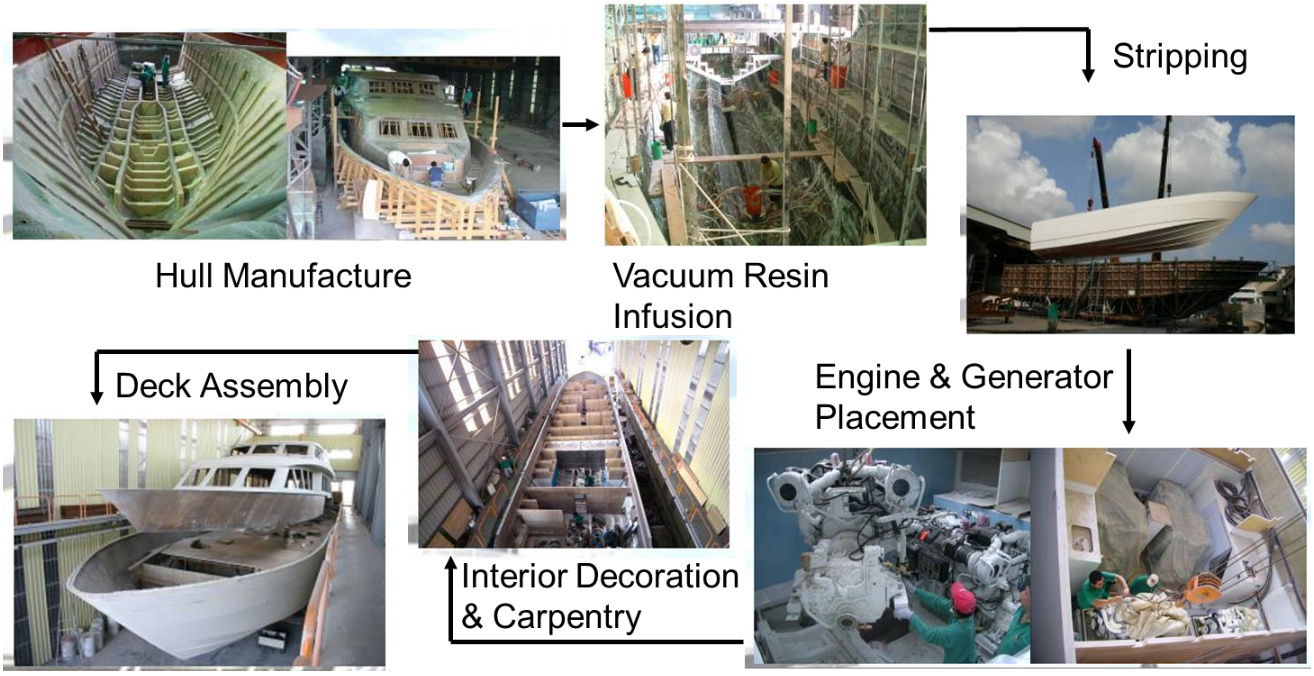
(6) Luxury boat, the Company's products are mainly based on this type. The length of the hull is at least 80 feet and more. The yacht is equipped with the most modern communication and technology systems. The cabin is equipped with high-grade materials such as teak, leather, gold-plated hardware, stainless steel handrails, high-grade carpets, high-end furniture, modern electrical equipment, antiques, calligraphy and painting, special lighting design and other facilities. It sets off a luxurious atmosphere from the inside out.

2. Production process

The Company has been cultivating in the US market for a long time and understands the needs of the pyramid customers and their timing for change of boats. The production plan is drawn upon by analyzing historical sales experience, future market needs, and orders at hand. Standardized parts such as shells and decks, interior compartments, equipment and functions are made in advance according to customer requirements. This type of semicustomized planned production can effectively shorten the time from when the customer made the order to final acceptance, improving customer satisfaction.

The yacht manufacturing process includes hull release, external repair installation, equipment installation, deck bridge fixation, cabin interior construction, testing and cleaning protection. The production process is as follows:


<遊艇建造流程>
甲板船殼
船殼積層
隔艙板工程
離模
艙底施工
1.引擎發電機安裝
2.油水箱安裝
3.地板工程
4.電線管路初步配置施工
5.車系舵系安裝工程
甲板層開模積層
甲板層與船殼接合
外部修補安裝
家具五金製作
家具砂光修補烤漆
船殼甲板修補
柚木甲板施工
外部五金安裝
外部裝備安裝
外部玻璃安裝
硬棚雷達架製作
硬棚雷達架修補
硬棚雷達架組裝
裝備測試
引擎試車
傾斜測試
艙內裝潢施工
家具製作
家具研磨塗裝
內部裝潢施工
內部塗裝
家具飾品安裝
電路系統配置
管路系統配置
機電系統安裝
航儀系統安裝
家電設備安裝
衛浴設備安裝
廚具設備安裝
船底工程
船隻上岸
船殼清潔工作
船底漆施工
水線噴漆水磨
外海測試
整理後出船


Hull Manufacture
Vacuum Resin Infusion
Stripping
Engine & Generator Placement
Interior Decoration & Carpentry
Deck Assembly

5.2.3 Supply of major raw materials

Over the years, the suppliers of the main raw materials of the Company's products have come from large domestic and foreign manufacturers with good quality reputation and maintained long-term stable cooperative relationship, so the Company is in no shortage of obtaining the raw materials for production. The main supplier categories and availability are listed below:

Major raw materials	Suppliers	Supply situation
Engine	MTU, MAN	Good, stable
Generator	Kohler	Good, stable
Bow thruster	Sidepower	Good, stable
Air-conditioning / Watermaker	Carling, Dometic Asia	Good, stable
Shorepower	Atlas	Good, stable
Resin	Eternal Materials Co. Ltd., Swancor	Good, stable
Electric door, hardware	Aritex Products Co., Ltd., Ocean Group, Song Wei Enterprise Co., Ltd., Jin Guang Co., Ltd.	Good, stable
Soil / primer / topcoat	Alton Marine Company	Good, stable
Nautical instrument	Marineer Co., Ltd	Good, stable

5.2.4 Major customer with over 10% net sales and suppliers with over 10% total purchases of the last two fiscal years

1. Names of supplierss accounting for more than 10% of the total purchase in any of the previous two years:

Unit: NTD thousand

	2022				2023			
Item	Name	Amount	Percentage of total purchase of the year (%)	Relationship with the issuer	Name	Amount	Percentage of total purchase of the year (%)	Relationship with the issuer
1	Marine Max Inc.	21	0.00	None	Marine Max Inc.	405,301	14.18	None
2	Azimut Benetti S.P.A.	123,311	5.68	None	Azimut Benetti S.P.A.	357,720	12.51	None
3	G Power System & Electrical Co., Ltd. (MTU)	237,036	10.92	None	G Power System & Electrical Co., Ltd. (MTU)	294,936	10.32	None
	Others	1,810,808	83.40	None	Others	1,801,234	62.99	None
	Purchase	2,171,176	100.00		Purchase	2,859,191	100.00	

Description of changes:

(1) Due to business consideration, the Company purchased a trade-in used yacht from Marine Max.

(2) To enrich product portfolio, the Company purchases small-to-medium-sized boats from Azimut Benetti S.P.A. However, due to supply constraints during the pandemic, deliveries were postponed and arrived gradually in 2023.

(3) MTU is the Company's main engine supplier. Orders are placed with them based on product plans and production schedule. As a result, in both 2021 and 2022, engine purchases accounted for more than ten percent of the total procurement amount.

2. Names of customers accouning for more than 10% of total sales in any of the previous two years:

Unit: NTD thousand

Item	2022				2023			
	Name	Amount	Percentage of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net sales of the year (%)	Relationship with the issuer
1	Marine Max Inc.	4,914,197	88.46	None	Marine Max Inc.	5,333,372	84.32	None
	Others	641.255	11.54	None	Others	991,739	15.68	None
	Sales - net	5,555,452	100.00		Sales - net	6,325,111	100.00	

Description of changes:

The majority of the Company's sales came its dealer, Marine Max, while the remainder came from individual customers. Yahts sales through dealers/brokers are common in the industry.

5.2.5 Production volume and value in the last two years

Unit: boat ; NTD

Year / Output / Main Products	2022			2023		
	Capacity	Volume	Value	Capacity	Volume	Value
Yacht	17	14	2,221,286	16	14	2,610,025
Others (note)	-	-	6,614	-	-	13,066
Total	17	14	2,227,900	16	14	2,623,091

Note: Refer to the spare parts that are purchased, processed, and sold based on the customer's request. So it is not listed in capacity and output.

Description of changes:

There were no significant changes in production capacity and output over the past two years. The increase in production value, nearly 17%, was contributed to by adjustments in production allocation and the size migration of the Company's product portfolio.

5.2.6 Sales volume and value in the last two years

Unit: boat ; NTD

Year / Sales Volume/Value / Main Products	2022				2023			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Large-size yachts (note 1)	-	-	15	5,073,307	-	-	14	5,860,813
Small-size yachts	-	-	5	202,979	-	-	6	237,178
Others (note 2)	-	-	-	279,166	-	-	-	227,120
Total	-	-	20	5,555,452	-	-	20	6,325,111

Note 1: Large-size refers to yachts of 70 feet and more.
Note 2: Includes sales of spare parts, used boats commissions, etc.

Description of changes:

Although sales volume of large-sized yachts decreased by one vessel compared to last year, the sales amount increased by over 15% thanks to favorable product portfolio and continuous price increases. As for small-sized boats, there was an increase of one boat in sales volume and approximately 17% in sales amount.

5.3 Employees

Year		2022	2023	2024/04/25
Number of Employees	Management	120	115	114
	R&D	48	55	59
	Sales & Marketing	21	21	21
	Direct Labor	585	578	567
	Total	774	769	761
Average Age		39.4	38.8	39.0
Average Years of Service		4.6	5.2	5.3
% of Education Background	Ph. D.	0.0%	0.0%	0.1%
	Master	5.1%	6.2%	6.2%
	College	35.1%	34.2%	35.1%
	Senior High School	47.4%	47.6%	47.2%
	Junior High School and below	12.4%	12.0%	11.4%

5.4 Environmental Protection Expenditures

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the vacts of why it cannot be made shall be provided: None.

The Company's main products are large-size luxury yachts. The production process does not produce a large amount of pollutants. To strengthen the Company's corporate governance and fulfill its social responsibilities, the Company actively promotes energy saving and carbon reduction measures. In the future, we will continue to pay attention to the impact of climate change on operational activities and formulate and promote the Company's energy conservation and carbon reduction strategy to reduce the impact of the Company's operational activities. The energy conservation and carbon reduction measures and benefits that the Company is currently implementing are listed below:

Name of measures	Energy saving effect description
Solar rooftop power generation	The energy-saving benefit is about 3 million kw/year.
Replacing for LED energy-saving bulbs	The energy-saving benefit is about 14,842 watt-hour/year.
Fluorescent lamp performance improvement	The power saving benefit is about 28,800 KW/year.
Rainwater pool application	The pool has a volume of approximately 2,160 cubic meters and has been used since 2006 to collect rainwater for circular reuse purposes such as boat washing, leak detection and cleaning.
Waste solvent recovery	In 2015, a new type of waste solvent recovery equipment was purchased, and the waste solvent generated daily was recovered by the equipment. It is estimated that about 40 liters of waste solvent can be recycled and reused for every 75 liters used, and used for cleaning purposes.
Air compressor performance improvement	Power saving benefit is about 19,464KW/year.

In terms of waste, the Company has prepared a waste disposal plan permit in accordance with the relevant laws and regulations of the Environmental Protection Agency of the Executive Yuan, and disposed of the waste according to the proposed plan. The plan has been reviewed and the review result shows that it will not cause any major pollution to the environment.

The Company uses organic solvents for its production process, and has established an "organic solvent operation procedure" in accordance with the regulations, and has obtained a "Stationary pollution source operating permit" in compliance with the Air Pollution Control Act. Operators and operations supervisors obtain an operating permit by passing the "Labor Safety and Health Education and Training" organized by the Labor Affairs Department.

5.5 Labor Relations

5.5.1. List any emploee welfare plans, continuting education, training retirement systems, and the status of their implementation, and the status of laber-management agreements and measures for preserving employees' rights and interests.

1. Employee welfare measures

The employees of the Company are all included in the labor insurance and national health insurance according to law. For business trips, we also provide overseas travel insurance. There is also a Staff Welfare Committee to implement various welfare measures, such as birthday gifts, annual festival products, annual travel and handling of employee health checks, and so on, and to adjust employees' physical and mental health and strengthen employees' team spirit and promote friendship between colleagues; in addition, it provides official work mobile phone usage assistance, transportation vehicle subsidy for managers, education subsidy for preschool children, and wedding and funeral welfare subsidies. With a view to encourage colleagues to establish families and a career, and to reduce the burden of colleagues to provide education, depending on the operating conditions each year, we issue annual bonuses, employee compensation and performance bonuses to employees.

2. Advanced study, training and implementation situation

The Company develops training plans based on development strategies, continuously improves and cultivates professional talents, ensures product quality and refines technical capabilities, and maintains and enhances the Company's competitiveness in the international market. At the same time, there is a dedicated person responsible for the employee's pre-employment training to cultivate the professional skills of the staff. We give pre-employment training to new employees, and help newcomers get familiar with the work environment as soon as possible. We adhere to the principle of "putting the right persons in the right places," and ensure employees' work scope match their expertise and interests. Through the institutionalized job title system, grade promotion and performance appraisal, employees can gradually realize career planning with the growth of experience and skills.

3. Retirement system and its implementation

The employee pension scheme established by the Company under the Labor Standards Act is a defined benefit plan. The employee's pension is paid based on the cardinal number of the length of service (seniority) and the authorized one-month average salary at the time of retirement. For seniority within 15 years of service (inclusive) and completed one year of service, they will be given two cardinal numbers. For seniority of more than 15 years of service, they will be given one cardinal number for each completed year, with an accumulation of 45 cardinal numbers as the limit. The Company provides a pension fund of 4.2% of the total salary on a monthly basis in accordance with the Labor Standards Law, and stores it in a special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee. In addition, the Company estimates the balance of the above-mentioned labor retirement reserve account at the end of each year. If the balance is insufficient to pay the laborer who meets retirement condition within the next year, it shall pay the one-time difference before the end of March in the following year, in accordance with the previously mentioned calculation of retirement amount.

The Company applies the “Labor Pension Act”, and ensures to provide retirement schemes. In accordance with the Labor Pensions Act, the Company shall not pay a pension of less than 6% of the employee’s monthly salary to the individual account at the Bureau of Labor Insurance. If the workers have voluntary contributions, these voluntary contributions shall also be deposited into the account.

4. Agreement between labor and management and various employee rights maintenance measures

The Company’s various regulations are in accordance with the Labor Standards Act. In addition to regular labor-management communications meetings, employees can submit comments or responses to the human resources department or their department heads or any manager at any time. In the “Work Rules”, a special chapter on labormanagement communication is also specified, which is used as the basis for the implementation of labor-management communication. At the same time, it also established a trade union organization as an important bridge of communication between the Company and its employees, as well as a system for setting up employee complaint lines, complaint mailboxes and multiple communication channels such as proposal system and personnel interviews.

5.5.2. Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of Labor Standards Act indicated in the labor inpection, specifying the idsposition dates, disposition reference numbers, the articles of laws vilated, and the content of the idspositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cann be made shall be provide:

Penalty Date	2023/01/07	2023/10/26
Penalty Number	Kaohsiung Labor Inspection No. 11230106300	Kaohsiung Labor Inspection No. 11238897800
Violated Article	Labor Standards Act Article 38	Labor Standards Act Article 24
Violated Article Content	Fail to provide statutory leaves	Fail to pay the overtime wages as required by statutory regulation
Contents of penalties	A fine of NT$20,000	A fine of NT$50,000
Appropriate countermeasures	Strengthen the promotion of relevant regulations to managers.	Verify the calculation of overtime pay in accordance with the law.

5.6 Information Security Management

5.6.1 Describe the risk management framework for information and communications security, information and communications security policies, specific management plans, and resources devoted to information and communications security management.

1. Risk management framework for information and communications security

The Company's information security team is subordinate to the information department, responsible for reviewing the Company's information security policy, supervising the operation of information security management, confirming the effectiveness of the Company's information security management operation, and establishing a good awareness of information security among colleagues. The internal audit team regularly conducts work audits, submit audit reports, and reports to the Audit Committee and the Board of Directors.

2. Information security policy

The Company’s information security policy mainly focuses on information security governance and legal compliance. Raising information security protection capability on the whole to ensure customers’ information, and the Company’s intellectual property creation is not infringed. The risk associated with internal and external information security in the

Company could be reduced. The Company's information security team is responsible for expanding information security management, setting management goals, continuing to strengthen monitoring and control, and management of the mechanisms, including strengthening educational training, information security structure design, and assuring that all of the information processes meet the legal requirements of domestic and overseas information security laws.

3. Information security management plans

The proposed information security plan is to promote information security policy year by year, to introduce information security system and process specification, and to continuously establish complete information security technical protection measures. Scope of information security and abstract of management measures are listed as follow.

Item	Relevant procedures or control measures
Information security governance	• Formulate comprehensive management systems, and regularly review and amend related operation procedures • Strengthen information security education and training • Manage compliance with information security policy
Information assets and system management	• Take inventory of IT assets regularly and implement control measures • Physical security and environment safety • Information security and work safety • Ensure the security of information system development and maintenance • Data backup management
Permission management	• Manage the employees' accounts, passwords and accesses required for job functions, and update regularly • Data access control
External threats	• Installed anti-virus software on personal computers and regularly update the virus pattern files • Unauthorized software is forbidden to use • Information security incident and accident management

4. Invested in information security management

Information security is a vital issue to operate. The invested resources in coping with information security management are as follows:

(1) The Company sets up a tight information security net defense for security prospects. In 2023, the Company invested in framing information security nets, including the firewall and antivirus software, and framed the EDR and NDR joint net protection to reduce the risk of loss from business interruption.

(2) To strengthen our cybersecurity defense capabilities, the Company signs the maintenance contracts with the external professional anti-hacking vendors every year to enhance our network defense capabilities.

(3) The vendors will regularly review threat intelligence, including TWCERT, and conduct risk assessments based on the intelligence content. They will collaborate with the information security personnel to update EDR, NDR, firewall, and antivirus software to patch vulnerabilities, aiming to achieve the goal of zero cybersecurity risks.

5.6.2 Any losses, possible impacts and responses to major information security incidents suffered in the most recent year and up to the annual report publication date: None.

5.7 Major Contracts

Major Agreements	Party	Term	Main Content	Limitation Articles
Sales contract	Marine Max Inc.	Starting from July 1, 2014, for 3 years	Yacht agent sales contract, the contract will extend automatically after the expiration date, if no objections arise from the two parties.	Restricted sales area
Purchase contracts	S2 YACHTS,INC (Tiara)	2016.07.31~ 2019.07.31	Yacht purchase contract, the contract will extend automatically for one year after the expiration date if no objections arise from the two parties.	Restricted sales area
Purchase contracts	Tung Feng Iron Works Co., Ltd.	Signed on 2023.10.12	Purchased #3, 1, Jinfu Rd., Qianzhen Dist., Kaohsiung City	None
Lease contract	Rocs Marine Industry Corporation	2019.02.01~ 2024.01.31	Rented #18, Tongli Rd., Xiaogang Dist., Kaohsiung City, with a land size of 7,445 square meters and the buildings within. Monthly rent of NT$583,000	None
Lease contract	Far East Steel Enterprise Corporation	2018.05.01~ 2028.04.30	Rented No. 11, Guangyang St., Xiaogang Dist., Kaohsiung City, with a land size of 25,813 square meters and the buildings within.	None
Lease contract	Station Pro Co., Ltd.	2024.04.01~ 2027.03.31	Rented No. 17, Daye N. Rd., Xiaogang Dist., Kaohsiung City.	None
Lease contract	Sea Chief Supply Co., Ltd.	2023.07.01~ 2033.06.30	Rented No. 9, 13, Daye N. Rd., Xiaogang Dist., Kaohsiung City.	None
Lease contract	Eternal Steel Co., Ltd.	2022.05.01~ 2025.04.30	Rented No. 174, Chongming St., Xiaogang Dist., Kaohsiung City.	None
Lease contract	Kee Sheng C0., Ltd.	2023.01.05~ 2033.01.04	Rented No. 99, Guang He Rd., Xiaogang Dist., Kaohsiung City.	None
Syndicated loans	Bank group such as Chang Hwa Bank, First Commercial Bank, etc.	2022.11.17~ 2027.11.16	Repayment of existing bank debt, and enrichment of working capital	Pledge of lands and factory
Long-term borrowing	Bank of Taiwan	2024.01.25~ 2039.01.25	Capital expenditures for expanding the factory	Pledge of lands and factory

VI. Financial Information

6.1. Five-Year Financial Summary

6.1.1. International Financial Reporting Standards

Condensed Consolidated Balance Sheet

Unit: NTD thousand

Item	Year	Financial information for the last five year				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Current assets		4,286,937	4,855,486	4,939,076	7,254,600	8,816,345
Property, plant, and equipment		1,235,709	1,347,742	1,424,393	1,347,530	1,288,611
Intangible assets		53,357	38,731	32,359	31,106	34,632
Other assets		685,871	567,014	461,499	416,175	819,841
Total assets		6,261,874	6,808,973	6,857,327	9,049,411	10,959,429
Current liabilities	Before Distribution	1,970,641	2,829,367	2,752,595	2,126,956	2,879,363
	After dividend distribution (Note 2)	2,016,088	2,919,339	3,192,456	3,006,679	3,935,030
Non-current liabilities		1,693,259	1,488,010	1,077,351	2,241,594	2,228,078
Total liabilities	Before Distribution	3,663,900	4,317,377	3,829,946	4,368,550	5,107,441
	After dividend distribution (Note 2)	3,709,347	4,407,349	4,269,807	5,248,273	6,163,108
Equity of the parent company		2,597,974	2,491,596	3,027,381	4,680,861	5,851,988
Common stock		908,933	908,863	888,863	888,863	888,863
Capital surplus		1,014,961	1,015,717	992,588	992,588	992,905
Retained earnings	Before Distribution	725,536	774,112	1,413,907	2,729,754	3,927,645
	After dividend distribution (Note 2)	680,089	684,140	974,046	1,850,031	2,871,978
Other equity		(51,456)	(160,654)	(221,535)	116,098	89,017
Treasury stock		-	(46,442)	(46,442)	(46,442)	(46,442)
Non-controlling interest		-	-	-	-	-
Total equity	Before Distribution	2,597,974	2,491,596	3,027,381	4,680,861	5,851,988
	After dividend distribution (Note 2)	2,552,527	2,401,624	2,587,520	3,801,138	4,796,321

Note 1: The above-mentioned financial data is audited and signed for approval or reviewed by a certified public accountant.

Note 2: 2023 annual earnings distribution is subject to the resolution of the shareholders' meeting on June 11, 2024.

Consolidated Condensed Statements of Comprehensive Income

Unit: NTD thousand

Item \ Year	Financial information for the last five year				
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Net sales	3,690,115	4,224,774	4,554,257	5,555,452	6,325,111
Gross profit	974,827	1,001,322	1,599,055	2,524,117	3,048,196
Operating profit	127,895	227,363	949,664	1,861,633	2,191,914
Non-operating income and expenses	(66,439)	(108,075)	(58,631)	(19,276)	22,685
Profit before income tax	61,456	119,288	891,033	1,842,357	2,214,599
Profit from continuing operations	46,117	94,453	854,703	1,753,278	2,081,427
Gain(loss) from discontinued operations	-	-	-	-	-
Net profit	46,117	94,453	854,703	1,753,278	2,081,427
Other comprehensive income	(42,762)	(112,047)	(61,399)	340,063	(30,894)
Total comprehensive income	3,355	(17,594)	793,304	2,093,341	2,050,533
Net profit attributable to owners of parent company	46,117	94,453	854,703	1,753,278	2,081,427
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	3,355	(17,594)	793,304	2,093,341	2,050,533
Total comprehensive income, attributable to non-controlling interest	-	-	-	-	-
Earnings per share	0.50	1.04	9.55	19.93	23.66

Note 1: The above-mentioned financial data is audited and signed for approval or reviewed by a certified public accountant.

Condensed Balance Sheet - Parent Company Only

Unit: NTD thousand

Item \ Year		Financial information for the last five year				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Current assets		2,639,130	2,947,573	2,422,633	3,599,456	3,550,538
Property, plant, and equipment		750,448	999,197	1,076,476	1,000,044	941,647
Intangible assets		2,306	1,919	1,397	2,097	6,073
Other assets		2,470,903	2,582,525	3,191,014	4,964,092	6,971,744
Total assets		5,862,787	6,531,214	6,691,520	9,565,689	11,470,002
Current liabilities	Before Distribution	1,655,928	2,625,561	2,658,169	2,717,942	3,525,012
	After dividend distribution (Note 2)	1,701,375	2,715,533	3,098,030	3,597,665	4,580,679
Non-current liabilities		1,608,885	1,414,057	1,005,970	2,166,886	2,093,002
Total liabilities	Before Distribution	3,264,813	4,039,618	3,664,139	4,884,828	5,618,014
	After dividend distribution (Note 2)	3,310,260	4,129,590	4,104,000	5,764,551	6,673,681
Equity of the parent company		2,597,974	2,491,596	3,027,381	4,680,861	5,851,988
Common stock		908,933	908,863	888,863	888,863	888,863
Capital surplus		1,014,961	1,015,717	992,588	992,588	992,905
Retained earnings	Before Distribution	725,536	774,112	1,413,907	2,729,754	3,927,645
	After dividend distribution (Note 2)	680,089	684,140	974,046	1,850,031	2,871,978
Other equity		(51,456)	(160,654)	(221,535)	116,098	89,017
Treasury stock		-	(46,442)	(46,442)	(46,442)	(46,442)
Non-controlling interest		-	-	-	-	-
Total equity	Before Distribution	2,597,974	2,491,596	3,027,381	4,680,861	5,851,988
	After dividend distribution (Note 2)	2,552,527	2,401,624	2,587,520	3,801,138	4,796,321

Note 1: The above financial data has been audited and signed off by a certified public accountant.

Note 2: 2023 annual surplus distribution is subject to the resolution of the shareholders' meeting on June 11, 2024.

Condensed Statements of Comprehensive Income – Parent Company Only

Unit: NTD thousands, except Earnings Per Share (NTD)

Item / Year	Financial information for the last five year				
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Net sales	1,930,254	2,030,733	2,111,166	2,684,623	3,275,055
Gross profit	367,636	333,959	324,995	446,698	656,847
Operating profit	192,411	155,855	221,793	328,832	381,941
Non-operating income and expenses	(131,302)	(36,914)	668,901	1,513,171	1,832,297
Profit before income tax	61,109	118,941	890,694	1,842,003	2,214,238
Profit from continuing operations	46,117	94,453	854,703	1,753,278	2,081,427
Gain(loss) from discontinued operations	-	-	-	-	-
Net profit	46,117	94,453	854,703	1,753,278	2,081,427
Other comprehensive income	(42,762)	(112,047)	(61,399)	340,063	(30,894)
Total comprehensive income	3,355	(17,594)	793,304	2,093,341	2,050,533
Net profit attributable to owners of parent company	46,117	94,453	854,703	1,753,278	2,081,427
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	3,355	(17,594)	793,304	2,093,941	2,050,533
Total comprehensive income, attributable to non-controlling interest	-	-	-	-	-
Earnings per share	0.50	1.04	9.55	19.93	23.66

Note 1: The above financial data has been audited and signed off by a certified public accountant.

6.1.2. Important issues affecting the consistency of the above condensed financial statements such as accounting changes, company mergers or business unit shutdowns and so on, and their impact on the financial report for the year:

No such circumstance was found from 2023 up to the publication date of this annual report.

6.1.3. Names of CPAs and their opinions for the most recent 5 years.

Year	CPA Firm	Name of auditor	Audit opinions
2019	Deloitte & Touche	Lee-Yuan Kuo Jun-Ji Kung	Unmodified opinion with emphasis of matter and other matter paragraphs
2020	Deloitte & Touche	Lee-Yuan Kuo Jui-Hsuan Hsu	Unqualified opinion
2021	Deloitte & Touche	Lee-Yuan Kuo Jui-Hsuan Hsu	Unqualified opinion
2022	Deloitte & Touche	Lee-Yuan Kuo Jui-Hsuan Hsu	Unqualified opinion
2023	Deloitte & Touche	Lee-Yuan Kuo Jui-Hsuan Hsu	Unqualified opinion

6.1.4. If there is a change of CPA in the past five years, the Company, explanation made by the Company's previous and current CPA over the causes for such change shall be set forth.

Year	Replacement	CPA Firm	Name of auditor	Reason for replacement
2019Q1	Predecessor	Ernst & Young	Cheng Chu Chen Fang Wen Li	The CPA firm was changed to meet the need for future business developments of the Company.
2019Q2	Successor	Deloitte & Touche	Lee-Yuan Kuo Jun-Ji Kung	
2020Q3	Predecessor	Deloitte & Touche	Lee-Yuan Kuo Jun-Ji Kung	Due to the requirement of the internal rotation policy of Deloitte & Touche, on November 9, 2020 the Company's board of directors passed the resolution of the replacement of certified public accountants for the independent audit of the consolidated financial reports.
2020Q4	Successor		Lee-Yuan Kuo Jui-Hsuan Hsu	

6.2. Five-Year Financial Analysis

Financial analysis for consolidated financial statements

Analysis items (Note 3) \ Year		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
		Financial Analysis for the most recent five years				
Financial structure (%)	Debt to assets ratio	58.51	63.41	55.85	48.27	46.6
	Ratio of long-term capital to property, plant and equipment	347.27	295.28	288.17	513.71	627.04
Solvency (%)	Current ratio	217.54	171.61	179.43	341.08	306.19
	Quick ratio	44.63	60.50	62.76	161.33	150.75
	Interest coverage ratio	204.16	281.58	1,602.51	3,267.03	2,034.76
Operating ability	Account receivable turnover (times)	7.03	5.44	5.28	8.61	5.31
	Days sales outstanding	52	67	69	42	69
	Inventory turnover (times)	0.91	1.07	1.05	0.97	0.87
	Account payable turnover (times)	12.12	16.10	13.87	12.65	11.19
	Average days for sales	401	341	348	376	420
	Property, plant, and equipment turnover (times)	3.14	3.27	3.29	4.01	4.80
	Total assets turnover (times)	0.61	0.65	0.67	0.70	0.63
Profitability	Return on assets (%)	1.53	2.25	13.20	22.63	21.72
	Return on equity (%)	1.71	3.71	30.97	45.49	39.52
	Pre-tax income to paid-in capital ratio (%)	6.76	13.12	100.24	207.27	249.15
	Net margin (%)	1.25	2.24	18.77	31.56	32.91
	Earnings per share ($) (Note 2)	0.50	1.04	9.55	19.93	23.66
Cash flows (Note 5)	Cash flow ratio (%)	3.08	(8.46)	55.67	99.19	18.03
	Cash flow adequacy ratio (%)	(45.59)	(36.39)	10.50	116.80	94.53
	Cash flow reinvestment ratio (%)	(3.11)	(7.92)	37.22	24.52	(4.60)
Leverage	Operating leverage	6.43	2.76	1.38	1.20	1.19
	Financial leverage	1.86	1.41	1.07	1.03	1.06

The changes in the various financial ratios in the last two years has reached 20%.

1. The ratio of long-term funds to property, plant and equipment: The increase from 2022 to 2023 was primarily attributed to the Company's increased net profit and sufficient long-term funds.
2. Interest coverage ratio: The decrease from 2022 to 2023 was primarily attributed to increase in the total amount of bank loans and interest rate, resulting in a larger increase in financial costs compared to the increase in pre-tax net profit.
3. Account receivable turnover ratio and average collection period: The increase in the year-end accounts receivable balance resulted in a higher average accounts receivable for 2023 compared to 2022. This led to a decrease in the accounts receivable turnover ratio and an increase in the average collection period for 2023.
4. Property, plant, and equipment turnover: The increase from 2022 to 2023 was primarily attributed to the increase in net sales for the current year.
5. Pre-tax income to paid-in capital ratio: The increase from 2022 to 2023 was primarily attributed to the rise in profitability for the current year.
6. Cash flow ratio and cash flow reinvestment ratio: The decrease from 2022 to 2023 was primarily attributed to the reduction in cash inflows generated from operations and the increase in cash dividends distributed for the current year.

Financial analysis for (parent company only) financial statements

Analysis items (Note 3)	Year	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
		Financial Analysis for the most recent five years				
Financial structure (%)	Debt to assets ratio	55.69	61.85	54.76	51.07	48.98
	Ratio of long-term capital to property, plant and equipment	560.58	390.88	374.68	684.74	843.73
Solvency (%)	Current ratio	159.37	112.26	91.14	132.43	100.72
	Quick ratio	89.57	62.92	9.85	29.40	17.04
	Interest coverage ratio	218.78	307.92	1,703.84	3,780.69	3,585.67
Operating ability	Account receivable turnover (times)	1.72	2.10	5.81	18.67	12.1
	Days sales outstanding	212	174	63	20	30
	Inventory turnover (times)	1.47	1.49	1.18	1.03	1.02
	Account payable turnover (times)	10.15	10.29	10.29	9.40	10.80
	Average days for sales	248	245	309	354	358
	Property, plant, and equipment turnover (times)	2.83	2.32	2.03	2.59	3.37
	Total assets turnover (times)	0.34	0.33	0.32	0.33	0.31
Profitability	Return on assets (%)	1.53	2.26	13.60	22.06	20.27
	Return on equity (%)	1.71	3.71	30.97	45.49	39.52
	Pre-tax income to paid-in capital ratio (%)	6.72	13.09	100.21	207.23	249.11
	Net margin (%)	2.39	4.65	40.48	65.31	63.55
	Earnings per share ($) (Note 2)	0.50	1.04	9.55	19.93	23.66
Cash flows (Note 5)	Cash flow ratio (%)	52.36	22.83	7.31	41.48	2.82
	Cash flow adequacy ratio (%)	(109)	(37.01)	(7.67)	56.09	49.82
	Cash flow reinvestment ratio (%)	(4.35)	14.93	2.62	9.95	(9.81)
Leverage	Operating leverage	2.36	2.45	1.70	1.66	1.92
	Financial leverage	1.36	1.58	1.33	1.18	1.20

The changes in the various financial ratios in the last two years has reached 20%.

1. Ratio of long-term funds to property, plant and equipment: The increase from 2022 to 2023 was primarily attributed to the Company's increased net profit and sufficient long-term funds.
2. Current ratio and quick ratio: The decrease from 2022 to 2023 was mainly due to an increase in short-term bank borrowings and commercial papers issued in the current year to meet operational needs.
3. Account receivable turnover ratio and average collection period: The increase in the year-end accounts receivable balance resulted in a higher average accounts receivable for 2023 compared to 2022. This led to a decrease in the accounts receivable turnover ratio and an increase in the average collection period for 2023.
4. Property, plant, and equipment turnover: The increase from 2022 to 2023 was primarily attributed to the increase in net sales for the current year.
5. Pre-tax income to paid-in capital ratio: The increase from 2022 to 2023 was primarily attributed to the rise in profitability for the current year.
6. Cash flow ratio and cash flow reinvestment ratio: The decrease from 2022 to 2023 was primarily attributed to the reduction in cash inflows generated from operations and the increase in cash dividends distributed for the current year.

Note 1: The abovementioned financial information is audited and signed for approval or reviewed by a certified public accountant.

Note 2: The calculation of earnings per share adopted retroactive adjustment.

Note 3: The formula for the calculation of the analyzed items is as follows:

1. Financial structure
   (1) Ratio of debts to asset =Total liabilities / total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equities + non-current liabilities) / property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets – inventories - prepaid expense) / current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period
3. Operating ability
   (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
   (2) Days sales in account receivable = 365 / Account receivable turnover (times)
   (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
   (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
   (5) Average days for sales = 365 / Inventory turnover (times)
   (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
   (7) Total assets turnover (times) = Net sales / Average total assets
4. Profitability
   (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average total assets
   (2) Return on shareholders' equity = net profit after tax / average total equity
   (3) Net profit margin = net income / net sales
   (4) Earnings per share = (Income attributable to parent company – dividends from preferred shares) / weighed average quantity of outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase +cash dividend) within five years
   (3) Cash re-investment ratio = (net cash flow from operating activity-cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating income - Changes in operating cost and expense) / Operating profit (Note 6)
   (2) Financial leverage = Operating profit / (Operating profit - interest expense)

Note 4: The calculation of earnings per share in the preceding paragraph should be with the following matters taken into consideration for measurement:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. The quantity of new shares for raising new capital or treasury stock trade shall be included in the weighted average quantity of shares during their effective term.
3. Where the shares may be issued through the capitalization of retained earnings or capital surplus, make adjustment in proportion to the quantity of shares issued in calculating the semi-annual or annual earnings per share of the year. The period for the release of such new shares may be omitted.
4. If the prefer stock is inconvertible cumulative preferred stock, the current stock divided (regardless distributed or not) should be deducted from the net income or added to the net loss. If the prefer stock is not cumulative, the current stock divided should be deducted from the net income, if any, but without the need of making any adjustment if there is net loss instead of net income.

Note 5: Consider the followings in conducting cash flow analysis:

1. Net cash flow from operation refers to net cash inflow from operation as stated in the Statement of Cash Flow.
2. Capital spending refers to the cash outflow to annual capital investments.
3. Increase in inventory will be counted only when the ending inventory amount exceeding the beginning inventory amount. The decrease in inventory at yearend will be treated as zero change.
4. Cash Dividends includes the dividends in cash paid to holders of common shares and preferred shares.
5. The gross property, plant, and equipment refer to the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 6: The issuer should have the operating cost and operating expense classified as fixed and variable by the nature of operation. If it involves estimates or subjective judgments made, please pay attention to its rationality and consistency.

6.3. Consolidated Financial Statement for the Years Ended December 31, 2023 and 2022, and Independent Auditor's Report: Please refer to Appendix 1.

6.4. Financial Statement of the parent company for the Years Ended December 31, 2023 and 2022, and Independent Auditor's Report: Please refer to Appendix 2.

6.5. The Impact on the Company's Financial Status in Cases where the Company or its Affiliated Had Financial Difficulties: None.

6.6. Audit Committee's Audit Report on the Financial Statement for the Most Recent Year:

Audit Committee's Audit Report

The board of directors prepared the 2023 operating report, financial statement, and surplus distribution plans, among which Deloitte & Touche is commissioned to audit the financial statement and to issue an independent auditor's report. The abovementioned operating report, financial statement, and surplus distribution plan, has been audited by this review committee, and the result shows no discrepancies, in accordance with the Securities and Exchange Act and Company Act.

Alexander Marine Co., Ltd.

Chair of the Audit Committee: Chang Ming Cheng

February 29, 2024

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Analysis of main reason and other influences to the occurrence of major changes in assets, liabilities, and equity in the recent two years:

Unit: NTD thousand

Item \ Year	2022	2023	Increase (decrease) amount	Year-over-Year (%)	Remarks
Current assets	7,254,600	8,816,345	1,561,745	21.53%	1
Non-current assets	1,794,811	2,143,084	348,273	19.40%	
Total assets	9,049,411	10,959,429	1,910,018	21.11%	
Current liabilities	2,126,956	2,879,363	752,407	35.37%	2
Non-current liabilities	2,241,594	2,228,078	(13,516)	-0.60%	
Total liabilities	4,368,550	5,107,441	738,891	16.91%	
Common stock	888,863	888,863	0	0.00%	
Capital surplus	992,588	992,905	317	0.03%	
Retained earnings	2,729,754	3,927,645	1,197,891	43.88%	3
Other equity	116,098	89,017	(27,081)	-23.33%	
Treasury shares	(46,442)	(46,442)	0	0.00%	
Non-controlling interest	-	-	-	-	
Total shareholders' equity	4,680,861	5,851,988	1,171,127	25.02%	

1. Changes reaches 20% and above in the amount, and the amount reaches 1% and above of the total amount of assets for the year, the reason for the changes is described as below:
   (1) The increase in current assets was mainly due to the increase in accounts receivable and inventory at the end of 2023.
   (2) The increase in current liabilities was mainly due to the borrowing of short-term bank loans and commercial papers to meet operational need in 2023.
   (3) The increase in retained earnings was mainly due to the increase in profits.
2. If the impact is significant, indicate future plan on financial position: Not applicable.

7.2 Analysis of Financial Performance

7.2.1 Operating results comparison for the most recent two years:

Unit: NTD thousand

Item \ Year	2022	2023	Increase (decrease) amount	Year-over-Year (%)	Remarks
Net sales	5,555,452	6,325,111	769,659	13.85%	
Operating costs	3,031,335	3,276,915	245,580	8.10%	
Gross profit	2,524,117	3,048,196	524,079	20.76%	1
Operating expenses	662,484	856,282	193,798	29.25%	2
Operating profit	1,861,633	2,191,914	330,281	17.74%	
Non-operating income and expenses	(19,276)	22,685	41,961	-217.69%	
Profit before income tax	1,842,357	2,214,599	372,242	20.20%	1
Income tax expense	89,079	133,172	44,093	49.50%	
Net income	1,753,278	2,081,427	328,149	18.72%	
Other comprehensive profit or loss	340,063	(30,894)	(370,957)	-109.08%	3
Comprehensive income	2,093,341	2,050,533	(42,808)	-2.04%	
Net profit attributable to Owners of the parent company	1,753,278	2,081,427	328,149	18.72%	
Total comprehensive income attributable to owners of the parent company	2,093,341	2,050,533	(42,808)	-2.04%	

Changes in amount reach 20% and above, and the amount reaches 1% and more of the net sales for the current year, reasons for the changes are explained as below:

1. The increase in gross profit and pre-tax profit was mainly the result of improved profitability due to a favorable product portfolio and continuous improvement of the production efficiency in 2023.
2. The increase in operating expenses was mainly due to the participation of overseas subsidiaries in boat shows and promotion events, resulting in increased advertising and marketing expenses.
3. The decrease in other comprehensive income was mainly due to the unfavorable impact of exchange differences on translating foreign operations.

7.2.2 Operating projection, assumptions, impact to financial and business performance, and future response measures:

The Company is a globally well-known luxury yacht brand company. In particular, in the US market, where it stands at the front. Besides being self-owned brand, it also acts as brand agent for small size yachts, the production line covers a broad range of sizes, and the huge differences in the prices for yachts of different sizes. Thus, it is not suitable to use sales volume as measurement basis. The Company continues its efforts in developing new products, following the strategy of future market expansion, and makes plans for suitable exterior and interior design decoration of yachts. It maintains its brand competitiveness by leading product trends in the market to meet customers' needs. The Company observes overall changes in the economic environment and considers factors such as market demand, new product promotion schedule, and orders from the dealer to draw up the production schedule for the factories and future business development plans. The Company has stable and substantial order backlog.

7.3 Analysis of Cash flow

7.3.1 Cash flow analysis for the recent years:

Unit: NTD thousand

Cash & Cash Equivalent at the Beginning of the Year	Net Cash Generated from Operating Activities	Net Cash Generated from Investing Activities	Net Cash Used in Financing Activities	Effect of Exchange Rate Changes on Cash	Cash & Cash Equivalent at the End of the Year
2,330,524	519,275	(1,593,568)	(199,158)	(12,388)	1,044,685

1. Net cash generated from operating activities: mainly from the increase of net income.
2. Net cash used in investing activities: mainly due to the purchase of funds for investment and the prepayment of land for plant expansion.
3. Net cash used in financing activities: mainly for bank loans and cash dividend payment.

7.3.2 Remedial actions for cash shortfall:

The Company showed no signs of liquidity deficit.

7.3.3 Cash liquidity analysis for the coming year:

The company maintains stable liquidity as a premise, considering the needs of operational activities and capital expenditures. In addition to existing bank loan facilities, the company has obtained long-term borrowing facilities to support the construction of the factory, and there is no shortage of funds. The company will consider adjusting its financial structure in light of market conditions.

7.4 Major Capital Expenditure Items

In line with the future market growth, new product lines, and various specifications, the Board of Directors approved the capital expenditure plan for the expansion project of the third assembly plant, with a projected investment amount of NT$2 billion. In 2023, the primary capital expenditure, NT$200 million, is the prepayment of land purchase. This capital expenditure has received investment subsidies and been approved through the National Development Council's "Action Plan for Accelerated Investment by Domestic Corporations." Upon completion and commencement of production, the maximum installed capacity of the third assembly plant will increase the existing production capacity by 50%.

7.5 Investment Policy in the Most Recent year, Main Causes for Profits or Losses, Investment Plans and the Investment Plans for the Coming Year

The Company possesses excellence and professional technology, plus the advantage of being a deeply rooted self-owned international brand. Current business is of continuous growth and for original plants where they could not satisfy customers' needs, scope of re-investment for the recent year includes capacity acquisition, sales and expansion of related yacht industry businesses. Currently, the Company holds 100% ownership of the subsidiaries. Please refer to page 95 of this report for information of various related companies.

Our oversea sales subsidiaries reported loss as sales generated failed to cover its marketing expenses. The Company will step up on business promotion and budget control in the future.

Future investment plans will still focus on value chain strategic investments and make prudent assessment of various investment plans in consideration of market dynamics and operation situations.

7.6 Analysis of Risk Management

7.6.1 Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

1. Interest rate:

Interest expenses in 2023 and 2022 account for 1.81% and 1.05% of net sales respectively. The increased interest expenses caused by the raised interest rate in the market do not have a huge impact on the Company. The Company has full-time staff who will maintain close contact with the banks, who will assess changes in bank interests anytime, and obtain the lowest capital cost to ensure impacts to the Company by any changes in interests are reduced to the minimum.

2. Foreign exchange rate:

   Majority of the Company's revenue comes from export sales. US dollars are the primary functional currency for price quotation of all receivables and payables. As key spare parts mainly rely on imports, any changes to US dollar exchange rates will bring about differences in the price quotations. In addition, due to currency exchange risks of financial statements of overseas operations institutions, in order to lower the losses in foreign currency exchange, the Company adopts the following response measures:

   (1) Most of the Company's receivable and payable foreign currency items use the same currency, of which imports that use foreign currencies for price quotations stands at 80%. Therefore, foreign currency position resulted eventually has risk avoidance effects. Besides this, the Company establishes procedures for derivatives transactions, includes specification of tools to avoid foreign exchange risks such as undertaking forward exchange contracts or foreign exchange options, and so on. Transaction parties are also limited to financial institutions that have frequent interactions with the Company's businesses, in order to prevent credit risks from arising.

   (2) The Company maintains close contact with banks with frequent interactions, and well grasps related information of foreign currency changes to evaluate trends of future foreign exchange rates. At the same time, through position management of NTD and foreign currency accounts dispatchment, and making comprehensive considerations and assessments of factors for foreign currency rates trends and influences before giving price quotations to the customers, to decide on a suitable and reasonable price quotation. Strives to lower the impacts of exchange rates changes to the Company's business profits.

   (3) Pays close attention to international financial situations by involving the banks to provide professional consulting services, and compiles situations of exchange rates changes anytime. Pays attention to trends of market capital flows, to research and determine the attitude and measures of authoritative institutions to the foreign exchange rates adjustments, and the influences on the range of fluctuations for foreign currency borrowing rates, adjusting the point of time for loans return at any time.

3. Inflation:

   The Company's past profit and loss has no major impacts occurred from inflation. It has been closely monitoring the changes in raw material market prices, and maintains good interactions and relationships with major suppliers, in order to acquire a stable and competitive market import price.

7.6.2 Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:

1. In the recent year and until the date of publication for the annual report, the Company has focused on the management of core business, and has not engaged in any high risk and leverage investments and financial derivatives.
2. Lending funds and policy shall be in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the Company's "Procedures for lending funds to other parties." Lending funds situation should be publicly announced each month. As of the publication date of the Annual Report, the Company and its subsidiaries are limited to lending funds to the Company and its 100%-owned subsidiaries.
3. Guarantees and endorsements shall be in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the Company's "Regulations Governing Making of Endorsements/Guarantees," The situation of

the endorsements and guarantees should be announced publicly each month in accordance with the laws, and has established procedures for record keeping of related information and approvals. As of the publication date of the Annual Report, the Company and its subsidiaries are limited to providing endorsements and guarantees for the Company and its 100%-owned subsidiaries.

7.6.3 Future R&D plan and expected R&D expenditures:

In response to yacht design oriented towards functionality, comfort, fashion, and environmental awareness trends, the Company continues to develop advance manufacturing technologies and products that meet the needs of the consumers. Technology wise, examples such as production technology improvements or finding new types of raw materials, can reduce damages during production processes. The possibilities of using different materials during the manufacturing process are studied to reduce the yacht weight without compromising safety, thereby lowering energy consumption. Product wise, developing new series and luxurious superyachts above 40-meter, finds supporting suppliers to orient towards the internet of things application for research and development for the interior equipment, in order to meet the industry trends and the needs of the consumers.

7.6.4 Effect of and response to major changes in policies and regulations relating to corporate finance and sales:

Authoritative institutions have in recent years amended the Company Act, Income Tax Act, Securities & Exchange Act, Labor Standards Act, and so on. The Company shall act in accordance with the laws. The Company has improved manufacturing processes to reduce waste and polluting substances to meet the requirements of domestic and overseas environmental legislations. It is in line with international environmental protection trends, and is committed to social responsibility. Tax wise, it has commissioned professional certified public accountants to make plans in response to tax risks in international trading and balance attribution. The above-mentioned changes in major domestic and international policies and laws have no major impacts to the finance and business of the Company.

7.6.5 Effects of and response to changes in technology (including information and communication security risk) and industry relating to corporate finance and sales:

The Company pays attention to related technology changes and technology developments to its industry, in full grasp of the industry pulsation and changes, and continues to invest in developing products that meet the needs of the customers.

In order to avoid malicious internet attacks via electronic mail, internet fishing, and so on, the Company has built internet security strengthening processes, including filtering malicious emails, employee net surfing protection, antivirus software layout, monitoring and controlling removable storage device usage, to lower related information security and internet risks; at the same time, internal campaigns are executed to raise awareness of information security among colleagues to ensure information security concept is integrated into daily work. In consideration of information security as a type of emerging risk, which involves related supporting measures, such as information security level testing authority, claim investigation authority, and no claim conditions, therefore, the Company has not yet insured on information security. In future, the Company will continue to assess for suitable information security insurance.

Until the date of publication of the annual report, there are no changes in the technology and industry that resulted in major impacts to the Company’s finance and sales.

7.6.6 The impact of changes in corporate image on the Company's crisis management, and the response measures:

The Company has cultivated its self-owned brand for many years and has built up a good image as a reputable company of high-quality yachts to the consumers. In recent years and until the date of publication of the annual report, there are no changes to the Company’s image that resulted in any crisis management.

7.6.7 Expected benefits and potential risks from mergers and acquisitions, and the response measures:

As of the printing date of the annual report, the Company has not engaged in any corporate merger or acquisition. To strengthen customer relationships and create diversified operational growth momentum, the Company plans to expand the maintenance services and marina operations through mergers and acquisitions. If there are suitable strategic investment targets, the Company will conduct an appropriate assessment of the cost-effectiveness and possible risks, and formulate relevant countermeasures.

7.6.8 Expected benefits and potential risks from capacity expansion, and the response measures:

The Company reaches full capacity and has commenced the capacity expansion plan for new series and larger-sized yachts. The construction of the third assembly plant will be completed in 2025. We will cautiously set up a ramp-up schedule for the new plant depending on the market outlook and global demand-supply. The increased production capacity can improve the flexibility of our production line allocation, create momentum for future revenue growth as well as expand our market shares.

7.6.9 Risks relating to purchases concentration and sales concentration, and the response measures:

1. Purchase

The main import items of the Company are motor engines, electronics for boats, hardware and FRP materials. It has also maintained constant interactions with key suppliers for many years, and has built up a good collaborative relationship with mutual support and growth. Also, there is no long-term supply contract of more than a year being signed for the purchase of main raw material, more than two suppliers are maintained to ensure the stability and diversity for the supply of goods. Thus, there are no incidents of supply shortages or interruptions affecting production operations.

2. Sale

In order to provide value-added professional services to the customer group at the top of the pyramid, and to raise the market share to create a stable source of profit, the Company has collaborated with Marine Max, the largest listed yachting agent in the United States. The concentration of sales with a dealer is normal in this industry. Meanwhile, the Company also builds its own sales team in the West Coast of United States and Australia, and acts as an agent for other brands for medium and small yachts. We have set up service and maintenance bases both in the East coast and West coast in the United States. Our professional service teams are able to maintain close relationship with our yacht owners, and further to develop the trusted brand image. Moreover, we will carry out geographical expansion plan gradually, depending on debut schedule of our new series model and yachting market condition. Then, the risks of sales concentrating on the sole region and the sole agent will be eased.

7.6.10 Risks associated with sales of significant number of shares by the Company’s directors and major shareholders who own 10% or more of the Company’s total outstanding shares:

Please refer to page 45 of this annual report for shares trading by the Company’s directors and major shareholders who own 10% of more.

7.6.11 Risks associated with change in management: None.

7.6.12 Risks associated with litigations:

1. Final judgements or pending litigation, non-litigation or administrative proceedings in most recent years and as of the publication date of this annual report which may have a material impact on shareholders' rights or stock price:

(1) Litigation with David Parker and Big Bird Holding LLC (plaintiff)

Fact in contention	Date / Counterparties / Amount	Current status
The Company sold a yacht in 2005 through agent Orange Coast Marine Inc. to David Parker and Big Bird Holding LLC (Plaintiff). In 2009, Orange Coast Marine Inc. ended agent work and has agreed that the new agent Ocean Alexander Marine Yachts Sales Inc. (OAMYS) and Ocean Alexander Service LLC (OAS) will be responsible for the warranty thereafter. In 2011, the plaintiff requested OAMYS and OAS to pay for the maintenance fees and the manufacturer (the Company) to be responsible for the product warranty, stating the reasons for waters entering into the yacht and flaws in manufacturing. Disputes arise from both parties on the attribution of responsibility for the cause of the flaws and the maintenance fees.	In 2012, the plaintiff formally filed a lawsuit against the Company, OAMYS and OAS with the Federal judiciary of the United States. The judgement in the First Instance states that the accused including the Company should under joint and several liabilities, compensate the plaintiff compensation for damages and civil penalty, with the total amount of US$4,205 thousand. The Company had filed an appeal and the proportion and amount of the compensation remain undecided.	Given consideration of the lawyers' opinions by Pachulski Stang Ziehl & Jones in the United States of California, this case could be returned for retrial due to factors such as the product characteristics of the yacht and that the plaintiff has already obtained insurance claims and so on, this case has been returned for retrial; the Company asserts that the defects are due to collision of the yacht and not due to manufacturing. Furthermore, the plaintiff proceeded with maintenance work without the agreement of the original manufacturer, thus, has violated the warranty terms between both parties. Currently, a U.S. lawyer has been appointed to proceed with the appeal. The U.S. Court has made judgement in The First Instance that the actual possible amount required for compensation or proportion can still not be determined. The litigation has until now not yet formed any negative effects to the Company's orders and customers' willingness to purchase. It is assessed that it will not result in any impacts to the Company's finance and businesses. Besides this, OAMYS's de facto responsible person has issued a statement of commitment. Should this case require the responsibility for compensation at the end, OAMY will be liable for compensation.

2. Final judgements or pending litigation, non-litigation or administrative proceedings involving the Company's directors, president, and shareholders who own more than 10% of this Company's shares in most recent years and as of the publication date of this annual report which may have a material impact on shareholders' rights or stock price: None.

7.6.13 Other material risk: None.

7.7 Other Important Disclosures: None.

VIII. Special Disclosure

8.1 Summary of Affiliates:

8.1.1 Basic information of affiliates:

Unit: NTD thousands/USD thousands/AUD thousands; December 31, 2023

Company Name	Major Business	Shareholding of the Company		
		Investment amount	Shares	Ownership
Alexander Marine International Co., Limited (HK)	General investing	1,329,276	10,000	100%
Rocs Marine Industry Corporation	Real estate leasing	302,103	674,310	100%
Alexander Marine USA Inc.	Yacht sales & repair and maintenance	USD 18,000	Non-shareholding system	100%
Merritt Island Boat Works, Inc	Spare parts sales	USD 47,480	Non-shareholding system	100%
Alexander Marine Enterprises Inc.	General investing	USD 20,444	10,000	100%
Alelxander Marine Australia Pty Ltd.	Yacht sales & repair and maintenance	AUD 9,850	Non-shareholding system	100%
Pacific Coast Yachting Services, Inc.	After-sales service	USD 1,800	100,000	100%
Motor Yacht Trading PtyLtd.	Used yacht sales	AUD 400	Non-shareholding system	100%
East Coast Yacht Group Inc.	After-sales service	USD 1,200	Non-shareholding system	100%
Alexander Marine California Inc.	Yacht sales	Note	Non-shareholding system	100%

Note: Alexander Marine California of the Group refers to overseas holding company Alexander Marine USA Inc. holding, and in accordance with local laws, the main financial statement is based on the consolidated financial statement. Thus, only disclosure of overseas holding company, Alexander Marine USA Inc.

8.1.2 Operational highlights of affiliates:

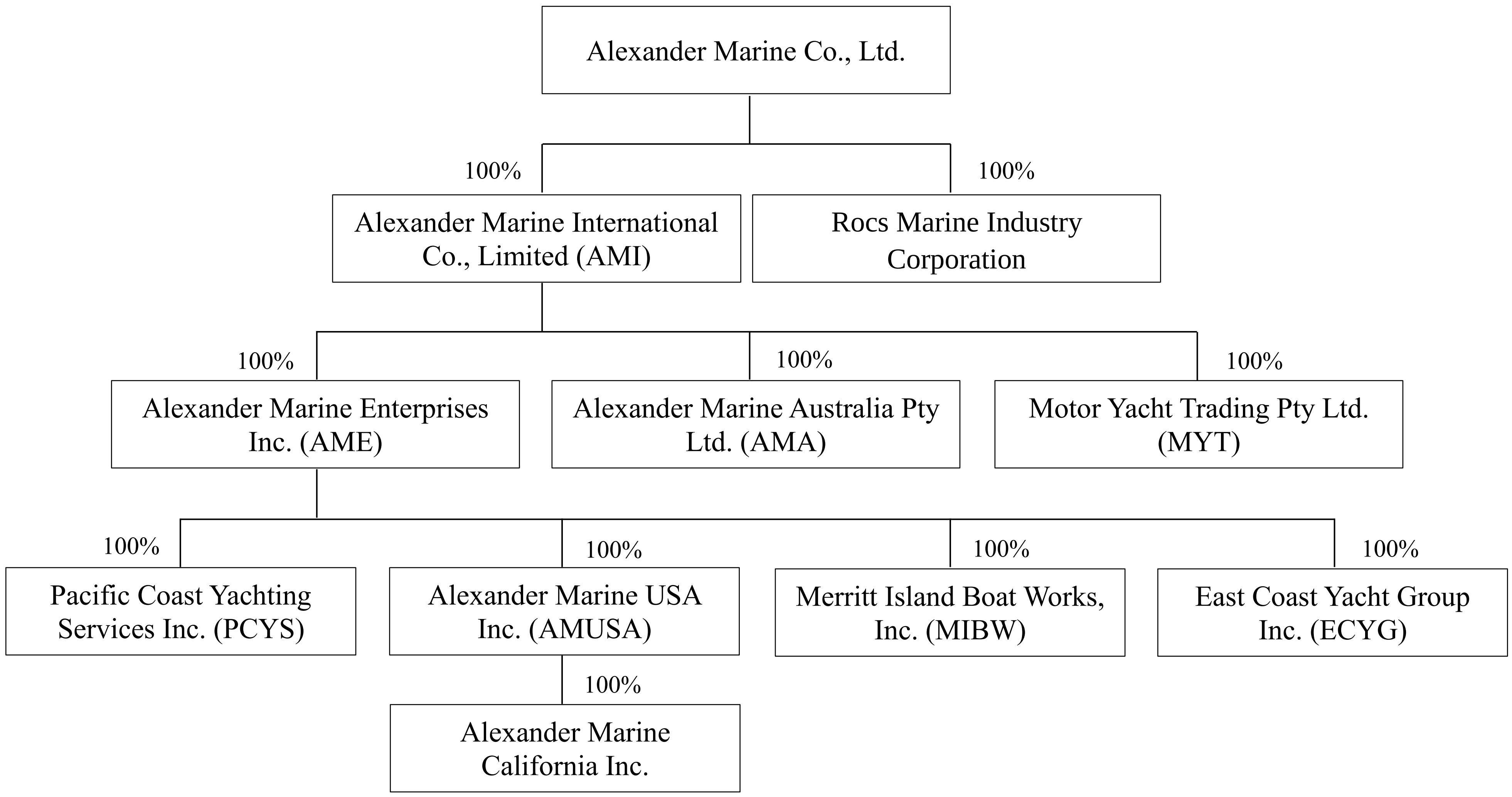
1. Financial situations and operations outcome of various affiliated companies.

Unit: In NTD thousand

Name of affiliated enterprises	2023	
	Current period profit / loss of the investee	Recognized investment Income
Alexander Marine International Co., Limited (HK)	1,865,950	1,865,950
Rocs Marine Industry Corporation	1,440	1,170
Alexander Marine USA Inc.	(57,256)	(57,256)
Merritt Island Boat Works, Inc	11,579	5,825
Alexander Marine Enterprises Inc.	(17,727)	(17,727)
Alelxander Marine Australia Pty Ltd.	(25,078)	(25,078)
Pacific Coast Yachting Services, Inc.	12,571	12,751
Motor Yacht Trading PtyLtd.	103	103
East Coast Yacht Group Inc.	20,956	20,956
Alexander Marine California Inc.	Note	Note

Note: Alexander Marine California of the Group refers to overseas holding company Alexander Marine USA Inc. holding, and in accordance with local laws, the main financial statement is based on the consolidated financial statement. Thus, only disclosure of overseas holding company, Alexander Marine USA Inc.

2. Chart and shareholding of affiliates



3. Consolidated financial statements of affiliated enterprises

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as the entities required to be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Alexander Marine Co., Ltd. and its subsidiaries have not prepared a separate set of combined financial statements of affiliates.

Very truly yours,

Alexander Marine Co., Ltd.

By

Johnny Chueh
Chairman

4. Affiliation reports: Not applicable

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Supplementary Disclosures: None.

IX. Any Events that Had Significant Impact on Shareholders' Equity or Security Price as Prescribed by Subparagraph 2, Paragraph 3, Article 36 of Securities and Exchange Act during the Most Recent Years and up to the Date of this Annual Report Printed: None.

【Appendix 1】

Alexander Marine Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates in accordance with the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the entities required to be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Alexander Marine Co., Ltd. and its subsidiaries have not prepared a separate set of combined financial statements of affiliates.

Very truly yours,

Alexander Marine Co., Ltd.

By

Johnny Chueh
Chairman

February 29, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Alexander Marine Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Alexander Marine Co., Ltd. (the "Corporation") and its subsidiaries, 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 material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries 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 (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 is described as follows:

<u>Revenue Recognition</u>

The revenue of the Corporation and its subsidiaries mainly comes from the manufacturing and selling of yachts. As the amount from each individual transaction was material and the percentage of sales to dealers increased, we focused on the occurrence of sales and accuracy of the sales revenue from the sale of yachts to the dealers. Refer to Notes 4 and 22 to the consolidated financial statements for disclosures related to revenue recognition.
The audit procedures we performed included the following:

1. We obtained an understanding of the design and implementation of the internal controls related to sales revenue from dealers.

2. We sent confirmation requests to selected dealers and confirmed that the recorded sales revenue actually occurred and were accurate and complete.

3. We sampled and obtained the details of sales returns and allowances of some of the dealers that occurred after the balance sheet date and verified the validity of the sales returns and allowances.

Other Matter

We have also audited the standalone financial statements of the Corporation as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion on both years.

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 FSC, and for such internal control as management determines is necessary to enable the preparation of the Corporation and its subsidiaries' financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and its subsidiaries' 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 Corporation and its subsidiaries' 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 Corporation and its subsidiaries to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lee-Yuan Kuo and Jui-Hsuan Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 29, 2024

<u>*Notice to Readers*</u>

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

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

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	**December 31, 2023** Amount	%	**December 31, 2022** Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,044,685	10	$ 2,330,524	26
Financial assets at fair value through profit or loss (Notes 4 and 7)	938,098	9	-	-
Financial assets at amortized cost (Notes 4 and 8)	435,070	4	5,200	-
Contract assets (Notes 4 and 22)	-	-	229,387	2
Notes receivable (Notes 4 and 9)	51	-	-	-
Accounts receivable (Notes 4, 9 and 22)	1,697,337	15	683,618	8
Other receivables	34,744	-	36,140	-
Inventories (Notes 4 and 10)	4,136,491	38	3,386,004	37
Prepayments (Note 12)	339,106	3	437,139	5
Other financial assets - current (Notes 11 and 29)	40,559	-	68,747	1
Other current assets	150,204	1	77,841	1
Total current assets	8,816,345	80	7,254,600	80
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 14 and 29)	1,288,611	12	1,347,530	15
Right-of-use assets (Notes 4 and 15)	410,524	4	227,936	3
Intangible assets (Notes 4 and 16)	34,632	-	31,106	-
Deferred tax assets (Notes 4 and 24)	194,313	2	178,787	2
Prepayments for land (Note 14)	200,000	2	-	-
Other non-current assets	15,004	-	9,452	-
Total non-current assets	2,143,084	20	1,794,811	20
TOTAL	$10,959,429	100	$ 9,049,411	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 1,065,860	10	$ 659,303	7
Short-term bills payable (Note 17)	458,621	4	-	-
Contract liabilities (Notes 4 and 22)	271,016	2	730,772	8
Notes payable	4,010	-	8,539	-
Accounts payable	325,359	3	247,599	3
Other payables (Note 18)	229,360	2	233,263	2
Current tax liabilities (Note 4)	109,655	1	75,606	1
Provisions - current (Notes 4 and 19)	70,329	1	70,794	1
Lease liabilities - current (Notes 4 and 15)	67,688	-	55,475	1
Current portion of long-term bank borrowings (Notes 17 and 29)	198,000	2	-	-
Other current liabilities	79,465	1	45,605	-
Total current liabilities	2,879,363	26	2,126,956	23
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Notes 17 and 29)	1,794,244	17	1,990,244	22
Deferred tax liabilities (Notes 4, 5 and 24)	63,468	1	63,468	1
Lease liabilities - non-current (Notes 4 and 15)	357,851	3	184,600	2
Net defined benefit liabilities (Notes 4 and 20)	8,215	-	3,282	-
Guarantee deposits received	4,300	-	-	-
Total non-current liabilities	2,228,078	21	2,241,594	25
Total liabilities	5,107,441	47	4,368,550	48
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 21)				
Share capital	888,863	8	888,863	10
Capital surplus	992,905	9	992,588	11
Retained earnings				
Legal reserve	420,490	4	244,919	3
Special reserve	-	-	221,535	2
Unappropriated earnings	3,507,155	32	2,263,300	25
Total retained earnings	3,927,645	36	2,729,754	30
Other equity	89,017	1	116,098	1
Treasury shares	(46,442)	(1)	(46,442)	-
Total equity	5,851,988	53	4,680,861	52
TOTAL	$10,959,429	100	$ 9,049,411	100

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

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 22)	$ 6,325,111	100	$ 5,555,452	100
OPERATING COSTS (Note 10 and 23)	3,276,915	52	3,031,335	55
GROSS PROFIT	3,048,196	48	2,524,117	45
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	588,557	9	400,356	7
General and administrative expenses	267,725	4	262,128	5
Total operating expenses	856,282	13	662,484	12
PROFIT FROM OPERATIONS	2,191,914	35	1,861,633	33
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	113,097	2	21,720	1
Other income	25,744	-	66,441	1
Other gains and losses	(1,692)	-	(49,264)	(1)
Finance costs	(114,464)	(2)	(58,173)	(1)
Total non-operating income and expenses	22,685	-	(19,276)	-
PROFIT BEFORE INCOME TAX	2,214,599	35	1,842,357	33
INCOME TAX EXPENSE (Notes 4 and 24)	133,172	2	89,079	1
NET INCOME FOR THE YEAR	2,081,427	33	1,753,278	32
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(4,766)	-	3,037	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	953	-	(607)	-

(Continued)

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	$ (27,081)	(1)	$ 337,633	6
Other comprehensive income (loss) for the year, net of income tax	(30,894)	(1)	340,063	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,050,533	32	$ 2,093,341	38
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 2,081,427	33	$ 1,753,278	32
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 2,050,533	32	$ 2,093,341	38
EARNINGS PER SHARE (Note 25)				
Basic	$ 23.66		$ 19.93	
Diluted	$ 23.64		$ 19.91	

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

(Concluded)

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Share Capital - Ordinary Shares	Capital Surplus	Retained Earnings - Legal Reserve	Retained Earnings - Special Reserve	Retained Earnings - Unappropriated Earnings	Retained Earnings - Total	Other Equity - Exchange Differences on Translating Foreign Operations	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	$ 888,863	$ 992,588	$ 171,942	$ 160,654	$ 1,081,311	$ 1,413,907	$ (221,535)	$ (46,442)	$ 3,027,381
Appropriation of 2021 earnings (Note 21)									
Legal reserve	-	-	72,977	-	(72,977)	-	-	-	-
Special reserve	-	-	-	60,881	(60,881)	-	-	-	-
Cash dividends	-	-	-	-	(439,861)	(439,861)	-	-	(439,861)
Net profit for the year ended December 31, 2022	-	-	-	-	1,753,278	1,753,278	-	-	1,753,278
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	2,430	2,430	337,633	-	340,063
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,755,708	1,755,708	337,633	-	2,093,341
BALANCE AT DECEMBER 31, 2022	888,863	992,588	244,919	221,535	2,263,300	2,729,754	116,098	(46,442)	4,680,861
Appropriation of 2022 earnings (Note 21)									
Legal reserve	-	-	175,571	-	(175,571)	-	-	-	-
Reversal of special reserve	-	-	-	(221,535)	221,535	-	-	-	-
Cash dividends	-	-	-	-	(879,723)	(879,723)	-	-	(879,723)
Other changes to capital reserve (Note 21)	-	317	-	-	-	-	-	-	317
Net profit for the year ended December 31, 2023	-	-	-	-	2,081,427	2,081,427	-	-	2,081,427
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(3,813)	(3,813)	(27,081)	-	(30,894)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,077,614	2,077,614	(27,081)	-	2,050,533
BALANCE AT DECEMBER 31, 2023	$ 888,863	$ 992,905	$ 420,490	$ -	$ 3,507,155	$ 3,927,645	$ 89,017	$ (46,442)	$ 5,851,988

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

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,214,599	$ 1,842,357
Adjustments for:		
Depreciation expense	155,810	155,121
Amortization expense	1,393	6,238
Net loss on fair value change of financial assets at fair value through profit or loss	42	-
Finance costs	114,464	58,173
Interest income	(113,097)	(21,720)
Loss on disposal of property, plant and equipment	5,544	6,158
Write-down of inventories	6,477	12
Recognition of provisions	32,882	28,183
Gain on lease modification	(169)	(608)
Changes in operating assets and liabilities		
Contract assets	229,387	-
Notes receivable	(51)	16
Accounts receivable	(1,013,719)	(76,588)
Other receivables	1,396	511
Inventories	(751,294)	(557,221)
Prepayments	98,033	(55,371)
Other current assets	(72,363)	(58,958)
Contract liabilities	(459,756)	686,021
Notes payable	(4,529)	4,043
Accounts payable	77,760	29,076
Other payables	(3,595)	65,967
Provisions	(33,346)	(12,517)
Other current liabilities	33,860	15,246
Net defined benefit liabilities	167	(5,279)
Cash generated from operations	519,895	2,108,860
Interest received	113,097	21,720
Income taxes paid	(113,717)	(20,823)
Net cash generated from operating activities	519,275	2,109,757
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets measured at cost	(429,870)	-
Acquisition of financial assets at fair value through profit or loss	(952,561)	-
Acquisition of property, plant and equipment	(34,206)	(18,921)
Proceeds from disposal of property, plant and equipment	1,077	-
Increase in refundable deposits	(1,152)	(1,031)
Acquisition of intangible assets	(5,044)	(783)
Decrease in other financial assets	28,188	27,144
Increase in prepayment for land	(200,000)	-
Net cash generated from (used in) investing activities	(1,593,568)	6,409

(Continued)

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 1,863,729	$ 3,365,683
Decrease in short-term borrowings	(1,457,172)	(4,016,124)
Increase in short-term bills payable	460,000	-
Decrease in short-term bills payable	-	(500,000)
Proceeds from long-term borrowings	-	2,000,000
Repayments of long-term borrowings	-	(1,126,457)
Increase in guarantee deposit received	4,300	-
Repayments of principal of lease liabilities	(71,465)	(68,139)
Dividends paid	(879,723)	(439,861)
Interest paid	(119,144)	(62,939)
Exercise of the vesting rights	317	-
Net cash used in financing activities	(199,158)	(847,837)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(12,388)	308,630
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,285,839)	1,576,959
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,330,524	753,565
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,044,685	$ 2,330,524

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

(Concluded)

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Alexander Marine Co., Ltd. (the "Corporation") was incorporated in January 1978. It mainly manufactures and sells yachts.

The shares of the Corporation have been listed on the Taiwan Stock Exchange since December 2017.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on February 29, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have any material impact on the Corporation and its subsidiaries' accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Corporation and its subsidiaries' financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the possible impact of the application of other standards and interpretations on the Corporation and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail. However, the accompanying consolidated financial statements do not include the English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Corporation and its subsidiaries do not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 13 and Table 9 for detailed information on subsidiaries.

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are recognized in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the investments of the Corporation and its subsidiaries' foreign operations (including subsidiaries operating in other countries or using currencies different from the Corporation and its subsidiaries' currencies) are translated into the presentation currency, the New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation and its subsidiaries' entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Corporation and its subsidiaries losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of merchandise, raw materials, supplies, finished goods and work-in-process, etc. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant, and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, other depreciation is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill)

At the end of each reporting period, the Corporation and its subsidiaries review the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and any interest earned on such financial assets are recognized in interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

b) Impairment of financial assets and contract assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivable), investments in debt that are measured at FVTOCI, as well as contract assets.

The Corporation and its subsidiaries always recognize lifetime expected credit losses (ECLs) for notes receivable, accounts receivable, and contract assets. For all other financial instruments, the Corporation and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Corporation and its subsidiaries considers that the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation and its subsidiaries):

Internal or external information show that the debtor is unlikely to pay its creditors or the Corporation and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The Corporation and its subsidiaries recognize an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount which had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation and its subsidiaries of the expenditures required to settle the Corporation and its subsidiaries' obligations.

m.Revenue recognition

The Corporation and its subsidiaries recognize revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods is recognized when customers obtain control of the goods. Advances received are recognized as contract liabilities until customers obtain control of the goods and performance obligations are satisfied.

Revenue is measured at fair value, of the consideration agreed to by the value of the price agreed to by the Corporation and its subsidiaries with customers. Accounts receivable are recognized when control of the goods is transferred and the Corporation and its subsidiaries have the right to receive the consideration unconditionally. For contracts where the period between the date on which the Corporation and its subsidiaries transfer a promised good and the date on which the customer pays for the good is one year or less, the Corporation and its subsidiaries do not adjust the promised amount of consideration for any effects of a significant financing component.

2) Revenue from constructing yachts

For yacht construction contracts in the construction process, the Corporation and its subsidiaries gradually recognizes revenue over time. Since the cost of construction is directly related to the degree of completion of the performance obligation, the Corporation and its subsidiaries measures the progress of completion based on the actual investment cost as a percentage of the expected total cost. The Corporation and its subsidiaries gradually recognize contract assets during the construction process and convert them to accounts receivable when billing. If the received construction payment exceeds the amount of recognized revenue, the difference is recognized as a contract liability.

n. Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Corporation and its subsidiaries as lessee

The Corporation and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheet.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation and its subsidiaries use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all borrowing costs are recognized in profit or loss in the year in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation and its subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation and its subsidiaries with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Corporation and its subsidiaries' defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

The retirement benefit plans of employees in foreign subsidiaries are handled in accordance with local laws and regulations.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Corporation and its subsidiaries are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Corporation and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINT

In the application of the Corporation and its subsidiaries’ accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty - Deferred tax

Since the income of subsidiaries overseas using the equity method is expected to be used as overseas operating working capital, deferred tax liabilities are not recognized for taxable temporary differences related to such overseas investments as of December 31, 2023 and 2022. The main concern for the aforementioned estimation is the realizability of deferred tax liabilities, which depends on the repatriation of overseas earnings in the future.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 174	$ 138
Checking accounts and demand deposits	310,361	431,010
Cash in transit	242,105	-
Cash equivalents (investments with original maturities within 3 months)		
Time deposits	492,045	1,868,666
Bonds with repurchase agreements	-	30,710
	$ 1,044,685	$ 2,330,524

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	**2022**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	$ 938,098	$ -

8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31 2023	December 31 2022
Time deposits with original maturities of more than 3 months	$ 435,070	$ 5,200

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31 2023	December 31 2022
Notes receivable - non-operating		
At amortized cost	$ 51	$ -
Accounts receivable - operating		
At amortized cost	$ 32,718	$ 46,205
At FVTOCI	1,664,619	637,413
	$ 1,697,337	$ 683,618

The Corporation and its subsidiaries' average credit period is 31 to 180 days.

a. At amortized cost

The Corporation and its subsidiaries consider the past default experience of the customer, the customer's current financial position, the economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook, to evaluate the risks and probability of credit loss.

The Corporation and its subsidiaries continue to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation and its subsidiaries review the recoverable amount of receivables individually on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

b. At FVTOCI

For trade receivables that are from customers, the Corporation and its subsidiaries will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets. For the allowances recognized for unrecoverable receivables, the valuation method for trade receivables classified as at FVTOCI is the same as the method for trade receivables at amortized cost.

The following table details the loss allowance of notes and accounts receivable based on the impaired aging analysis.

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 91 days Past Due	Total
Gross carrying amount	$ 1,683,729	$ 1,210	$ 222	$ 1,688	$ 10,539	$ 1,697,388
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 1,683,729	$ 1,210	$ 222	$ 1,688	$ 10,539	$ 1,697,388

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 91 days Past Due	Total
Gross carrying amount	$ 661,285	$ 4,241	$ 2,298	$ 4,995	$ 10,799	$ 683,618
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 661,285	$ 4,241	$ 2,298	$ 4,995	$ 10,799	$ 683,618

As of December 31, 2023 and 2022, no loss allowance was recognized for receivables.

The Corporation entered into accounts receivable of its subsidiaries' factoring agreements (without recourse) with financial institutions. Under this contract, the Corporation and its subsidiaries does not bear the risk of the irrecoverable accounts receivable. However, the Corporation still needs to bear the loss from business disputes. The Corporation provides no collateral to accounts receivable factored so requirements to derecognize financial assets are fulfilled.

Information of receivables sold for the years ended December 31, 2023 and 2022 were as follows (US dollars in advances received at year-end were translated to New Taiwan Dollars at the exchange rate at year-end):

Counterparty	Advances Received at the Beginning of the Year	Receivables Sold	Amounts Collected by Bank	Advances Received at Year - End	Annual Interest Rate on Advances Received (%)	Credit Line
For the Year Ended December 31, 2023						
Chang Hwa Bank	$ 469,464	$ 2,447,432	$ 2,644,549	$ 272,347	6.24	USD80,000 thousand
For the Year Ended December 31, 2022						
Chang Hwa Bank	263,937	1,324,199	1,118,672	469,464	0.95-5.03	USD30,000 thousand

10. INVENTORIES

	December 31 2023	December 31 2022
Raw materials and supplies	$ 918,315	$ 775,230
Work in progress	1,694,306	1,689,815
Finished goods	629,467	646,476
Raw materials and supplies in transit	79,309	26,975
Merchandise	815,094	247,508
	$ 4,136,491	$ 3,386,004

The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 was NT$3,116,641 thousand and NT$2,914,338 thousand, respectively, which includes the loss on inventories of NT$6,477 thousand and NT$12 thousand, respectively.

11. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Current		
Restricted bank deposits	$ 40,559	$ 68,747

Refer to Note 29 for information of pledged other financial assets.

12. Prepayments

	December 31	
	2023	2022
Prepayments for goods	$ 314,405	$ 410,957
Others	24,701	26,182
	$ 339,106	$ 437,139

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2023	2022	Remark
The Corporation	Alexander Marine International Co., Limited (AMI)	Sales of yachts	100	100	
	Rocs Marine Industry Corporation (Rocs Marine)	Lease of real estate	100	100	
AMI	Alexander Marine Enterprises Inc. (AME)	General investment	100	100	a.
	Alexander Marine Australia Pty Ltd. (AMA)	Sales of yacht and repair of parts	100	100	b.
	Motor Yacht Trading Pty Ltd. (MYT)	Sale of used yacht	100	100	
AME	Merritt Island Boat Works, Inc. (MIBW)	Sale of parts	100	100	c.
	Alexander Marine USA (AMUSA)	Sales of yacht and repair of parts	100	100	
	Pacific Coast Yachting Services Inc. (PCYS)	After - sales service and repair of yacht	100	100	
	East Coast Yacht Group Inc. (ECYG)	After - sales service and repair of yacht	100	100	
AMUSA	Alexander Marine California Inc. (Alexander Marine California)	Sales of yachts	100	100	

a. AME reduced its capital and returned USD2,000 thousand and USD300 thousand in May 2023 and September 2023, respectively, with its percentage of ownership unchanged.

b. AMI invested AUD200 thousand, AUD1,000 thousand and AUD4,300 thousand in AMA in March 2023, June 2023 and December 2022, respectively, with its percentage of ownership unchanged after the investment.

c. MIBW reduced its capital and returned USD2,000 thousand in cash in May 2023, with its percentage of ownership unchanged.

The financial statements of some subsidiaries in 2023 and 2022 have not been audited by accountants; however, the management of the Corporation believes that the above unaudited financial statements will not have significant impact on consolidated financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2023	$ 685,496	$ 564,090	$ 363,967	$ 29,224	$ 13,864	$ 12,865	$ 3,030	$ 1,672,536
Additions	-	6,858	17,957	467	568	1,682	1,452	28,984
Disposals	-	-	(13,884)	(2,993)	(3,058)	(907)	-	(20,842)
Effect of foreign currency exchange differences	-	-	(4)	40	43	(26)	-	53
Balance at December 31, 2023	$ 685,496	$ 570,948	$ 368,036	$ 26,738	$ 11,417	$ 13,614	$ 4,482	$ 1,680,731
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ -	$ 110,938	$ 184,251	$ 13,849	$ 8,959	$ 7,009	$ -	$ 325,006
Depreciation	-	22,932	52,170	3,783	1,263	1,119	-	81,267
Disposals	-	-	(8,252)	(2,899)	(3,023)	(47)	-	(14,221)
Effect of foreign currency exchange differences	-	-	(2)	37	35	(2)	-	68
Balance at December 31, 2023	$ -	$ 133,870	$ 228,167	$ 14,770	$ 7,234	$ 8,079	$ -	$ 392,120
Carrying amount at December 31, 2023	$ 685,496	$ 437,078	$ 139,869	$ 11,968	$ 4,183	$ 5,535	$ 4,482	$ 1,288,611

For the Year Ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2022	$ 685,496	$ 562,474	$ 378,462	$ 28,781	$ 12,649	$ 11,619	$ 1,699	$ 1,681,180
Additions	-	1,616	10,658	-	350	1,225	1,331	15,180
Disposals	-	-	(25,162)	-	-	-	-	(25,162)
Effect of foreign currency exchange differences	-	-	9	443	865	21	-	1,338
Balance at December 31, 2022	$ 685,496	$ 564,090	$ 363,967	$ 29,224	$ 13,864	$ 12,865	$ 3,030	$ 1,672,536
Balance at January 1, 2022	$ -	$ 88,717	$ 145,593	$ 9,255	$ 7,266	$ 5,956	$ -	$ 256,787
Depreciation	-	22,221	57,662	4,227	1,193	1,051	-	86,354
Disposals	-	-	(19,004)	-	-	-	-	(19,004)
Effect of foreign currency exchange differences	-	-	-	367	500	2	-	869
Balance at December 31, 2022	$ -	$ 110,938	$ 184,251	$ 13,849	$ 8,959	$ 7,009	$ -	$ 325,006
Carrying amount at December 31, 2022	$ 685,496	$ 453,152	$ 179,716	$ 15,375	$ 4,905	$ 5,856	$ 3,030	$ 1,347,530

The following items of property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	3-50 years
Machinery and equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-15 years
Other equipment	3-15 years

In October 2023, the Corporation entered into an agreement with Dongfeng Co., Ltd., a non-related party, to purchase property, plant and equipment for an amount of approximately NT$1,200,000 thousand. The price was agreed upon by both parties with reference to the appraisal report issued by a professional institution. Portions of the considerations, which amounted to NT$200,000 thousand, were paid in advance during 2023, and the remaining amount of NT$1,000,000 thousand was paid in January, 2024 and the land ownership certificate was obtained.

Refer to Note 29 for the carrying amount of property, plant and equipment that had been pledged by the Corporation and its subsidiaries to secure borrowings.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Buildings	$ 410,524	$ 227,936

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 260,746	$ 18,687
Depreciation charge for right-of-use assets		
Buildings	$ 74,543	$ 68,767

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 67,688	$ 55,475
Non-current	$ 357,851	$ 184,600

Range of discount rates for lease liabilities (%) was as follows:

	December 31	
	2023	2022
Buildings	2.1-2.5	2.1-2.5

c. Material lease activities and terms

The Corporation and its subsidiaries lease buildings for the use of plants and offices with lease terms of 2 to 10 years. The Corporation and its subsidiaries do not have renewal options at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 43,986	$ 40,075
Total cash outflow for leases	$ 123,760	$ 114,005

For short-term leases, the Corporation and its subsidiaries have elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INTANGIBLE ASSETS

For the Year Ended December 31, 2023

	Computer Software	Goodwill	Customer Relationships	Total
Cost				
Balance at January 1, 2023	$ 5,537	$ 28,564	$ 26,714	$ 60,815
Additions	4,917	-	-	4,917
Effect of foreign currency exchange differences	-	(5)	(4)	(9)
Balance at December 31, 2023	$ 10,454	$ 28,559	$ 26,710	$ 65,723
Accumulated amortization and impairment				
Balance at January 1, 2023	$ 3,440	$ -	$ 26,269	$ 29,709
Amortization expenses	941	-	452	1,393
Effect of foreign currency exchange differences	-	-	(11)	(11)
Balance at December 31, 2023	$ 4,381	$ -	$ 26,710	$ 31,091
Carrying amount at December 31, 2023	$ 6,073	$ 28,559	$ -	$ 34,632

For the Year Ended December 31, 2022

	Computer Software	Goodwill	Customer Relationships	Total
Cost				
Balance at January 1, 2022	$ 3,792	$ 25,746	$ 24,078	$ 53,616
Additions	1,745	-	-	1,745
Effect of foreign currency exchange differences	-	2,818	2,636	5,454
Balance at December 31, 2022	$ 5,537	$ 28,564	$ 26,714	$ 60,815

(Continued)

Accumulated amortization and impairment	Computer Software	Goodwill	Customer Relationships	Total
Balance at January 1, 2022	$ 2,395	$ -	$ 18,862	$ 21,257
Amortization expenses	1,045	-	5,193	6,238
Effect of foreign currency exchange differences	-	-	2,214	2,214
Balance at December 31, 2022	$ 3,440	$ -	$ 26,269	$ 29,709
Carrying amount at December 31, 2022	$ 2,097	$ 28,564	$ 445	$ 31,106

(Concluded)

The Corporation and its subsidiaries regularly assess the recoverable amounts of goodwill at the end of the reporting period.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-5 years
Customer relationships	5 years

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured loans		
Interest at 1.75%-1.90% p.a. and 0.87%-1.96% p.a. as of December 31, 2023 and 2022, respectively	$ 1,065,860	$ 659,303

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper - interest at 1.36%-1.54% p.a. as of December 31, 2023	$ 460,000	$ -
Less: Unamortized discounts	(1,379)	-
	$ 458,621	$ -

The above commercial paper was secured by Mega Bills Finance Corporation, China Bills Finance Corporation and Mizuho Corporate Bank, etc.

c. Long-term borrowings

	December 31	
	2023	2022
Secured loans (Note 29)		
Syndicated bank loans - Due on various dates through November 2027, interest at 2.08% p.a. and 1.80% p.a. as of December 31, 2023 and 2022	$ 2,000,000	$ 2,000,000
Less: Syndicated loan fee (includes current portion)	7,756	9,756
	1,992,244	1,990,244
Less: Current portion	198,000	-
	$ 1,794,244	$ 1,990,244

The Corporation entered into a syndicated credit facility agreement with Chang Hwa Bank along with 8 other banks for a credit line of NT$5,000,000 thousand (which includes a long-term loan limit of NT$2,000,000 thousand and a short-term loan limit of NT$3,000,000 thousand) in November 2022.

Under the joint agreements, the Corporation should meet some financial ratios and criteria based on the reviewed consolidated financial statements for the six months ended June 30 and the audited annual consolidated financial statements. The Corporation was in compliance with the syndicated credit facility agreements based on its audited consolidated financial statements for the years ended December 31, 2023 and 2022.

18. OTHER PAYABLES

	December 31	
	2023	2022
Salaries and bonuses	$ 162,674	$ 167,175
Employees' compensation	25,888	23,240
Insurance	14,236	12,654
Purchase of equipment	723	1,672
Others	25,839	28,522
	$ 229,360	$ 233,263

19. PROVISIONS - CURRENT

	For the Year Ended December 31	
	2023	2022
Guarantee	$ 70,329	$ 70,794

	December 31	
	2023	2022
Balance, beginning of the year	$ 70,794	$ 54,393
Recognized	32,882	28,183
Paid	(33,346)	(12,517)
Effect of foreign currency exchange differences	(1)	735
Balance, end of the year	$ 70,329	$ 70,794

The above liabilities are provision for warranties, and represent the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation and its subsidiaries' obligations for warranties. The estimates had been made on the basis of historical warranty trends and other known factors.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a defined contribution plan managed by the government. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

For employees in overseas subsidiaries, contributions are made to the related pension management companies under local laws.

Expense of defined contribution plan amounted to NT$29,266 thousand and NT$27,300 thousand for the years ended December 31, 2023 and 2022.

b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts of defined benefit plans included in the consolidated balance sheets were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 30,217	$ 28,183
Fair value of plan assets	(22,002)	(24,901)
Net defined benefit liabilities	$ 8,215	$ 3,282

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2023	$ 28,183	$ (24,901)	$ 3,282

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	$ 310	$ -	$ 310
Interest expense (income)	319	(282)	37
Recognized in profit or loss	629	(282)	347
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(119)	(119)
Actuarial gain - changes in demographic assumptions	(156)	-	(156)
Actuarial loss - changes in financial assumptions	6,996	-	6,996
Actuarial gain - experience adjustments	(1,955)	-	(1,955)
Recognized in other comprehensive income	4,885	(119)	4,766
Contributions from the employer	-	(180)	(180)
Benefits paid	(3,480)	3,480	-
Balance at December 31, 2023	$ 30,217	$ (22,002)	$ 8,215
Balance at January 1, 2022	$ 29,410	$ (17,812)	$ 11,598
Service cost			
Current service cost	326	-	326
Interest expense (income)	197	(119)	78
Recognized in profit or loss	523	(119)	404
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,341)	(1,341)
Actuarial loss - changes in demographic assumptions	22	-	22
Actuarial gain - changes in financial assumptions	(380)	-	(380)
Actuarial gain - experience adjustments	(1,338)	-	(1,338)
Recognized in other comprehensive income	(1,696)	(1,341)	(3,037)
Contributions from the employer	-	(5,683)	(5,683)
Benefits paid	(54)	54	-
Balance at December 31, 2022	$ 28,183	$ (24,901)	$ 3,282

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rate (%)	1.22	1.13
Expected rate of salary increase (%)	4.50	1.00
Turnover rate (%)	0.10-5.00	0.10-5.00

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate		
0.5% increase	$ (1,332)	$ (371)
0.5% decrease	$ 1,426	$ 450
Expected rate of salary increase		
0.5% increase	$ 1,373	$ 447
0.5% decrease	$ (1,297)	$ (373)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
The expected contributions to the plan for the next year	$ 357	$ 347
The average duration of the defined benefit obligation	9 years	3 years

21. EQUITY

a. Share capital

	December 31 2023	December 31 2022
Number of shares authorized (in thousands)	150,000	150,000
Shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands)	88,886	88,886
Shares issued	$ 888,863	$ 888,863

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31 2023	December 31 2022
May be used to offset deficits, distributed as cash or transferred to share capital (Note)		
Issuance of ordinary shares	$ 987,340	$ 987,340
May be used to offset deficits only		
Expired share options	5,248	5,248
Others - exercise of the vesting rights	317	-
	$ 992,905	$ 992,588

Note: The capital surplus could be used to offset deficit, distributed as cash dividends or transferred to share capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's paid-in capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders.

Under the dividend policy as set forth in the Corporation's Articles of Incorporation, taking into consideration the current and future development plans, investment environment, funding needs and domestic and foreign competition, as well as shareholders' interest, dividends shall be paid at a percentage of not less than 20% of the distributable earnings for the year; if the distributable earnings for the year amount to less than 2% of the paid-in capital, no dividends may be paid. The percentage of cash dividends paid shall not be less than 10% of the total amount of cash and stock dividends paid in that year.

The aforementioned dividend distribution percentage may be adjusted based on financial, business and operational considerations.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2022 and 2021 which had been approved in the shareholders' meetings in June 2023 and 2022, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2022	**2021**	**2022**	**2021**
Legal reserve	$ 175,571	$ 72,977		
(Reversal of) special reserve	(221,535)	60,881		
Cash dividends	879,723	439,861	$10.00	$5.00

The appropriations of earnings for 2023 which had been proposed by the Corporation's board of directors in February 2024 are as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 207,761	
Cash dividends	1,055,667	$ 12.00

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in the shareholder's meeting to be held in June 2024.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	**2022**
Balance, beginning of the year	$ 116,098	$ (221,535)
Exchange differences arising on translating the financial statements of foreign operations	(27,081)	337,633
Balance, end of the year	$ 89,017	$ 116,098

e. Treasury shares

Purpose of Treasury Shares	Beginning of the Year	During the Year Increase	During the Year Decrease	December 31 Number of Shares (In Thousands)	December 31 Book Value
For the year ended December 31, 2023					
Buy-back and transfer to employees	914	-	-	914	$ 46,442
For the year ended December 31, 2022					
Buy-back and transfer to employees	914	-	-	914	$ 46,442

In order to motivate employees and improve their performance, the board of directors bought back ordinary shares from the listed market in 2020 for the purpose of transferring to employees.

Under the Securities and Exchange Act, the number of treasury shares shall not exceed 10% of the total issued shares, and the cash paid for the acquisition of treasury shares shall not exceed the sum of retained earnings, additional paid-in capital from the issuance of common shares and realized capital surplus. According to the Act, if the treasury shares acquired by the Corporation are for transferring to its employees, the transfer of the shares should be completed within 5 years from the acquisition date.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as the rights to dividend and the rights to vote.

22. OPERATING REVENUE

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	$ 1,697,337	$ 683,618	$ 607,030
Contract assets			
Yacht construction project	$ -	$ 229,387	$ 210,271
Contract liabilities			
Sale of goods	$ 271,016	$ 730,772	$ 44,751

The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation and its subsidiaries' satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year that was included in the contract liabilities balance at the beginning of the year is as follows:

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
From contract liabilities at the beginning of the year - sale of goods	$ 500,876	$ 34,748

b. Disaggregation of revenue

Type of goods or services	For the Year Ended December 31 2023	2022
Sale of yachts	$ 6,098,006	$ 5,343,238
Yacht construction revenue	10,547	-
Others	216,558	212,214
	$ 6,325,111	$ 5,555,452

c. Contracts that have not been fully completed

As of December 31, 2022, the transaction price allocated to the outstanding performance obligations was NT$10,547 thousand. The company will gradually recognize revenue as the yacht construction is completed. The construction revenue has been recognized on the 2023.

23. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31 2023	2022
Bank deposits	$ 74,779	$ 21,720
Financial assets at FVTPL	38,318	-
	$ 113,097	$ 21,720

b. Other income

	For the Year Ended December 31 2023	2022
Claims income	$ 63	$ 41,368
Compensation	3,335	4,407
Rental income	2,558	2,410
Others	19,788	18,256
	$ 25,744	$ 66,441

c. Other gains and losses

	For the Year Ended December 31 2023	2022
Loss on financial assets mandatorily classified as at fair value through profit or loss	$ (42)	$ -
Net foreign exchange loss	9,571	(49,819)
Gain on lease modification	169	608
Loss on compensation	(5,456)	-
Others	(5,934)	(53)
	$ (1,692)	$ (49,264)

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest from bank borrowings	$ 112,097	$ 57,382
Interest from lease liabilities	8,309	5,791
	120,406	63,173
Less: Amounts included in the cost of qualifying assets	5,942	5,000
	$ 114,464	$ 58,173

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 81,267	$ 86,354
Right-of-use assets	74,543	68,767
Intangible assets	1,393	6,238
	$ 157,203	$ 161,359
An analysis of depreciation by function		
Operating costs	$ 137,351	$ 138,439
Operating expenses	18,459	16,682
	$ 155,810	$ 155,121
An analysis of amortization by function		
Operating costs	$ 820	$ 909
Operating expenses	573	5,329
	$ 1,393	$ 6,238

f. Employee benefits

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries	$ 1,041,308	$ 984,624
Labor and health insurance	70,514	61,940
Others	7,049	6,026
	1,118,871	1,052,590
Post-employment benefits (Note 20)		
Defined contribution plans	29,266	27,300
Defined benefit plans	347	404
	29,613	27,704
	$ 1,148,484	$ 1,080,294

(Continued)

	For the Year Ended December 31	
	2023	2022
Analysis of employee benefits by function		
Operating costs	$ 902,456	$ 859,038
Operating expenses	246,028	221,256
	$ 1,148,484	$ 1,080,294

(Concluded)

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation, the Corporation should distribute employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively. Employees' compensation and remuneration of directors (all in cash) for the years ended December 31, 2023 and 2022 which have been approved by the Corporation's board of directors in February 2024 and March 2023, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2023	2022
Employees' compensation	$ 25,888	$ 23,240
Remuneration of directors	$ -	$ -

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAX

a. Income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 103,301	$ 74,503
Income tax on unappropriated earnings	44,471	14,044
Adjustments for prior year	(6)	-
Deferred tax		
In respect of the current year	(14,594)	532
	$ 133,172	$ 89,079

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 2,214,599	$ 1,842,357
Income tax expense calculated at the statutory rate	$ 442,919	$ 368,471
Non-deductible expenses (income) in determining taxable income	(373,025)	(316,749)
Taxation for repatriated offshore funds	18,813	23,313
Income tax on unappropriated earnings	44,471	14,044
Adjustments for prior year	(6)	-
	$ 133,172	$ 89,079

b. Income tax benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred Tax		
Current year		
Remeasurement of defined benefit plans	$ (953)	$ 607

c. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Unrealized exchange loss	$ 717	$ 639	$ -	$ -	$ 1,356
Defined benefit pension plan	651	34	953	-	1,638
Unrealized gain on the transactions with subsidiaries	15,629	13,973	-	-	29,602
Provision	15,722	(93)	-	-	15,629
Others	14,437	41	-	-	14,478
	47,156	14,594	953	-	62,703
Loss carryforwards	131,631	-	-	(21)	131,610
	$ 178,787	$ 14,594	$ 953	$ (21)	$ 194,313
Deferred tax liabilities					
Depreciation	$ 11,976	$ -	$ -	$ -	$ 11,976
Land value increment tax	49,638	-	-	-	49,638
Others	1,854	-	-	-	1,854
	$ 63,468	$ -	$ -	$ -	$ 63,468

For the Year Ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Unrealized exchange loss	$ -	$ 717	$ -	$ -	$ 717
Defined benefit pension plan	2,313	(1,055)	(607)	-	651
Unrealized gain on the transactions with subsidiaries	19,786	(4,157)	-	-	15,629
Provision	12,589	3,133	-	-	15,722
Others	14,334	103	-	-	14,437
	49,022	(1,259)	(607)	-	47,156
Loss carryforwards	118,454	-	-	13,177	131,631
	$ 167,476	$ (1,259)	$ (607)	$ 13,177	$ 178,787
Deferred tax liabilities					
Depreciation	$ 11,976	$ -	$ -	$ -	$ 11,976
Land value increment tax	49,638	-	-	-	49,638
Unrealized exchange gain	727	(727)	-	-	-
Others	1,854	-	-	-	1,854
	$ 64,195	$ (727)	$ -	$ -	$ 63,468

d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2035	$ 249,486	$ 249,486
Expiry in 2036	$ 250,220	$ 250,220
Expiry in 2037	$ 325,242	$ 325,242
With no expiration date	$ 552,185	$ 546,318

Starting from 2018, according to local tax laws, loss carryforwards of subsidiaries in the United States have no expiration date.

e. Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities, and each subsidiary has declared for profit seeking income tax in filling deadline.

25. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2023	2022
Net profit attributable to owners of the Corporation	$ 2,081,427	$ 1,753,278

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	87,972	87,972
Effect of potentially dilutive ordinary shares:		
Employees' compensation	81	102
Weighted average number of ordinary shares used in the computation of diluted earnings per share	88,053	88,074

The Corporation may settle the compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Corporation and its subsidiaries manage its capital to ensure the maintenance of a robust credit rating and good capital proportion to support business operations and maximize shareholders' equity. The Corporation and its subsidiaries manage and adjust its capital structure based on the economic conditions and might achieve the purpose of maintaining and adjusting its capital structure by adjusting the dividends paid, returning capital or by issuing new shares.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial instruments that are not measured at fair value, such as cash and cash equivalents, receivables at amortized cost and payables approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets at FVTPL				
Mutual funds	$ 938,098	$ -	$ -	$ 938,098
Financial assets at FVTOCI				
Investment in debt instruments - accounts receivable	$ -	$ -	$ 1,664,619	$ 1,664,619

(Continued)

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Financial assets at FVTOCI				
Investment in debt instruments - accounts receivable	$ -	$ -	$ 637,413	$ 637,413

(Concluded)

The Corporation and its subsidiaries considers the impact of discounting accounts receivable at FVTOCI is immaterial; hence, the fair value is measured according to the book value. (Level 3)

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Fair value through profit or loss (FVTPL)	$ 938,098	$ -
Measured at amortized cost (Note 1)	1,595,011	2,492,885
Financial assets at FVTOCI		
Debt instruments	1,664,619	637,413
Financial liabilities		
Measured at amortized cost (Note 2)	4,079,754	3,138,948

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents (excluding cash on hand), financial assets at amortized cost - current, notes receivable, accounts receivable at amortized cost, other receivables, refundable deposits (other non-current assets) and other financial assets - current.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, long-term bank borrowings (including current portion) and guarantee deposits.

d. Financial risk management objectives and policies

The financial risk management objective of the Corporation and its subsidiaries is to manage market risk, credit risk and liquidity risk of operations, and to identify, evaluate and manage the aforementioned risks following related policies and risk preferences.

The Corporation and its subsidiaries have built up appropriate policies, procedures and internal controls under related rules for the aforementioned financial risk management. Material financial activities need to be reviewed by the board of directors and the audit committee under related rules and internal control system. When executing financial management activities, the Corporation and its subsidiaries need to ensure compliance with the related rules of financial risk management.

1) Market risk

a) Foreign currency risk

Foreign currency risk of the Corporation and its subsidiaries mainly comes from operations (when currency used to recognize revenue or expense is different from the Corporation and its subsidiaries' functional currency) and investments in foreign operation.

Parts of the foreign currency receivables and payables are recognized in the same currency and thus have natural hedging effects. In addition, as investments in foreign operations are considered strategic investments, they are not hedged. For the carrying amounts of the significant non-functional currency monetary assets and liabilities at the end of the reporting period (including monetary items measured in non-functional currency that were eliminated in the consolidated financial statements), refer to Note 31.

The Corporation and its subsidiaries were mainly exposed to the USD, EUR and AUD. The following table details the sensitivity to a 1% increase in the NTD against the relevant foreign currencies.

	USD Impact (Note)		EUR Impact (Note)		AUD Impact (Note)	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022	2023	2022
Pre-tax profit or loss	$ (4,298)	$ (5,113)	$ 77	$ 1,869	$ (320)	$ (906)

Note: These were mainly attributable to the exposure of cash and cash equivalents, receivables, other receivables, other financial assets, payables, other payables and bank borrowings which were not hedged at the balance sheet date.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows fluctuate due to changes in market interest rates. Interest rate risk of the Corporation and its subsidiaries mainly comes from fixed and floating interest rate borrowings.

The carrying amounts of the Corporation and its subsidiaries' financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ 927,115	$ 1,904,576
Financial liabilities	884,160	240,075
Cash flow interest rate risk		
Financial assets	593,025	499,757
Financial liabilities	3,058,104	2,649,547

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the years ended December 31, 2023 and 2022 would have been lower/higher by NT$24,651 thousand and NT$21,498 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through its investments in mutual funds. If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $9,381 thousand and $0, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation and its subsidiaries. It mainly comes from receivables, bank deposits and other financial instruments generated from operating activities. The Corporation and its subsidiaries individually manage customers' credit risk in accordance with the credit risk policies, procedures and controls. Assessment of the credit risk of all counterparties takes into consideration the financial condition of the counterparty and its risk rating assigned by credit rating agencies, historical transaction experience, current economic environment and internal rating standards. The Corporation and its subsidiaries also adopt credit enhancement tools such as contract liabilities when appropriate to lower the credit risk of counterparties.

As of December 31, 2023 and 2022, the Corporation and its subsidiaries' accounts receivable from main customers accounted for 98% and 93%, respectively, of total accounts receivable.

The finance department of the Corporation and its subsidiaries manage the credit risk of its bank deposits and other financial instruments in accordance with the company policies. The Corporation and its subsidiaries do not expect significant credit risk because the counterparties are selected based on internal control procedures and are creditworthy banks, investment grade financial institutions, companies and government agencies and will no doubt fulfill their obligations.

3) Liquidity risk

The Corporation and its subsidiaries maintain financial flexibility by managing and maintaining enough cash and bank borrowings. Bank borrowings are a critical source of liquidity to the Corporation and its subsidiaries. As of December 31, 2023 and 2022, unused credit amounted to NT$4,435,587 thousand and NT$5,181,347 thousand, respectively.

The following table details the undiscounted cash flows of the Corporation and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities from the earliest date on which they can be required to pay. The tables include both interest and principal cash flows.

	Less Than 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
December 31, 2023				
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 1,313,731	$ 1,877,914	$ -	$ 3,191,645
Non-interest bearing liabilities	557,274	-	4,300	561,574
Fixed interest rate liabilities	460,000	-	-	460,000
Lease liabilities	80,643	290,226	124,951	495,820
	$ 2,411,648	$ 2,168,140	$ 129,251	$ 4,709,039

(Continued)

December 31, 2022	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 701,525	$ 2,103,229	$ -	$ 2,804,754
Non-interest bearing liabilities	488,587	-	-	488,587
Lease liabilities	59,932	180,008	12,854	252,794
	$ 1,250,044	$ 2,283,237	$ 12,854	$ 3,546,135

(Concluded)

28. TRANSACTIONS WITH RELATED PARTIES

a. The name of the company and its relationship with the Corporation and its subsidiaries

Related Party Name	Relationship with the Corporation
Johnny Chueh and others	Management of the Corporation

b. Other related party transactions

As of December 31, 2023, Johnny Chueh acted as joint guarantors of the Corporation's borrowings from certain financial institutions.

c. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 32,976	$ 32,731
Post-employment benefits	367	445
	$ 33,343	$ 33,176

29. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Other financial assets - current	$ 40,559	$ 68,747
Property, plant and equipment	1,049,237	1,058,315
	$ 1,089,796	$ 1,127,062

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except as stated in other notes, significant commitments and contingencies of the Corporation and its subsidiaries as of December 31, 2023 were as follows:

a. Guarantee notes issued by the Corporation for the provision of performance guarantees and construction guarantees for the rental of a plant amounted to NT$20,240 thousand.

b. Due to a dispute regarding yacht defects, David Parker and Big Bird Holding LLC sued the Corporation and its agent Ocean Alexander Marine Yacht Sales Inc. (OAMYS, Other related party of the Corporation) as defendants at the U.S. District Court of the Central District of California. The court of first instance ruled that the Corporation and OAMYS should copay the compensation amount of USD4,205 thousand. The Corporation had filed an appeal and the proportion and amount of the compensation remain undecided. Besides this, OAMYS's de facto responsible person has issued a statement of commitment. Should this case require the responsibility for compensation at the end, OAMYS will be liable for compensation. The Corporation accessed that the aforementioned case had no material impact on operations.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Corporation and its subsidiaries and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2023				
Financial assets				
Monetary items				
USD	$ 17,025	30.705	(USD:NTD)	$ 522,753
GBP	113	39.15	(GBP:NTD)	4,424
EUR	87	33.98	(EUR:NTD)	2,956
AUD	1,526	0.683	(AUD:USD)	32,003
Non-monetary items				
Investments accounted for using the equity method				
USD	202,906	30.705	(USD:NTD)	6,230,223
Financial liabilities				
Monetary items				
USD	3,027	30.705	(USD:NTD)	92,944
EUR	315	33.98	(EUR:NTD)	10,704
December 31, 2022				
Financial assets				
Monetary items				
USD	19,755	30.71	(USD:NTD)	606,676
EUR	635	32.72	(EUR:NTD)	20,777
AUD	4,350	0.68	(AUD:USD)	90,573

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Non-monetary items				
Investments accounted for using the equity method				
USD	$ 146,057	30.71	(USD:NTD)	$ 4,485,420
Financial liabilities				
Monetary items				
2.2 USD	3,106	30.71	(USD:NTD)	95,385
2.3 EUR	6,346	32.72	(EUR:NTD)	207,641

(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gain or loss were a gain of NT$9,571 thousand and loss of NT$49,819 thousand, respectively.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 5)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 7)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (Table 9)

c. Information on investments in mainland China (None)

d. Information of major shareholders

List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares (Table 10)

33. SEGMENT INFORMATION

The main operations of the Corporation and its subsidiaries are the manufacturing, processing and selling of yachts. Since management of the Corporation and its subsidiaries assess performance and distribute resources based on the financial statements as a whole, the Corporation and its subsidiaries belong to one single operating segment. Refer to the consolidated financial statements for segment information.

TABLE 1

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn (Note 1)	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
1	AMI	AMUSA	Other receivables - related parities	Yes	$ 1,281,925	$ 767,625	$ 257,922	-	Business relationship	$ 308,859	-	$ -	-	$ -	$ 6,230,223	$ 6,230,223	Note 2
1	AMI	AMA	Other receivables - related parities	Yes	96,999	-	-	-	Business relationship	28,355	-	-	-	-	6,230,223	6,230,223	Note 2

Note 1: Amount was eliminated in the consolidated financial statements.

Note 2: According to "Operational Procedures for Fund Lending" established by AMI, the total available amount for lending to others and the total amount for lending to a directly or indirectly 100% owned foreign company shall not exceed 100% and 100% of the net worth of AMI, respectively.

TABLE 2

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

NO.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	The Corporation	AMI	Note 1	$ 5,851,988	$ 2,562,910	$ 2,517,810	$ 272,347	$ -	43.02	$ 5,851,988	Y	N	N	Note 2

Note 1: Investee company of which 100% of its voting shares is directly owned by the Corporation.

Note 2: According to “The operational procedures of endorsements/guarantees” established by the Corporation, the ceilings of the aggregate amounts endorsed to the entities or on the amounts endorsed to any single entity shall not exceed 100% and 50% of the net worth of the Corporation, respectively. For endorsements/guarantees provided to 100% directly-owned subsidiaries, the ceilings on the aggregate amounts endorsed to the entities or the amounts endorsed to any single entity shall not exceed 100% and 100% of the net worth of the Corporation, respectively.

TABLE 3

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
AMI	Mutual funds							
	JPM USD LIQUIDITY LVNAV FUND	-	Financial assets at fair value through profit or loss - current	15,553,314.94	$ 477,564	-	$ 477,564	
	JPM INCOME USD DIV C	-	Financial assets at fair value through profit or loss - current	87,412.587	227,872	-	227,872	
	PIMCO INCOME FUND USD INC INST	-	Financial assets at fair value through profit or loss - current	702,905.342	232,662	-	232,662	

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note)		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
AMI	Mutual funds													
	JPM USD LIQUIDITY LVNAV FUND	Financial assets at fair value through profit or loss - current	-	-	-	$ -	15,553,314.94	$ 477,564	-	$ -	$ -	$ -	15,553,314.94	$ 477,564
	JPM INCOME USD DIV C	Financial assets at fair value through profit or loss - current	-	-	-	-	87,412,587	227,872	-	-	-	-	87,412,587	227,872
	PIMCO INCOME FUND USD INC INST	Financial assets at fair value through profit or loss - current	-	-	-	-	702,905.342	232,662	-	-	-	-	702,905.342	232,662

Note : Acquisition amount for this year includes considerations and valuation gain or loss.

TABLE 5

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Transaction Date	Transaction Amount (Pre tex)	Payment Status	Counter - party	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
ALEXANDER MARINE CO., LTD.	Land	2023.09.18	$ 1,200,000	Based on the terms in the contract	Dongfeng Co., Ltd.	Non-related party	-	-	-	$ -	Consideration was agreed upon by both parties with reference to the appraisal report issued by a professional organization.	For operational use	In September 2023, the board of directors resolved to purchase property, plant and equipment, and the Corporation entered into an agreement to buy land in October 2023. As of December 31, 2023, the Corporation had paid NT$200,000 thousand, which was recorded under prepayment for land. In addition, in January 2024, the Corporation obtained the land ownership certificate.

TABLE 6

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Corporation	AMI	Subsidiary	Sales	$ (3,271,659)	(100)	Receivables were collected monthly within 6 months	$ -	Receivables were collected monthly within 6 months	Accounts receivable $ 290,714	90	Note
The Corporation	MIBW	Subsidiary	Purchase	128,659	8	Receivables were collected monthly within 6 months	-	Receivables were collected monthly within 6 months	Accounts payable (39,757)	(18)	Note
ECYG	AMI	Corporation	Repairs and maintenance revenue	(265,779)	(95)	Receivables were collected monthly within 6 months	-	Receivables were collected monthly within 6 months	Accounts receivable 22,035	87	Note
AMI	AMUSA	Subsidiary	Sales	(308,859)	(5)	Receivables were collected monthly within 6 months	-	Receivables were collected monthly within 6 months	Other receivables 257,922	13	Note

Note: Amount was eliminated in the consolidate financial statements.

TABLE 7

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
The Corporation	AMI	Subsidiary	$ 290,714	12	$ -	-	$ 290,714	$ -	
AMI	AMUSA	Subsidiary	257,922	-	-	-	-	-	Note

Note: AMI of subsidiary loans to AMUSA.

TABLE 8

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenue or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	The Corporation	AMI	Parent to subsidiary	Revenue from sale of goods	$ 3,271,659	Receivables were collected monthly within 6 months	52
0	The Corporation	AMI	Parent to subsidiary	Accounts receivable	290,714	Receivables were collected monthly within 6 months	3
0	The Corporation	AMI	Parent to subsidiary	Contract liabilities	1,094,404	According to the contract	10
0	The Corporation	MIBW	Parent to subsidiary	Purchase of goods	128,659	Receivables were collected monthly within 6 months	2
0	The Corporation	MIBW	Parent to subsidiary	Accounts payable	39,757	Receivables were collected monthly within 6 months	-
1	AMI	AMA	Parent to subsidiary	Revenue from sale of goods	28,355	Receivables were collected monthly within 6 months	-
1	AMI	AMUSA	Parent to subsidiary	Other receivables	257,922	Note 2	2
1	AMI	AMUSA	Parent to subsidiary	Revenue from sale of goods	308,859	Receivables were collected monthly within 6 months	5
2	ECYG	AMI	Corporation to parent	Repairs and maintenance revenue	265,779	Receivables were collected monthly within 6 months	4
2	ECYG	AMI	Corporation to parent	Accounts receivable	22,035	Receivables were collected monthly within 6 months	-

Note 1: Transactions between the parent company and subsidiary are indicated in the column of No. as follows:

1) Parent company is indicated as 0

2) Subsidiaries are indicated sequentially from 1

Note 2: According to the financing company's Operation Procedures for Loaning of Funds.

TABLE 9

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Corporation	AMI	Hong Kong	Sales of yachts	$ 1,329,276 (HKD 13,000 and USD 42,332)	$ 1,329,276 (HKD 13,000 and USD 42,332)	10,000	100.00	$ 6,082,211	$ 1,865,950	$ 1,865,950	Note 1
The Corporation	Rocs Marine Industry Corporation	Taiwan	Lease of real estate	302,103	302,103	674,310	100.00	306,223	1,440	1,170	Note 1
AMI	AME	United States	General investment	627,736 (USD 20,444)	698,471 (USD 22,744)	10,000	100.00	501,818	(17,727)	(17,727)	Note 1
AMI	AMA	Australia	Sales of yacht and repair of parts	206,653 (AUD 9,850)	180,180 (AUD 8,650)	-	100.00	5,172	(25,078)	(25,078)	Note 1
AMI	MYT	Australia	Sale of used yacht	8,392 (AUD 400)	8,332 (AUD 400)	-	100.00	728	103	103	Note 1
AME	AMUSA	United States	Sales of yacht and repair of parts	552,690 (USD 18,000)	552,780 (USD 18,000)	-	100.00	239,977	(57,256)	(57,256)	Note 1
AME	MIBW	United States	Sale of parts	1,457,873 (USD 47,480)	1,519,531 (USD 49,480)	-	100.00	138,988	11,579	5,825	Note 1
AME	PCYS	United States	After - sales service and repair of yacht	55,269 (USD 1,800)	55,278 (USD 1,800)	100,000	100.00	89,686	12,751	12,751	Note 1
AME	ECYG	United States	After - sales service and repair of yacht	36,846 (USD 1,200)	36,852 (USD 1,200)	-	100.00	32,980	20,956	20,956	Note 1

Note 1: Amount was eliminated in the consolidated financial statements.

Note 2: The Group's Alexander Marine California was held by a foreign holding company, Alexander Marine USA Inc.. According to local laws, the main financial statements are the consolidated financial statements, therefore only the holding company Alexander Marine USA Inc. was disclosed.

TABLE 10

ALEXANDER MARINE CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
BRIDGETOP GLOBAL COMPANY LIMITED	17,886,745	20.12
KUO, YI-HUI	8,943,830	10.06
JOHNNY CHUEH	8,348,097	9.39
CTBC COMMERCIAL BANK-OBI-WAN INVESTMENT CO., LTD.	7,998,138	8.99
CTBC COMMERCIAL BANK-STONE LINK GLOBAL CO., LTD.	7,998,138	8.99
TSE-NING INVESTMENT CO., LTD.	7,000,000	7.87
LI-CHIA INVESTMENT CO., LTD.	6,666,000	7.49

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's ordinary shares and preference shares (includes treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the consolidated financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

【Appendix 2】

Alexander Marine Co., Ltd.

Standalone Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Alexander Marine Co., Ltd.

Opinion

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

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2023 and 2022, and its standalone financial performance and its standalone 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

<u>Revenue Recognition</u>

The revenues of the Corporation mainly comes from the manufacturing and selling of yachts. As the amount from each individual transaction was material, we focused on whether the sales revenue from the sale of yachts actually occurred and the accuracy of the recognized revenue. Refer to Notes 4 and 19 to the Corporation's standalone financial statements for disclosures related to revenue recognition.

The audit procedures we performed included the following:

1. We obtained an understanding of the design and implementation of the internal controls related to sales revenue.

2. We used the sales revenue as the population for sampling and traced the samples back to the customer orders, yacht acceptances and cash collection documents.

3. We sampled and obtained the details of sales returns and allowances which occurred after the balance sheet date, and verified whether there were material sales returns and allowances.

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

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the standalone 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 Corporation'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 Corporation'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

standalone 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 Corporation to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lee-Yuan Kuo and Jui-Hsuan Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 29, 2024

Notice to Readers

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

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

ALEXANDER MARINE CO., LTD.

STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 101,984	1	$ 355,357	4
Contract asset (Notes 4, 19 and 25)	-	-	35,643	-
Notes receivable (Notes 4 and 7)	51	-	-	-
Accounts receivable - related parties (Notes 4, 7, 19 and 25)	290,924	3	250,482	3
Other receivables	29,905	-	26,327	-
Other receivables - related parties (Note 25)	1,310	-	1,156	-
Inventories (Notes 4 and 8)	2,643,100	23	2,492,874	26
Prepayments (Note 10)	306,867	3	307,564	3
Other financial assets - current (Notes 9 and 26)	40,559	-	68,747	1
Other current assets	135,838	1	61,306	1
Total current assets	3,550,538	31	3,599,456	38
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	6,388,434	56	4,713,605	49
Property, plant and equipment (Notes 4, 12 and 26)	941,647	8	1,000,044	11
Right-of-use assets (Notes 4, 13 and 25)	322,921	3	211,444	2
Intangible assets (Note 4)	6,073	-	2,097	-
Deferred tax assets (Notes 4 and 21)	46,945	-	31,398	-
Prepayments for land (Note 12)	200,000	2	-	-
Other non-current assets	13,444	-	7,645	-
Total non-current assets	7,919,464	69	5,966,233	62
TOTAL	$ 11,470,002	100	$ 9,565,689	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 1,065,860	9	$ 659,303	7
Short-term bills payable (Note 14)	458,621	4	-	-
Contract liabilities (Notes 4 ,19 and 25)	1,094,404	10	1,358,249	14
Notes Payable	-	-	21	-
Accounts payable	177,062	2	192,814	2
Accounts payable - related parties (Note 25)	39,757	-	75,099	1
Other payables (Notes 15 and 25)	258,265	2	233,460	2
Current tax liabilities (Note 4)	109,472	1	75,422	1
Provisions - current (Notes 4 and 16)	62,887	1	63,350	1
Lease liabilities - current (Notes 4 ,13 and 25)	55,725	-	56,462	-
Current portion of long-term bank borrowings (Notes 14 and 26)	198,000	2	-	-
Other current liabilities	4,959	-	3,762	-
Total current liabilities	3,525,012	31	2,717,942	28
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Notes 14 and 26)	1,794,244	16	1,990,244	21
Deferred tax liabilities (Notes 4, 5 and 21)	8,411	-	8,411	-
Lease liabilities - non-current (Notes 4, 13 and 25)	277,832	2	164,949	2
Net defined benefit liabilities (Notes 4 and 17)	8,215	-	3,282	-
Guarantee deposits received	4,300	-	-	-
Total non-current liabilities	2,093,002	18	2,166,886	23
Total liabilities	5,618,014	49	4,884,828	51
EQUITY (Notes 4 and 18)				
Share capital	888,863	8	888,863	9
Capital surplus	992,905	9	992,588	10
Retained earnings				
Legal reserve	420,490	4	244,919	3
Special reserve	-	-	221,535	2
Unappropriated earnings	3,507,155	30	2,263,300	24
Total retained earnings	3,927,645	34	2,729,754	29
Other equity	89,017	1	116,098	1
Treasury shares	(46,442)	(1)	(46,442)	-
Total equity	5,851,988	51	4,680,861	49
TOTAL	$ 11,470,002	100	$ 9,565,689	100

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

ALEXANDER MARINE CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 25)	$ 3,275,055	100	$ 2,684,623	100
OPERATING COSTS (Notes 8, 20 and 25)	2,618,208	80	2,237,925	84
GROSS PROFIT	656,847	20	446,698	16
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(69,869)	(2)	20,785	1
REALIZED GROSS PROFIT	586,978	18	467,483	17
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	136,755	4	58,868	2
General and administrative expenses	68,282	2	79,783	3
Total operating expenses	205,037	6	138,651	5
PROFIT FROM OPERATIONS	381,941	12	328,832	12
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	9,127	-	2,097	-
Other income	12,171	1	16,754	1
Other gains and losses	7,403	-	(43,246)	(2)
Finance costs	(63,524)	(2)	(50,045)	(2)
Share of profit of subsidiaries	1,867,120	57	1,587,611	59
Total non-operating income and expenses	1,832,297	56	1,513,171	56
PROFIT BEFORE INCOME TAX	2,214,238	68	1,842,003	68
INCOME TAX EXPENSE (Notes 4 and 21)	132,811	4	88,725	3
NET INCOME FOR THE YEAR	2,081,427	64	1,753,278	65
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 17, 18 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(4,766)	-	3,037	-

(Continued)

ALEXANDER MARINE CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Income tax benefit relating to items that will not be reclassified subsequently to profit or loss	$ 953	-	$ (607)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(27,081)	(1)	337,633	13
Other comprehensive income (loss) for the year, net of income tax	(30,894)	(1)	340,063	13
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,050,533	63	$ 2,093,341	78
EARNINGS PER SHARE (Note 22)				
Basic	$ 23.66		$ 19.93	
Diluted	$ 23.64		$ 19.91	

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

(Concluded)

ALEXANDER MARINE CO., LTD.

STANDALONE STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Share Capital - Ordinary Shares	Capital Surplus	Retained Earnings - Legal Reserve	Retained Earnings - Special Reserve	Retained Earnings - Unappropriated Earnings	Retained Earnings - Total	Other Equity - Exchange Differences on Translating Foreign Operations	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	$ 888,863	$ 992,588	$ 171,942	$ 160,654	$ 1,081,311	$ 1,413,907	$ (221,535)	$ (46,442)	$ 3,027,381
Appropriation of 2021 earnings (Note 18)									
Legal reserve	-	-	72,977	-	(72,977)	-	-	-	-
Special reserve	-	-	-	60,881	(60,881)	-	-	-	-
Cash dividends	-	-	-	-	(439,861)	(439,861)	-	-	(439,861)
Net profit for the year ended December 31, 2022	-	-	-	-	1,753,278	1,753,278	-	-	1,753,278
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	2,430	2,430	337,633	-	340,063
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,755,708	1,755,708	337,633	-	2,093,341
BALANCE AT DECEMBER 31, 2022	888,863	992,588	244,919	221,535	2,263,300	2,729,754	116,098	(46,442)	4,680,861
Appropriation of 2022 earnings (Note 18)									
Legal reserve	-	-	175,571	-	(175,571)	-	-	-	-
Reversal of special reserve	-	-	-	(221,535)	221,535	-	-	-	-
Cash dividends	-	-	-	-	(879,723)	(879,723)	-	-	(879,723)
Other changes in capital surplus (Note 18)	-	317	-	-	-	-	-	-	317
Net profit for the year ended December 31, 2023	-	-	-	-	2,081,427	2,081,427	-	-	2,081,427
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(3,813)	(3,813)	(27,081)	-	(30,894)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,077,614	2,077,614	(27,081)	-	2,050,533
BALANCE AT DECEMBER 31, 2023	$ 888,863	$ 992,905	$ 420,490	$ -	$ 3,507,155	$ 3,927,645	$ 89,017	$ (46,442)	$ 5,851,988

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

ALEXANDER MARINE CO., LTD.

STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,214,238	$ 1,842,003
Adjustments for:		
Depreciation expense	146,010	147,213
Amortization expense	941	1,045
Finance costs	63,524	50,045
Interest income	(9,127)	(2,097)
Share of profit of subsidiaries	(1,867,120)	(1,587,611)
Loss on disposal of property, plant and equipment	5,544	6,158
Write-down of inventories	298	12
Unrealized (realized) gain on the transactions with subsidiaries	69,869	(20,785)
Recognition of provisions	32,882	28,183
Gain on lease modification	-	(608)
Changes in operating assets and liabilities		
Contract assets	35,643	-
Notes receivable	(51)	16
Accounts receivable - related parties	(40,442)	(213,323)
Other receivables	(3,578)	3,008
Other receivables - related parties	(154)	1,251
Inventories	(144,503)	(607,972)
Prepayments	697	(26,386)
Other current assets	(74,532)	(54,228)
Contract liabilities	(263,845)	1,358,249
Notes payable	(21)	21
Accounts payable	(15,752)	24,547
Accounts payable - related parties	(35,342)	35,259
Other payables	25,113	61,148
Provisions	(33,345)	(12,517)
Other current liabilities	1,197	550
Net defined benefit liabilities	167	(5,279)
Cash generated from operations	108,311	1,027,902
Interest received	9,127	2,097
Dividends received	95,341	117,785
Income taxes paid	(113,355)	(20,487)
Net cash generated from operating activities	99,424	1,127,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(32,440)	(18,356)
Increase in refundable deposits	(1,399)	(900)
Acquisition of intangible assets	(5,044)	(783)
Decrease in other financial assets	28,188	27,144
Increase in prepayments for land	(200,000)	-
Net cash generated from (used in) investing activities	(210,695)	7,105

(Continued)

ALEXANDER MARINE CO., LTD.

STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	**2022**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 1,863,729	$ 3,365,683
Decrease in short-term borrowings	(1,457,172)	(4,016,124)
Increase in short-term bills payable	460,000	-
Decrease in short-term bills payable	-	(500,000)
Proceeds from long-term bank borrowings	-	2,000,000
Repayments of long-term bank borrowings	-	(1,126,457)
Increase in guarantee deposits received	4,300	-
Repayments of principal of lease liabilities	(65,270)	(61,487)
Dividends paid	(879,723)	(439,861)
Interest paid	(68,283)	(55,035)
Exercise of the vesting rights	317	-
Net cash used in financing activities	(142,102)	(833,281)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(253,373)	301,121
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	355,357	54,236
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 101,984	$ 355,357

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

(Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Alexander Marine Co., Ltd. (the "Corporation") was incorporated in January 1978. It mainly manufactures and sells yachts.

The shares of the Corporation have been listed on the Taiwan Stock Exchange since December 2017.

The standalone financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the board of directors and authorized for issue on February 29, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Corporation's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the standalone financial statements were authorized for issue, the Corporation has assessed that the application of the aforementioned and other standards and the amendments to interpretations will not cause material impact on its financial position and results of operations.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the standalone financial statements were authorized for issue, the Corporation is in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on its financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For readers' convenience, the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail. However, the accompanying standalone financial statements do not include the English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the standalone financial statements, the Corporation used the equity method to account for its investment in subsidiaries. To make net profit for the year, other comprehensive income and equity in the standalone financial statements equal to those attributed to owners of the Corporation in the consolidated financial statements, the effect of the differences between the standalone basis and the consolidated basis are adjusted in investments accounted for using the equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and related equity.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the standalone financial statements are authorized for issue; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the standalone financial statements of the Corporation, transactions in currencies other than the Corporation’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are recognized in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the standalone financial statements, the investments of the Corporation's foreign operations (including subsidiaries operating in other countries or using currencies different from the Corporation's functional currency) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process, etc. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation. Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing of control over the subsidiary are accounted for as equity transactions. Differences between the carrying amounts of the investment and the fair value of consideration paid or received are directly recognized in equity.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the standalone financial statements only to the extent of interests in the subsidiary that are not related to the Corporation.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant, and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use and depreciated accordingly.

Except for freehold land which is not depreciated, other depreciation is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in the estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets - computer software

Amortization of computer software is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed by the Corporation at the end of each year, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an asset of computer software, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of use assets and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified as financial assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties) and other financial assets) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits and bonds with repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivable) as well as contract assets.

The Corporation always recognizes lifetime expected credit losses (ECLs) for notes and accounts receivable and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

Internal or external information show that the debtor is unlikely to pay its creditors or the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Corporation's obligations.

l. Revenue recognition

The Corporation recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods is recognized when customers obtain control of the goods. Advances received are recognized as contract liabilities until customers obtain control of the goods and performance obligations are satisfied.

Revenue is measured at fair value, which is the discounted present value of the price agreed to by the Corporation with customers. Accounts receivable are recognized when control of the goods is transferred and the Corporation has the right to receive the consideration unconditionally. For contracts where the period between the date on which the Corporation transfers a promised good and the date on which the customer pays for the good is one year or less, the Corporation does not adjust the promised amount of consideration for any effects of a significant financing component.

2) Revenue from constructing yachts

For yacht construction contracts in the construction process, the Corporation gradually recognizes revenue over time. Since the cost of construction is directly related to the degree of completion of the performance obligation, the Corporation measures the progress of completion based on the actual investment cost as a percentage of the expected total cost. The Corporation gradually recognizes contract assets during the construction process and converts them to accounts receivable when billing. If the received construction payment exceeds the amount of recognized revenue, the difference is recognized as a contract liability.

m. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are separately expressed on the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the standalone balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all borrowing costs are recognized in profit or loss in the year in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense (recoverable) represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty - Deferred tax

Since the income of subsidiaries overseas using the equity method is expected to be used as overseas operating working capital, deferred tax liabilities are not recognized for taxable temporary differences related to such overseas investments as of December 31, 2023 and 2022. The main concern for the aforementioned estimation is the realizability of deferred tax liabilities, which depends on the repatriation of overseas earnings in the future.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 118	$ 95
Checking accounts and demand deposits	101,866	201,712
Cash equivalent (investments with original maturities within 3 months)		
Time deposits	-	122,840
Bonds with repurchase agreements	-	30,710
	$ 101,984	$ 355,357

7. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	December 31	
	2023	**2022**
Notes receivable - non-operating at amortized cost	$ 51	$ -
Accounts receivable (including related parties) - operating at amortized cost	$ 290,924	$ 250,482

The Corporation's average credit period is 180 days.

The Corporation considers the past default experience of the customer, the customer's current financial position, the economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook, to evaluate the risks and probability of credit loss.

The Corporation continues to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation reviews the recoverable amount of receivables individually on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The following table details the loss allowance of notes and accounts receivable based on the impaired aging analysis.

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 91 days Past Due	Total
Gross carrying amount	$ 290,975	$ -	$ -	$ -	$ -	$ 290,975
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 290,975	$ -	$ -	$ -	$ -	$ 290,975

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 91 days	Total
Gross carrying amount	$ 250,482	$ -	$ -	$ -	$ -	$ 250,482
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 250,482	$ -	$ -	$ -	$ -	$ 250,482

As of December 31, 2023 and 2022, no loss allowance was recognized for receivables.

8. INVENTORIES

	December 31 2023	December 31 2022
Raw materials and supplies	$ 911,604	$ 768,709
Work in progress	1,694,306	1,689,815
Finished goods	13,512	7,375
Raw materials and supplies in transit	23,678	26,975
	$ 2,643,100	$ 2,492,874

The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 was NT$2,612,663 thousand and NT$2,231,767 thousand, respectively, which includes the loss on inventories of NT$298 thousand and NT$12 thousand, respectively.

9. OTHER FINANCIAL ASSETS

	December 31 2023	December 31 2022
Current		
Restricted bank deposits	$ 40,559	$ 68,747

Refer to Note 26 for information of pledged other financial assets.

10. PREPAYMENTS

	December 31	
	2023	2022
Prepayments for goods	$ 293,744	$ 305,303
Others	13,123	2,261
	$ 306,867	$ 307,564

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Details of investments in subsidiaries:

	December 31			
	2023		2022	
Investee	Amount	% of Owner - ship	Amount	% of Owner - ship
Rocs Marine Industry corporation (Rocs Marine)	$ 306,223	100	$ 306,328	100
Alexander Marine International Co., Limited (AMI)	6,082,211	100	4,407,277	100
	$ 6,388,434		$ 4,713,605	

Parts of subsidiaries' investment were recognized based on its unaudited financial statement for the years ended 2023 and 2022. The Corporation's management considered the use of unaudited financial statements as acceptable and will not have material impact on investment income.

Refer to Table 8 "Information on Investees" for the above investees' main business nature, principal places of business and countries of incorporation.

12. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2023	$ 342,678	$ 564,090	$ 357,817	$ 24,736	$ 4,998	$ 11,952	$ 3,030	$ 1,309,301
Additions	-	6,858	17,794	174	568	372	1,452	27,218
Disposals	-	-	(13,653)	-	-	-	-	(13,653)
Balance at December 31, 2023	$ 342,678	$ 570,948	$ 361,958	$ 24,910	$ 5,566	$ 12,324	$ 4,482	$ 1,322,866
Accumulated depreciation								
Balance at January 1, 2023	$ -	$ 110,938	$ 178,309	$ 9,620	$ 3,418	$ 6,972	$ -	$ 309,257
Depreciation	-	22,932	52,098	3,374	644	1,023	-	80,071
Disposals	-	-	(8,109)	-	-	-	-	(8,109)
Balance at December 31, 2023	$ -	$ 133,870	$ 222,298	$ 12,994	$ 4,062	$ 7,995	$ -	$ 381,219
Carrying amount at December 31, 2023	$ 342,678	$ 437,078	$ 139,660	$ 11,916	$ 1,504	$ 4,329	$ 4,482	$ 941,647

For the Year Ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2022	$ 342,678	$ 562,474	$ 372,554	$ 24,736	$ 4,760	$ 10,948	$ 1,699	$ 1,319,849
Additions	-	1,616	10,425	-	238	1,004	1,331	14,614
Disposals	-	-	(25,162)	-	-	-	-	(25,162)
Balance at December 31, 2022	$ 342,678	$ 564,090	$ 357,817	$ 24,736	$ 4,998	$ 11,952	$ 3,030	$ 1,309,301
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 88,717	$ 139,765	$ 6,083	$ 2,863	$ 5,945	$ -	$ 243,373
Depreciation	-	22,221	57,548	3,537	555	1,027	-	84,888
Disposals	-	-	(19,004)	-	-	-	-	(19,004)
Balance at December 31, 2022	$ -	$ 110,938	$ 178,309	$ 9,620	$ 3,418	$ 6,972	$ -	$ 309,257
Carrying amount at December 31, 2022	$ 342,678	$ 453,152	$ 179,508	$ 15,116	$ 1,580	$ 4,980	$ 3,030	$ 1,000,044

The following items of property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	3-50 years
Machinery and Equipment	3-10 years
Transportation Equipment	5 years
Office Equipment	3-5 years
Other Equipment	3-15 years

In October 2023, the Corporation entered into an agreement with Dongfeng Co., Ltd, a non-related party, to purchase property, plant and equipment for an amount of approximately NT$1,200,000 thousand. The price was agreed upon by both parties with reference to the appraisal report issued by a professional institution. Portions of the considerations, which amounted to NT$200,000 thousand were paid in advance during 2023, and the remaining amount of NT$1,000,000 thousand was paid in January 2024 and the land ownership certificate was obtained.

Refer to Note 26 for the carrying amount of property, plant and equipment that had been pledged by the Corporation to secure borrowings.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Buildings	$ 322,921	$ 211,444

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 177,416	$ 18,687
Depreciation charge for right-of-use assets		
Buildings	$ 65,939	$ 62,325

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 55,725	$ 56,462
Non-current	$ 277,832	$ 164,949

Range of discount rate for lease liabilities (%) was as follows:

	December 31	
	2023	2022
Buildings	2.1	2.1

c. Material lease activities and terms

The Corporation leases buildings for the use of plants with lease terms of 2 to 10 years. The Corporation does not have renewal options at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 4,442	$ 1,640
Total cash outflow for leases	$ 75,733	$ 68,351

For short-term leases, the Corporation has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured loans		
Interest at 1.75%-1.90% p.a. and 0.87%-1.96% p.a. as of December 31, 2023 and 2022, respectively	$ 1,065,860	$ 659,303

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper - interest at 1.36%-1.54% p.a. as of December 31, 2023	$ 460,000	$ -
Less: Unamortized discounts	(1,379)	-
	$ 458,621	$ -

The above commercial paper was secured by Mega Bills Finance Corporation, China Bills Finance Corporation and Mizuho Corporate Bank, etc.

c. Long-term borrowings

	December 31	
	2023	**2022**
Secured loans (Note 26)		
Syndicated bank loans - due on various dates through November 2027, interest at 2.08% p.a. and 1.80% p.a. as of December 31, 2023 and 2022, respectively	$ 2,000,000	$ 2,000,000
Less: Syndicated loan fee (includes current portion)	7,756	9,756
	1,992,244	1,990,244
Less: Current portion	198,000	-
	$ 1,794,244	$ 1,990,244

The Corporation entered into a syndicated credit facility agreement with Chang Hwa Bank along with 8 other banks for a credit line of NT$5,000,000 thousand (which includes a long-term loan limits of NT$2,000,000 thousand and a short-term loan limit of NT$3,000,000 thousand) in November 2022.

Under the joint agreements, the Corporation should meet some financial ratios and criteria based on the reviewed consolidated financial statements for the six months ended June 30 and the audited annual consolidated financial statements. The Corporation was in compliance with the syndicated credit facility agreements based on its audited consolidated financial statements for the years ended December 31, 2023 and 2022.

15. OTHER PAYABLES

	December 31	
	2023	**2022**
Salaries and bonuses	$ 158,247	$ 161,751
Employees' compensation	25,888	23,240
Insurance	14,236	12,654
Purchase of equipment	723	1,672
Others	59,171	34,143
	$ 258,265	$ 233,460

16. PROVISIONS - CURRENT

	December 31	
	2023	**2022**
Guarantee	$ 62,887	$ 63,350

	For the Year Ended December 31	
	2023	**2022**
Balance, beginning of the year	$ 63,350	$ 47,684
Recognized	32,882	28,183

(Continued)

	For the Year Ended December 31	
	2023	2022
Paid	$(33,345)	$(12,517)
Balance, end of the year	$ 62,887	$ 63,350
		(Concluded)

The above liabilities are provisions for warranties and represent the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation's obligations for warranties. The estimates had been made on the basis of historical warranty trends and other known factors.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a defined contribution plan managed by the government. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Expenses of defined contribution plan amounted to NT$25,078 thousand and NT$22,606 thousand for the years ended December 31, 2023 and 2022.

b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Corporation has no right to influence the investment policy and strategy.

The amounts of defined benefit plans included in the balance sheets were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 30,217	$ 28,183
Fair value of plan assets	(22,002)	(24,901)
Net defined benefit liabilities	$ 8,215	$ 3,282

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	$ 28,183	$ (24,901)	$ 3,282
Service cost			
Current service cost	310	-	310
Interest expense (income)	319	(282)	37
Recognized in profit or loss	629	(282)	347
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(119)	(119)
Actuarial gain - changes in demographic assumptions	(156)	-	(156)
Actuarial loss - changes in financial assumptions	6,996	-	6,996
Actuarial gain - experience adjustments	(1,955)	-	(1,955)
Recognized in other comprehensive income	4,885	(119)	4,766
Contributions from the employer	-	(180)	(180)
Benefits paid	(3,480)	3,480	-
Balance at December 31, 2023	$ 30,217	$ (22,002)	$ 8,215
Balance at January 1, 2022	$ 29,410	$ (17,812)	$ 11,598
Service cost			
Current service cost	326	-	326
Interest expense (income)	197	(119)	78
Recognized in profit or loss	523	(119)	404
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,341)	(1,341)
Actuarial loss - changes in demographic assumptions	22	-	22
Actuarial gain - changes in financial assumptions	(380)	-	(380)
Actuarial gain - experience adjustments	(1,338)	-	(1,338)
Recognized in other comprehensive income	(1,696)	(1,341)	(3,037)
Contributions from the employer	-	(5,683)	(5,683)
Benefits paid	(54)	54	-
Balance at December 31, 2022	$ 28,183	$ (24,901)	$ 3,282

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rate (%)	1.22	1.13
Expected rate of salary increase (%)	4.50	1.00
Turnover rate (%)	0.10-5.00	0.10-5.00

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate		
0.5% increase	$ (1,332)	$ (371)
0.5% decrease	$ 1,426	$ 450
Expected rate of salary increase		
0.5% increase	$ 1,373	$ 447
0.5% decrease	$ (1,297)	$ (373)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
The expected contributions to the plan for the next year	$ 357	$ 347
The average duration of the defined benefit obligation	9 years	3 years

18. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	150,000	150,000
Shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands)	88,886	88,886
Shares issued	$ 888,863	$ 888,863

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset deficits, distributed as cash, or transferred to share capital (Note)		
Issuance of ordinary shares	$ 987,340	$ 987,340
May be used to offset deficit only		
Expired share options	5,248	5,248
Other- exercise of the vesting rights	317	-
	$ 992,905	$ 992,588

Note: The capital surplus could be used to offset deficit, distributed as cash dividends or transferred to share capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders.

Under the dividend policy as set forth in the Corporation's Articles of Incorporation, taking into consideration the current and future development plans, investment environment, funding needs and domestic and foreign competition, as well as shareholders' interest, dividends shall be paid at a percentage of not less than 20% of the distributable earnings for the year; if the distributable earnings for the year amount to less than 2% of the paid-in capital, no dividends may be paid. The percentage of cash dividends paid shall not be less than 10% of the total amount of cash and stock dividends paid in that year.

The aforementioned dividend distribution percentage may be adjusted based on financial, business and operational considerations.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", should appropriated to or reversed from special reserve by the Corporation.

The appropriations of earnings for 2022 and 2021 which had been approved in the shareholders' meetings in June 2023 and 2022, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 175,571	$ 72,977		
(Reversal of) special reserve	(221,535)	60,881		
Cash dividends	879,723	439,861	$10.00	$ 5.00

The appropriations of earnings for 2023 which had been proposed by the Corporation's board of directors in February 2024 are as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 207,761	
Cash dividends	1,055,667	$ 12.00

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in the shareholders' meeting to be held in June 2024.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	$ 116,098	$ (221,535)
Exchange differences on translating the financial statements of foreign operations	(27,081)	337,633
Balance, end of the year	$ 89,017	$ 116,098

e. Treasury shares

Purpose of Buy back	Beginning of the Year	During the Year Increase	During the Year Decrease	December 31 Number of Shares (In Thousands of Shares)	December 31 Book Value
For the year ended December 31, 2023					
Buy-back and transfer to employees	914	-	-	914	$ 46,442
For the year ended December 31, 2022					
Buy-back and transfer to employees	914	-	-	914	$ 46,442

In order to motivate employees and improve their work performance, the board of directors bought back ordinary shares from listed market in 2020 for the purpose of transferring to employees.

Under the Securities and Exchange Act, the number of treasury shares shall not exceed 10% of the total issued shares, and the cash paid for the acquisition of treasury shares shall not exceed the sum of retained earnings, additional paid-in capital from the issuance of common shares and realized capital surplus. According to the Act, if the treasury shares acquired by the Corporation are for transferring to its employees, the transfer of the shares should be completed within 5 years from the acquisition date.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as the rights to dividend and the rights to vote.

19. OPERATING REVENUE

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties)	$ 290,924	$ 250,482	$ 37,159
Contract assets			
Yacht construction project	$ -	$ 35,643	$ 35,643
Contract liabilities			
Sale of goods	$ 1,094,404	$ 1,358,249	$ -

b. Disaggregation of revenue

Type of goods or services	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Sale of yachts	$ 3,269,783	$ 2,680,513
Yacht construction revenue	1,876	-

(Continued)

	For the Year Ended December 31	
	2023	2022
Others	$ 3,396	$ 4,110
	$ 3,275,055	$ 2,684,623

(Concluded)

c. Contracts that have not been fully completed

As of December 31, 2022, the transaction price allocated to the outstanding performance obligations were NT$1,876 thousand. The Corporation will gradually recognize revenue as the yacht construction is completed. The construction revenue has been recognized in 2023.

20. PROFIT BEFORE INCOME TAX

a. Other income

	For the Year Ended December 31	
	2023	2022
Compensation	$ 3,335	$ 4,407
Management income	4,400	4,400
Rental income	2,112	2,137
Others	2,324	5,810
	$ 12,171	$ 16,754

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gain (loss)	$ 7,403	$ (43,854)
Gain on lease modification	-	608
	$ 7,403	$ (43,246)

c. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest from bank borrowings	$ 63,524	$ 50,045
Interest from lease liabilities	6,021	5,224
	69,545	55,269
Less: Amounts included in the cost of qualifying assets	6,021	5,224
	$ 63,524	$ 50,045

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 80,071	$ 84,888
Intangible assets	941	1,045
Right-of-use assets	65,939	62,325
	$ 146,951	$ 148,258
An analysis of depreciation by function		
Operating costs	$ 144,001	$ 145,089
Operating expenses	2,009	2,124
	$ 146,010	$ 147,213
An analysis of amortization by function		
Operating costs	$ 820	$ 909
Operating expenses	121	136
	$ 941	$ 1,045

e. Employee benefits

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries	$ 829,080	$ 799,898
Labor and health insurance	59,686	51,571
Others	6,737	$ 5,850
	$ 895,503	$ 857,319
Post-employment benefits (Note 17)		
Defined contribution plans	$ 25,078	$ 22,606
Defined benefit plans	347	404
	$ 25,425	$ 23,010
Analysis of employee benefits by function		
Operating costs	$ 872,179	$ 829,965
Operating expenses	48,749	50,364
	$ 920,928	$ 880,329

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation, the Corporation should distribute employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively. Employees' compensation and remuneration of directors (all in cash) for the years ended December 31, 2023 and 2022 which have been approved by the Corporation's board of directors in February 2024 and March 2023, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2023	2022
Compensation of employees	$ 25,888	$ 23,240
Remuneration of directors	$ -	$ -

If there is a change in the proposed amounts after the annual standalone financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 102,940	$ 74,149
Income tax on unappropriated earnings	44,471	14,044
Adjustments for prior year	(6)	-
Deferred tax		
In respect of the current year	(14,594)	532
	$ 132,811	$ 88,725

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 2,214,238	$ 1,842,003
Income tax expense calculated at the statutory rate	$ 442,847	$ 368,401
Non-deductible expenses (income) in determining taxable income	(373,314)	(317,033)
Taxation for repatriated offshore funds	18,813	23,313
Income tax on unappropriated earnings	44,471	14,044
Adjustments for prior year	(6)	-
	$ 132,811	$ 88,725

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Current year		
Remeasurement of defined benefit plans	$ (953)	$ 607

c. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets				
Unrealized exchange loss	$ 717	$ 639	$ -	$ 1,356
Defined benefit pension plan	651	34	953	1,638
Unrealized gain on the transactions with subsidiaries	15,629	13,973	-	29,602
Provision	12,670	(93)	-	12,577
Others	1,731	41	-	1,772
	$ 31,398	$ 14,594	$ 953	$ 46,945
Deferred tax liabilities				
Land value increment tax	$ 8,411	$ -	$ -	$ 8,411

For the Year Ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets				
Unrealized exchange loss	$ -	$ 717	$ -	$ 717
Defined benefit pension plan	2,313	(1,055)	(607)	651
Unrealized gain on the transactions with subsidiaries	19,786	(4,157)	-	15,629
Provision	9,537	3,133	-	12,670
Others	1,628	103	-	1,731
	$ 33,264	$ (1,259)	$ (607)	$ 31,398
Deferred tax liabilities				
Land value increment tax	$ 8,411	$ -	$ -	$ 8,411
Unrealized exchange gain	727	(727)	-	-
	$ 9,138	$ (727)	$ -	$ 8,411

d. Income tax assessments

The Corporation’s income tax returns through 2021 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2023	2022
Net profit for the year	$ 2,081,427	$ 1,753,278

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	87,972	87,972
Effect of potentially dilutive ordinary shares:		
Compensation of employees	81	102
Weighted average number of ordinary shares used in the computation of diluted earnings per share	88,053	88,074

The Corporation may settle the compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure the maintenance of a robust credit rating and good capital proportion to support business operations and maximize shareholders’ equity. The Corporation manages and adjust its capital structure based on the economic conditions and might achieve the purpose of maintaining and adjusting its capital structure by adjusting the dividends paid, returning capital or by issuing new shares.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial instruments that are not measured at fair value, such as cash and cash equivalents, receivables and payables approximate their fair values.

b. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Measured at amortized cost (Note 1)	$ 470,414	$ 706,374
Financial liabilities		
Measured at amortized cost (Note 2)	3,996,109	3,150,941

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents (excluding cash on hand), notes receivable, accounts receivable (including related parties), other receivables (including related parties), refundable deposits (other non-current assets) and other financial assets - current.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables, long-term bank borrowings (including current portion) and guarantee deposits received.

c. Financial risk management objectives and policies

The financial risk management objective of the Corporation is to manage market risk, credit risk and liquidity risk of operations, and to identify, evaluate and manage the aforementioned risks following related policies and risk preference.

The Corporation has built up appropriate policies, procedures and internal controls under related rules for the aforementioned financial risk management. Material financial activities need to be reviewed by the board of directors and the audit committee under related rules and internal control system. When executing financial management activities, the Corporation needs to ensure compliance with the related rules of financial risk management.

1) Market risk

a) Foreign currency risk

Foreign currency risk of the Corporation mainly comes from operation (when currency used to recognize revenue or expense is different from the Corporation’s functional currency) and investments in foreign operations.

Some of the foreign currency receivables and payables are recognized in the same currency and thus have natural hedging effects. In addition, as investments in foreign operations are considered strategic investments, they are not hedged. For the carrying amounts of the significant non-functional currency monetary assets and liabilities at the end of the reporting period, refer to Note 28.

The Corporation was mainly exposed to the USD and EUR. The following table details the sensitivity to a 1% increase in the functional currency against the relevant foreign currencies.

	USD Impact (Note)		EUR Impact (Note)	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Pre-tax profit or (loss) gain	$ (4,298)	$ (5,113)	$ 77	$ 1,869

Note: These were mainly attributable to the exposure of cash and cash equivalents, receivables, other receivables, other financial assets, payables, other payables and bank borrowings which were not hedged at the balance sheet date.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows fluctuate due to changes in market interest rates. Interest rate risk of the Corporation mainly comes from fixed and floating interest rate borrowings.

The carrying amounts of the Corporation's financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ -	$ 153,550
Financial liabilities	792,178	221,411
Cash flow interest rate risk		
Financial assets	142,425	270,459
Financial liabilities	3,058,104	2,649,547

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would have been lower/higher by NT$29,157 thousand and NT$23,791 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. It mainly comes from receivables, bank deposits and other financial instruments generated from operating activities. The Corporation manages customers' credit risk in accordance with the credit risk policies, procedures and controls. Assessment of the credit risk of all counterparties takes into consideration the financial condition of the counterparty and its risk rating assigned by credit rating agencies, historical transaction experience, current economic environment and internal rating standards. The Corporation also adopts credit enhancement tools such as contract liabilities when appropriate to lower the credit risk of counterparties.

As of December 31, 2023 and 2022, the Corporation's main customers were its subsidiaries and accounts receivable from its subsidiaries accounted for 100% of the total accounts receivable.

The finance department of the Corporation manages the credit risk of its bank deposits and other financial instruments in accordance with the company policies. The Corporation does not have significant credit risk because the counterparties are selected based on internal control procedures and are creditworthy banks, investment grade financial institutions, companies and government agencies and will no doubt fulfill their obligations.

As of December 31, 2023, the maximum credit risk of off-balance-sheet guarantees provided to subsidiaries was NT$272,347 thousand.

3) Liquidity risk

The Corporation maintains financial flexibility by managing and maintaining enough cash and bank borrowings. Bank borrowings are a critical source of liquidity to the Corporation. As of December 31, 2023 and 2022, unused credit amounted to NT$4,435,587 thousand and NT$5,181,347 thousand, respectively.

The following table details the undiscounted cash flows of the Corporation's remaining contractual maturities for its non-derivative financial liabilities from the earliest date on which they can be required to pay. The tables include both interest and principal cash flows.

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
December 31, 2023				
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 1,313,731	$ 1,877,914	$ -	$ 3,191,645
Non-interest bearing liabilities	473,629	-	4,300	477,929
Fixed interest rate liabilities	460,000	-	-	460,000
Lease liabilities	66,540	230,862	98,483	395,885
Financial guarantee liabilities	272,347	-	-	272,347
	$ 2,586,247	$ 2,108,776	$ 102,783	$ 4,797,806
December 31, 2022				
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 701,525	$ 2,103,229	$ -	$ 2,804,754
Non-interest bearing liabilities	500,580	-	-	500,580
Lease liabilities	60,437	159,386	12,854	232,677
Financial guarantee liabilities	469,464	-	-	469,464
	$ 1,732,006	$ 2,262,615	$ 12,854	$ 4,007,475

25. TRANSACTIONS WITH RELATED PARTIES

a. The name of the company and its relationship with the Corporation

Related Party Name	Relationship with the Corporation
Rocs Marines Industry Corporation. (Rocs Marine)	Subsidiary
Alexander Marine International Co., Limited (AMI)	Subsidiary
Alexander Marine USA Inc. (AMUSA)	Subsidiary
Merritt Island Boat Works, Inc. (MIBW)	Subsidiary
Alexander Marine Australia Pty Ltd (AMA)	Subsidiary
Pacific Coast Yachting Services, Inc. (PCYS)	Subsidiary
East Coast Yacht Group Inc. (ECYG)	Subsidiary
Johnny Chueh and others	Management of the Corporation

b. Operating revenue

Account Item	Related Party Type /Name	For the Year Ended December 31 2023	2022
Revenues from sales of goods	Subsidiaries		
	AMI	$ 3,271,659	$ 2,680,513
	Others	3,396	4,110
		$ 3,275,055	$ 2,684,623

The Corporation did not sell similar products to non-related parties, therefore, the prices were not comparable with non-related parties, for which the receivables were collected within 6 months.

c. Purchase of goods

Account Item	Related Party Type /Name	For the Year Ended December 31 2023	2022
Purchase of goods	Subsidiaries		
	MIBW	$ 128,659	$ 206,062
	Others	102	105
		$ 128,761	$ 206,167

Purchased from related parties were made at arm’s length, for which the payables were paid within 6 months.

d. Contract assets

Account Item	Related Party Type /Name	December 31 2023	2022
Contract assets	Subsidiaries		
	AMI	$ -	$ 35,643

No allowance for losses was provided for contract assets generated by related parties in 2022.

e. Contract liabilities

Account Item	Related Party Type /Name	December 31 2023	2022
Contract liabilities	Subsidiaries		
	AMI	$ 1,094,404	$ 1,358,249

f. Accounts receivable - related parties

Account Item	Related Party Type /Name	December 31 2023	2022
Accounts receivable - related parties	Subsidiaries		
	AMI	$ 290,714	$ 249,854
	Others	210	628
		$ 290,924	$ 250,482

No guarantees had been received for receivables from related parties. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for receivables from related parties.

g. Other receivables - related parties

Account Item	Related Party Type /Name	December 31 2023	December 31 2022
Other receivables - related parties	Subsidiaries		
	AMI	$ 155	$ -
	Others	1,155	1,156
		$ 1,310	$ 1,156

h. Payables to related parties

Account Item	Related Party Type /Name	December 31 2023	December 31 2022
Accounts payable - related parties	Subsidiaries		
	MIBW	$ 39,757	$ 75,099

The outstanding accounts payable to related parties are unsecured.

i. Other payables to related parties

Account Item	Related Party Type /Name	December 31 2023	December 31 2022
Other payables	Subsidiaries		
	AMI	$ 35,642	$ 10,503
	Others	1,577	469
		$ 37,219	$ 10,972

j. Other related party transactions

1) The Corporation rented land and a plant for operating use from Rocs Marine with a lease term of 4 years at a rental price determined based on the rental prices in the vicinity. As of December 31, 2023, this lease agreement was recognized under IFRS 16.

2) As of December 31, 2023, Johnny Chueh, acted as joint guarantors of the Corporation's borrowings from financial institutions.

3) As of December 31, 2023, the subsidiary - Rocs Marine provided its land as a guarantee for the Corporation's borrowings from financial institutions.

4) As of December 31, 2023 and 2022, guarantees provided to the subsidiary - AMI were USD82,000 thousand and USD77,000 thousand, as follows:

	December 31 2023	December 31 2022
Amount endorsed	$ 2,517,810	$ 2,364,670
Amount utilized	$ 272,347	$ 469,464

k. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 13,420	$ 17,816
Post-employment benefits	367	445
	$ 13,787	$ 18,261

26. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Other financial assets - current	$ 40,559	$ 68,747
Property, plant and equipment	706,419	715,497
	$ 746,978	$ 784,244

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except as stated in other notes, significant commitments and contingencies of the Corporation as of December 31, 2023 were as follows:

a. Guarantee notes issued by the Corporation for the provision of performance guarantees and construction guarantees for the rental of a plant amounted to NT$20,240 thousand.

b. Due to a dispute regarding yacht defects, David Parker and Big Bird Holding LLC sued the Corporation and its agent Ocean Alexander Marine Yacht Sales Inc. (OAMYS, Other related party of the Corporation) as defendants at the U.S. District Court of the Central District of California. The court of first instance ruled that the Corporation and OAMYS should copay the compensation amount of USD4,205 thousand. The Corporation had filed an appeal and the proportion and amount of the compensation remain undecided. Besides this, OAMYS's de facto responsible person has issued a statement of commitment. Should this case require the responsibility for compensation at the end, OAMYS will be liable for compensation. The Corporation accessed that the aforementioned case had no material impact on operations.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Corporation and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2023				
Financial assets				
Monetary items				
USD	$ 17,025	30.705	(USD:NTD)	$ 522,753
GBP	113	39.15	(GBP:NTD)	4,424
EUR	87	33.98	(EUR:NTD)	2,956
Non-monetary items				
Investments accounted for using the equity method				
USD	202,906	30.705	(USD:NTD)	6,230,223
Financial liabilities				
Monetary items				
USD	3,027	30.705	(USD:NTD)	92,944
EUR	315	33.98	(EUR:NTD)	10,704
December 31, 2022				
Financial assets				
Monetary items				
USD	19,755	30.71	(USD:NTD)	606,676
EUR	635	32.72	(EUR:NTD)	20,777
Non-monetary items				
Investments accounted for using the equity method				
USD	146,057	30.71	(USD:NTD)	4,485,420
Financial liabilities				
Monetary items				
USD	3,106	30.71	(USD:NTD)	95,385
EUR	6,346	32.72	(EUR:NTD)	207,641

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gain or loss were a gain of NT$7,403 thousand and a loss of NT$43,854 thousand, respectively.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 5)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 7)

9) Trading in derivative instruments (None)

b. Information on investees (Table 8)

c. Information on investments in mainland China (None)

d. Information of major shareholders

List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares (Table 9)

30. SEGMENT INFORMATION

Disclosure of the segment information in the standalone financial statements is waived.

TABLE 1

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
1	AMI	AMUSA	Other receivables - related parities	Yes	$ 1,281,925	$ 767,625	$ 257,922	-	Business relationship	$ 308,859	-	$ -	-	$ -	$ 6,230,223	$ 6,230,223	Note
1	AMI	AMA	Other receivables - related parities	Yes	96,999	-	-	-	Business relationship	28,355	-	-	-	-	6,230,223	6,230,223	Note

Note: According to "Operational Procedures for Fund Lending" established by AMI, the total available amount for lending to others and the total amount for lending to a directly or indirectly 100% owned foreign company shall not exceed 100% and 100% of the net worth of AMI, respectively.

TABLE 2

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

NO.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	The Corporation	AMI	Note 1	$ 5,851,988	$ 2,562,910	$ 2,517,810	$ 272,347	$ -	43.02	$ 5,851,988	Y	N	N	Note 2

Note 1: Investee company of which 100% of its voting shares are directly owned by the Corporation.

Note 2: According to “The operational procedures of endorsements/guarantees” established by the Corporation, the ceilings of the aggregate amounts endorsed to the entities or on the amounts endorsed to any single entity shall not exceed 100% and 50% of the net worth of the Corporation, respectively. For endorsements/guarantees provided to 100% directly-owned subsidiaries, the ceilings on the aggregate amounts endorsed to the entities or the amounts endorsed to any single entity shall not exceed 100% and 100% of the net worth of the Corporation, respectively.

TABLE 3

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
AMI	Mutual funds							
	JPM USD LIQUIDITY LVNAV FUND	-	Financial assets at fair value through profit or loss - current	15,553,314.94	$ 477,564	-	$ 477,564	
	JPM INCOME USD DIV C	-	Financial assets at fair value through profit or loss - current	87,412.587	227,872	-	227,872	
	PIMCO INCOME FUND USD INC INST	-	Financial assets at fair value through profit or loss - current	702,905.342	232,662	-	232,662	

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note)		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
AMI	Mutual funds													
	JPM USD LIQUIDITY LVNAV FUND	Financial assets at fair value through profit or loss - current	-	-	-	$ -	15,553,314.94	$ 477,564	-	$ -	$ -	$ -	15,553,314.94	$ 477,564
	JPM INCOME USD DIV C	Financial assets at fair value through profit or loss - current	-	-	-	-	87,412.587	227,872	-	-	-	-	87,412.587	227,872
	PIMCO INCOME FUND USD INC INST	Financial assets at fair value through profit or loss - current	-	-	-	-	702,905.342	232,662	-	-	-	-	702,905.342	232,662

Note: Acquisition amount for this year includes considerations and valuation gain or loss.

TABLE 5

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount (Pretax)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Corporation	Land	2023.09.18	$ 1,200,000	Based on the terms in the contract	Dongfeng Co., Ltd	Non- related party	-	-	-	$ -	Consideration was agreed upon by both parties with reference to the appraisal report issued by a professional organization.	For operational use	In September 2023, the board of directors resolved to purchase property, plant and equipment, and the Corporation entered into an agreement, to buy land in October 2023. As of December 31, 2023, the Corporation had paid NT$200,000 thousand, which was recorded under prepayment for land. In addition, in January 2024, the Corporation obtained the land ownership certificate.

TABLE 6

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Corporation	AMI	Subsidiary	Sales	$ (3,271,659)	(100)	Receivables were collected monthly within 6 months	$ -	Receivables were collected monthly within 6 months	Accounts receivable $ 290,714	90	
The Corporation	MIBW	Subsidiary	Purchase	128,659	8	Receivables were collected monthly within 6 months	-	Receivables were collected monthly within 6 months	Accounts payable (39,757)	(18)	
ECYG	AMI	The Parent company	Repairs and maintenance revenue	(265,779)	(95)	Receivables were collected monthly within 6 months	-	Receivables were collected monthly within 6 months	Accounts receivable 22,035	87	
AMI	AMUSA	Subsidiary	Sales	(308,859)	(5)	Receivables were collected monthly within 6 months	-	Receivables were collected monthly within 6 months	Other receivables 257,922	13	Note

Note: AMI of subsidiary loans to AMUSA.

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
The Corporation	AMI	Subsidiary	$ 290,714	12	$ -	-	$ 290,714	$ -	
AMI	AMUSA	Subsidiary	257,922	-	-	-	-	-	Note

Note : AMI of subsidiary loans to AMUSA.

TABLE 8

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Corporation	AMI	Hong Kong	Sales of yachts	$ 1,329,276 (HKD 13,000 and USD 42,332)	$ 1,329,276 (HKD 13,000 and USD 42,332)	10,000	100.00	$ 6,082,211	$ 1,865,950	$ 1,865,950	
The Corporation	Rocs Marine Industry Corporation	Taiwan	Lease of real estate	302,103	302,103	674,310	100.00	306,223	1,440	1,170	
AMI	AME	United States	General investment	627,736 (USD 20,444)	698,471 (USD 22,744)	10,000	100.00	501,818	(17,727)	(17,727)	
AMI	AMA	Australia	Sales of yacht and repair of parts	206,653 (AUD 9,850)	180,180 (AUD 8,650)	-	100.00	5,172	(25,078)	(25,078)	
AMI	MYT	Australia	Sale of used yacht	8,392 (AUD 400)	8,332 (AUD 400)	-	100.00	728	103	103	
AME	AMUSA	United States	Sales of yacht and repair of parts	552,690 (USD 18,000)	552,780 (USD 18,000)	-	100.00	239,977	(57,256)	(57,256)	
AME	MIBW	United States	Sale of parts	1,457,873 (USD 47,480)	1,519,531 (USD 49,480)	-	100.00	138,988	11,579	5,825	
AME	PCYS	United States	After - sales service and repair of yacht	55,269 (USD 1,800)	55,278 (USD 1,800)	100,000	100.00	89,686	12,751	12,751	
AME	ECYG	United States	After - sales service and repair of yacht	36,846 (USD 1,200)	36,852 (USD 1,200)	-	100.00	32,980	20,956	20,956	

Note: The Group's Alexander Marine California was held by a foreign holding company, Alexander Marine USA Inc.. According to local laws, the main financial statements are the consolidated financial statements, therefore only the holding company Alexander Marine USA Inc. was disclosed.

TABLE 9

ALEXANDER MARINE CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of the Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
BRIDGETOP GLOBAL COMPANY LIMITED	17,886,745	20.12
KUO, YI-HUI	8,943,830	10.06
JOHNNY CHUEH	8,348,097	9.39
CTBC Commercial Bank - Obi-Wan Investment Co., Ltd.	7,998,138	8.99
CTBC Commercial Bank - Stone Link Global Co., Ltd.	7,998,138	8.99
TSE-NING INVESTMENT CO., LTD. PREPARATORY OFFICE, REPRESENTATIVE JOHNNY CHUEH	7,000,000	7.87
LI-CHIA INVESTMENT CO., LTD.	6,666,000	7.49

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's ordinary shares and preference shares (includes treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the standalone financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

Alexander Marine Co., Ltd.

Chairman: Johnny Chueh