



股票代號 Stock code
6768

志強國際企業股份有限公司

SPORTS GEAR CO., LTD.

2023

股東常會 議事手冊

2023 Annual Shareholders' Meeting Meeting Agenda

NOTE:

This English translation is for reference purposes only and not a legally definitive translation of the original Chinese texts. In the event a difference arises regarding the meaning herein, the original Chinese version shall prevail as the official authoritative version.

方式：實體股東會

日期：2023年5月30日

地點：南山人壽教育訓練中心(台中市烏日區成功西路300號)B101階梯式演講廳

公司網址：<http://www.sportsgear.com.tw>

公開資訊觀測站網址：https://mops.twse.com.tw/mops/web/t57sb01_q5

刊印日期：2023.04.10
Printed on

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Chapter I. Sports Gear Co., Ltd. 2023 Annual Shareholders' Meeting Procedures

- I. Call meeting to order
- II. Chairperson's remarks
- III. Matters to Report
- IV. Matters for Ratification
- V. Matters for Discussion
- VI. Extraordinary Motions
- VII. Adjournment

Chapter II. Sports Gear Co., Ltd. 2023 Annual Shareholders' Meeting Agenda

Meeting method: Physical shareholders' meeting

Meeting time: 09:30 AM, May 30, 2023 (Tuesday)

Meeting location: Nanshan Life Insurance Education and Training Center
(No. 300, Chenggong W. Road, Wuri District, Taichung City)
B101 Lecture Hall

Meeting procedure:

- I. Report the number of shares in attendance
- II. Call meeting to order
- III. Chairperson's remarks
- IV. Matters to Report
 - (1) 2022 Business Report.
 - (2) 2022 Report by Audit Committee on Review of the Financial Statements.
 - (3) 2022 Employee and Director Remuneration Distribution Report.
- V. Matters for Ratification
 - (1) Ratify the 2022 Business Report and Consolidated Financial Report.
 - (2) Ratification of the 2022 Earnings Distributions.
- VI. Matters for Discussion
 - (1) Amendment to some articles of the Company's "Articles of Incorporation."
- VII. Extraordinary Motions
- VIII. Adjournment

Chapter III. Matters to Report

First Proposal

Proposal: 2022 Business Report.

Description: For the Company's 2022 Business Report, please refer to Attachment 1 (pages 5-6).

Second Proposal

Proposal: 2022 Report by Audit Committee on Review of the Financial Statements.

Description: For the Audit Committee Report, please refer to Attachment 2 (page 7).

Third Proposal

Proposal: 2022 Employee and Director Remuneration Distribution Report.

Description:

- I. The Company passed the resolution of the Board of Directors on March 09, 2023. According to the provisions of Article 121 of the Company's Articles of Incorporation, employee remuneration shall not be less than 2% of the profit when the Company's shares are traded in designated securities markets. The Company proposes allocating 3.03% of the net profit before tax (deducting benefits before distribution of employee and director remuneration), a total of NT\$74,450,000, as employee remuneration in 2022, which will be paid in cash.
- II. The Company passed the resolution of the Board of Directors on March 09, 2022. According to the provisions of Article 121 of the Company's Articles of Incorporation, the remuneration of its directors shall not exceed 2% of the profit during the trading period of the Company's shares in designated securities markets. The Company proposes allocating 0.97% of the net profit before tax (deducting benefits before the distribution of employee and director remuneration), a total of NT\$23,824,000, as director remuneration in 2022, which will be paid in cash.

Chapter IV. Matters for Ratification

First Proposal

Proposal: Ratify the 2022 Business Report and Consolidated Financial Report. (Provided by the Board of Directors)

Description:

- I. The Company's 2022 Consolidated Financial Statements have been approved by the board of directors and audited by certified public accountants Amy Chiang and Wu, Shao-Chun from Deloitte Taiwan.

- II. The 2022 Business Report and Consolidated Financial Report are included in Attachment 1 (pages 5-6) and Attachment 3 (pages 8-17), which are approved for ratification by the annual shareholders' meeting.

Resolution:

Second Proposal

Proposal: Ratification of the 2022 Earnings Distributions. (Provided by the Board of Directors)

Description:

- I. The Company's 2022 net profit attributable to the parent company after tax plus undistributed earnings at the beginning of the period is NT\$3,053,309,342. The Company has allocated a 10% statutory surplus reserve of NT\$180,809,073, and a special surplus reserve of NT\$794,856,841. The distributable earnings are NT\$3,667,357,110. The proposed cash dividend per share is NT\$5.
- II. The Chairperson is proposed to be authorized to determine the baseline date, payment date and other related matters of this cash dividend distribution. If calculated on the basis of the number of shares held by shareholders in the shareholder register on the baseline date of cash dividend distribution, it is calculated to the nearest NT\$ (rounded to the nearest NT\$). If the distributed cash dividend is less than NT\$1, the total amount shall be listed as other income of the Company. When there are subsequent changes in the number of issued shares that are entitled to participate in the distribution due to the operating conditions of the Company, making it is necessary to adjust the actual distribution amount per share, it shall request the shareholders' meeting to authorize the Chairman to make the necessary adjustments.
- III. Please refer to Attachment 4 (page 18) for details on the 2022 Earnings Distributions.
- IV. The above matters have been approved for ratification by the annual shareholders' meeting.

Resolution:

Chapter V. Matters for Discussion

First Proposal

Proposal: Amendment to some articles of the Company's "Articles of Incorporation." (Provided by the Board of Directors)

Description:

- I. In accordance with Taiwan Stock Exchange' s (TWSE) Announcement No.Tai-

Zheng-Shang-2 No.1111704310 on January 9, 2023 to amend “Checklist for the Protection of Shareholders’ Rights and Interests in the Country of Registration of Foreign Issuers” , it is proposed to amend some provisions of the Company's Articles of Incorporation.

- II. A comparison table of the revised provisions is attached, as detailed in Attachment 5 (page 19-24).
- III. The matters above are approved for a vote by extraordinary resolution at the annual shareholders' meeting.

Resolution:

Chapter VI. Extraordinary Motions

Chapter VII. Adjournment

2022 Business Report

I. Preface:

With the slow down of the pandemic in 2022, European and US economies recover, and thanks to the increase in shipment of high-price shoes and effectiveness of the adjustment in product mix, especially the Qatar World Cup, the demand for brand customer football shoes and sports shoes strengthened, pushing up the performance of the businesses in 2022. In 2022, the Company generated a revenue of NT\$18.52 billion, an increase of NT\$6.19 billion from 2021's NT\$12.33 billion, producing an annual growth of 50.17%; the overall net profit after tax increases by NT\$1.16 billion compared to 2021, which is 178.87% growth. 2022's revenue, profit and EPS hit historic highs. The Company's 2022 operating performance and 2023 business plan are as follows:

II. 2022 Business Report

(1) Business Plan Implementation Results Unit: Thousand NTD

Accounting items	2022	2021	Amount of increase (decrease)	Change ratio (%)
Net operating revenue	18,524,986	12,335,924	6,189,062	50.17%
Gross profit	4,284,342	2,434,574	1,849,768	75.98%
Net profit	2,253,074	795,545	1,457,529	183.21%
Net profit before tax	2,363,897	863,906	1,499,991	173.63%
Net profit after tax	1,802,024	646,190	1,155,834	178.87%

(2) Analysis of financial gains and losses and profitability

Analysis items		2022	2021
Financial structure	Ratio of liabilities to assets (%)	29.45	26.83
	Ratio of long-term capital to real estate properties, plants and equipment (%)	337.33	351.89
Liquidity	Current ratio (%)	325.89	361.75
	Quick ratio (%)	283.06	311.71
Profitability	ROA (%)	10.20	4.33
	ROE (%)	13.76	5.66
	Net profit margin (%)	9.73	5.24
	earnings per share (EPS) (NTD)	9.22	3.42

(3) 2022 budget execution: The Company has not disclosed its 2022 financial forecast.

(4) Production overview:

The Group produced 43,791 thousand pairs of shoes in 2022, an increase of 34.80% from 2021, with Vietnam accounting for 60.44%, and Cambodia accounting for 39.56%. The main production strategies for each region in 2022 are as follows.

- 26,468 thousand pairs produced in Vietnam It will continue to be the main production base of the Group. We will continue to improve our production management and increase the proportion of automated equipment used in the future.
- 17,323 thousand pairs produced in Cambodia The newly expanded S3 plant is now in the production stage, and we will continue to enhance our production technology capabilities through process improvement.
- The future capacity expansion will be in line with the globalization plan. In addition to Germany's automated factory which has gone into operation and the construction of the new production base in Portugal, the new Indonesian plant currently in the construction phase has the potential in becoming the next important shoe manufacturing base, and will continue to cater to the market and gradually expand its production capacity.

(5) Research and development

The Company continues to invest in the innovation of various processes. In 2022, it invested NT\$381,738,000 in research and development, which amounts to 2.06% of the consolidated revenue, mainly in the upgrade of direct injection technology and the improvement of various processes, to increase production efficiency and for the innovation of production technologies. In addition to setting up exclusive R&D centers in cooperation with major brands, the Company closely interacts with brands from the product development phase, improves sample quality completion and sample delivery speed, and provides its brand customers with superior services and solutions.

Portugal's research and development center is an important base for the Company's European research and development. It is a shoe manufacturing plant that integrates design, development and small batch production. The advanced manufacturing technologies such as direct injection are the core areas of the Company's European development activities. Through the cooperation with Germany FIL in the research and development of automated production and DI technology, trial production of high-priced direct injection shoes is conducted, in the aim to expand other investment opportunities in Europe.

(6) Corporate Social Responsibility

In the 2022 post-pandemic era, the Company continues to fulfill its corporate

responsibility in pandemic prevention by collaborating with Sports Gear Social Welfare Foundation in assisting Cardiothoracic and Vascular Anesthesia to provide rapid test kits.

We also continue to cooperate with Tai-An Hospital and Taiwan Adventist Foundation in visiting remote tribal villages to provide oral medical services, upgrade the teaching equipment and teaching quality for students in remote regions, care for the elderly during the winter and festive seasons, etc.

By cooperating with The Society of Wilderness, we conducted creek cleanup at Taichung City's Fazi Creek, raising the public's attention to rubbish reduction and river ecological conservation, playing a part in environmental protection through actual actions.

In addition, all of our overseas factories aimed at sustainable management, implementing green policies to achieve energy saving, waste reduction, and resource regeneration for the protection of our only planet.

III. 2023 Business Plan

(1) Business Plan

The impact of inflation and continuous interest rate hikes have caused the global economy to slow down. Due to customer inventory adjustment, we will adopt a cautious and conservative operational approach in 2023. Looking forward to 2023, there are still many challenges. We will work with our employees, take active actions in controlling the cost, and improve the Company's operation and profitability, so as to continue to create long-term benefits for all our shareholders and employees.

(2) Outlook and Development Strategy

With the Company's professional management team, as well as our products' quality stability and compliance with the standards of international brands, besides continuing to cultivate existing customers, we will also actively expand new customers. In order to satisfy the needs of brand customers, the Company will continue to expand the capacity, and when the new production base is put into operation, it will inject new growth momentum into the operation. In terms of production, we are committed to building automated equipment, improving production efficiency and implementing lean management, to reduce defect rate.

(3) The Impact of the External Competitive Environment, Regulatory Environment, and Overall Business Environment

The Company adheres to sustainable operation, actively handles different external challenges, gathers information at all times and provides prompt feedback, so as to attain stable growth and sustainable development.

Chairman:

Manager:

Head of Accounting:

The 8th Amendment to the Article of Association

No.	Amended	Original	Remark
48	For so long as the Shares are traded on the Designated Stock Market, the Company shall prepare a manual for each general meeting and such manual and relevant materials shall be published on the website designated by the FSC, the TPEX or the TWSE (where applicable) <u>thirty (30)</u> days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Public Company Rules.	For so long as the Shares are traded on the Designated Stock Market, the Company shall prepare a manual for each general meeting and such manual and relevant materials shall be published on the website designated by the FSC, the TPEX or the TWSE (where applicable) twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Public Company Rules.	
80(a)	In the event any of the following matter is resolved and adopted at general meetings, any Member who has notified the Company in writing of his objection to such matter prior to or on the meeting or has orally raised again his objection at the meeting with written record, and has <u>voted against or</u>	In the event any of the following matter is resolved and adopted at general meetings, any Member who has notified the Company in writing of his objection to such matter prior to or on the meeting or has orally raised again his objection at the meeting with written record, and has abstained from voting,	

	<p>abstained from voting, may request the Company to buy back all of his Shares at the then prevailing fair price:</p> <p>(i) The Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to other or the regular joint operation of the Company with others;</p> <p>(ii) The Company transfers the whole or a material part of its business or assets, provided that , the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</p> <p>(iii) The Company accepts the transfer of the whole business or</p>	<p>may request the Company to buy back all of his Shares at the then prevailing fair price:</p> <p>(i) The Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to other or the regular joint operation of the Company with others;</p> <p>(ii) The Company transfers the whole or a material part of its business or assets, provided that , the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</p> <p>(iii) The Company accepts the transfer of the whole business or assets of another</p>	
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	<p>assets of another person, which has a material effect on the Company's business operations; or</p> <p>(iv) Spin-off, Merger, or Share Swap.</p>	<p>person, which has a material effect on the Company's business operations; or</p> <p>(iv) Spin-off, Merger, or Share Swap.</p>	
80(b)	<p><u>The Shares that has abstained from voting according to the preceding paragraph may not be counted in determining the number of votes of the Members present at the general meeting.</u></p>	(New provision)	
97(b)	<p>Notwithstanding anything to the contrary contained in this Article 97, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law. In a Merger transaction by the Company, a Director who has personal interest in the Merger transaction</p>	<p>Notwithstanding anything to the contrary contained in this Article 97, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law. In a Merger transaction by the Company, a Director who has personal interest in the Merger transaction</p>	

	<p>shall explain in the Board meeting and the general meeting (where applicable) the essential contents of such personal interest and the cause of approval or dissent to the board and members' resolution regarding the Merger transaction, <u>and the Company shall itemize the essential contents of a Director's personal interest and the cause of approval or dissent to the resolution of merger/consolidation or acquisition in the notice to convene a meeting of Shareholders; the essential contents may be posted on the website designated by the R.O.C authority in charge of securities affairs or the Company, and the address of such website shall be indicated in the above notice.</u></p> <p>Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director has interests in the matters under</p>	<p>shall explain in the Board meeting and the general meeting (where applicable) the essential contents of such personal interest and the cause of approval or dissent to the board and members' resolution regarding the Merger transaction.</p> <p>Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.</p>	
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	discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.		
157	Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.	(New provision)	Specified fiscal year period.

