



股票 Stock code  
代號 6768

# 志強國際企業股份有限公司

## SPORTS GEAR CO., LTD.

# 2024 年度年報

## 2024 Annual Report

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.

公司網址：<https://www.sportsgear.com.tw>

公開資訊觀測站網址：<https://mops.twse.com.tw>

刊印日期：2025.03.31  
Printed on

**I. Names, titles, phone numbers, and email addresses of the Company's spokesperson and acting spokesperson**

Name of the spokesperson:	Title:
Benjamin David Metcalf	Special Assistant to the Chairman
Telephone:	Email address:
(886)4-2258-5388	<a href="mailto:spg.ir@spg-sportsgear.com">spg.ir@spg-sportsgear.com</a>
Name of the acting spokesperson:	Title:
Fu-Sheng Ku	Corporate Governance Manager
Telephone:	Email address:
(886)4-2258-5388	<a href="mailto:spg.ir@spg-sportsgear.com">spg.ir@spg-sportsgear.com</a>

**II. Names, titles, phone numbers, and email addresses of the litigation and non-litigation agents in the Republic of China**

Name: Wei-Chia Chen

Title: Chairman

Telephone: (886)4-2258-5388

Email address: [spg.ir@spg-sportsgear.com](mailto:spg.ir@spg-sportsgear.com)

**III. Addresses and phone numbers of the head office, branches, and factories**

(I) the Company

Name: Sports Gear Co., Ltd.

Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208

Telephone: (886)4-2258-5388

(II) Subsidiaries and branches

Samoan Subsidiary

Name: Sports Gear Co., Ltd.

Address: Portcullis Chambers, P.O. Box 1225, Apia, Samoa

Telephone: (886)4-2258-5388

British Virgin Islands Subsidiary

Name: All Wells International Co., Ltd.

Address: 3rd Floor, J & C Building Road Town, Tortola British Virgin Islands, VG1110

Telephone: (886)4-2258-5388

Seychelles Subsidiaries

Name: Elephant Step Co., Ltd.

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Address: F20, 1st Floor, Eden Plaza, Eden Island, Seychelles.

Telephone: (886)4-2258-5388

Name: Fongyuan International Co., Ltd.

Address: F20, 1st Floor, Eden Plaza, Eden Island, Seychelles.

Telephone: (886)4-2258-5388

Taiwan Branch

Name: Sports Gear Co., Ltd. Taiwan Branch

Address: 3F, No. 266, Shizheng N. 5th Road, Xitun District, Taichung City

Telephone: (886)4-2258-5388

Taiwan Subsidiary

Name: Silk Invest International Co., Ltd.

Address: 1F, No. 266, Shizheng N. 5th Road, Xitun District, Taichung City

Telephone: (886)4-2258-5388

Vietnamese Subsidiaries

Name: Chi Hung Co., Ltd.

Address: My Phuoc Industrial Park, Thoi Hoa Ward, Tân Uyên, Bình Dương  
Province, Vietnam

Telephone: (84)2743-625022

Name: All Wells International Co., Ltd.

Address: Road 81, Thuan Hoa Hamlet, Truong Mit Commue, Duong Minh  
Chau District, Tay Ninh Province, Vietnam

Telephone: (84)2543-948427

Name: Can Sports Vietnam Co., Ltd.

Address: Shun Ho Eup, Zhong Mi She, Duong Minh Chau District, Tây Ninh  
Province, Vietnam

Telephone: (84)2763-721111

Name: Dai Hoa Co., Ltd.

Address: Quarter 7, Uyen Hung Ward, Tan Uyen, Binh Duong Province,  
Vietnam

Telephone: (84)2743-642773

Name: August Sports Co., Ltd.

Address: No. 8 Road, Industrial Park, San Phuoc Industrial Zone, San Phuoc  
Fang, Bien Hoa City, Dong Nai Province, Vietnam

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Telephone: (84)2513-686850

Cambodian Subsidiaries

Name: Can Sports Shoes Co., Ltd.

Address: National Road No.5, Chamkar Svay Village, Sedthei Commune,  
Sameakki Mean Chey District, Kampong Chhnang Province,  
Cambodia

Telephone: (855)26777666

Name: Fireman Factory Co., Ltd.

Address: National Road No.5, Chamkar Svay Village, Sedthei Commune,  
Sameakki Mean Chey District, Kampong Chhnang Province,  
Cambodia

Myanmar Subsidiary

Name: Sports Gear (Myanmar) Co., Ltd

Address: Lot No.(BA-1 +2), Thilawa SEZ Zone B, Yangon Region, Myanmar.

Indonesian Subsidiary

Name: PT Can Sports Industrial Indonesia

Address: Jalan Raya Kasokandel Km, Kel., Kec., Kab. Majalengka, Prop.Jawa  
Barat

Portuguese Subsidiary

Name: SGP-Sports Gear Portugal, S.A.

Address: Rua de Beduído nº8, Lote 9, Eco Parque Empresarial de Estarreja,  
3860-529 Estarreja, Portugal

Telephone: (351)234 842 013

German Subsidiary

Name: Footwear Innovation Lab GmbH

Address: Turnstraße 12A, 66953 Pirmasens, Germany

Telephone: (49) 63315534-0

Singapore subsidiary

Name: Sports Gear SG Private Ltd.

Address: 200 Kim Seng Road, #16-01, The Cosmopolitan, Singapore 239471

Telephone: (886)4-2258-5388

Subsidiary companies in China

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Name: Zhihui (Fujian) Shoes Co., Ltd.

Address: No. 1191, South Street Shaolin, Xitianwei Town, Licheng District,  
Putian City, Fujian Province

Telephone: (886)4-2258-5388

**IV. Name, address, website, and telephone number of the stock transfer agency**

Name: Stock Agency Department, Yuanta Securities Co., Ltd.

Website: <http://www.yuanta.com.tw>

Address: B1, No. 67, Section 2, Dunhua South Road, Daan District, Taipei  
City

Telephone: (886)2-2586-5859

**V. Names of the CPAs who issued the most recent annual financial report, and the name, address, website and telephone number of their firm**

Names of the CPAs: Accountant Amy Chiang, Accountant James Wu

CPA firm name: Deloitte Taiwan

Website: <http://www.deloitte.com.tw>

Address: 22nd Floor, No. 88, Section 1, Huizhong Road, Xitun District,  
Taichung City

Telephone: (886)4-3705-9988

**VI. The name of the exchange on which overseas securities are listed for trading and the method of inquiring for overseas securities information:**

Not applicable

**VII. Company website: <http://www.sportsgear.com.tw>**

**VIII. Members of the Board of Directors:**

Title	Name	Nationality or place of registration	Primary experience (educational background)
Chairman	Wei-Chia Chen	Republic of China	Department of Business Administration, Fu Jen Catholic University Director of Sports Gear Samoa, Elephant, Fongyuan, and All Wells Chairman and CEO of Silk Invest, Chi Hung, All Wells, Can Sports Cambodia, Can Sports Vietnam, Dai Hoa Vietnam, August Sports Vietnam, Fireman, Sports Gear (Myanmar) Commissioner of PT Can Sports Industrial Indonesia Director of SGP Director of FiL Director of Sports Gear SG Private Ltd. Chairman of Spread Idea Co., Ltd.

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Title	Name	Nationality or place of registration	Primary experience (educational background)
			Director of X Man Footwear International Co., Ltd. Legal Person Director's Representative of Match Sports International Co., Ltd. Director of Mu Mu Sports International Limited Director of Lu Lu Sports International Limited Director of Lesson 1 Company Limited Director of Power Rich International Ltd. Legal Person Director's Representative of Pauian Archiland Co., Ltd. Director of Nanshan Senior High School Chairman of Sports Gear Social Welfare Foundation
Director	Chia Lai Development Co., Ltd	Republic of China	Legal Person Director of Interactive Digital Technologies Inc.
	Thomas Wang	Republic of China	Department of Economics, National Taiwan University Legal Person Director's Representative of Interactive Digital Technologies Inc.
Director	Pure-Xu Real Estate Advertising Co., Ltd.	Republic of China	
	Thomas Lee	Republic of China	Executive Master of Business Administration (EMBA), Peking University Director of Pure-Burg General Contractors Co., Ltd. Chairman of Puquan Advertising Co., Ltd. Chairman of Puqun Advertising Co., Ltd. Chairman of Pure-Xu Real Estate Advertising Co., Ltd. Chairman of Pauian Archiland Advertising Co., Ltd. Chairman of Puhou Advertising Co., Ltd. Chairman of Puxin Advertising Co., Ltd. Chairman of Pauian Archiland Development Co., Ltd. Chairman of Huang Geun Construction Corp. Director of Puyuan Construction Co., Ltd. Chairman of Puchang Construction Co., Ltd. Chairman of Puqun Investment Co., Ltd. Chairman of Pumeng Investment Co., Ltd. Chairman of Pukuan Investment Co., Ltd. Chairman of Puying Investment Co., Ltd. Chairman of Puyi Development Co., Ltd. Chairman of Puyi Construction Co., Ltd. Chairman of Puji Advertising Co., Ltd. Chairman of Pauian Real Estate Co., Ltd. Director of Zhuguan Construction Co., Ltd. Chairman of Sant Law International Corporation Chairman of Pu'an Investment Co., Ltd. Chairman of Puyi Advertising Co., Ltd. Chairman of Pauian Edutainment Co., Ltd. Supervisor of Ruxin Construction Co., Ltd. Supervisor of Dongdacheng Construction Co., Ltd. Director of Baolai Construction Co., Ltd.
Director	Davis Cheng	Republic of China	Department of Electrical Engineering, National Taipei Institute of Technology (renamed to National Taipei University of Technology) Chairman of Interactive Digital Technologies Inc. Chairman of Hitron Technologies Co., Ltd. Independent director of Taiwan IC Packaging Corporation Chairman of Artmo Inc. Director of Transcend Information, Inc. Independent director of TPK Holding Co., Ltd.
Independent Director	Long-I Liao	Republic of China	Bachelor's Degree in Economics, National Taiwan University Director of China Development Asset Management Co., Ltd. President of First Bank Chairman of the Trust Association of the Republic of China Director of China Development Financial Holding Corporation

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<b>Title</b>	<b>Name</b>	<b>Nationality or place of registration</b>	<b>Primary experience (educational background)</b>
			Independent Director of TCI Co., Ltd.
Independent Director	Tzung-Chen Chen	Republic of China	Bachelor's Degree in Law, National Taiwan University Director General of the Judicial Yuan Judge and President of Taiwan Shilin District Court Judge and President of the Taichung Branch of the High Court of Taiwan Judge and President of the High Court of Taiwan Judge and President of the Supreme Court
Independent Director	Peter Shu	Republic of China	Bachelor's Degree in Electro-mechanical Engineering, National Cheng Kung University Chairman and CEO of Transcend Information, Inc. Chairman of Taiwan IC Packaging Corporation Director of C-Tech Corporation President of Transcend Information Trading GmbH

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## **A. Letter to Shareholders**

Greetings, fellow shareholders!

In 2024, the inventory adjustment cycle of major brand customers and distributors came to an end, and with sports events such as the Paris Olympics and FIFA Club World Cup in 2025, 2026 FIFA World Cup jointly hosted by three countries for the first time in history, the 2027 AFC Asian Cup, and the 2028 Los Angeles Olympics, demand has rebounded significantly. The Company delivered outstanding performance with the effort of the management team and all employees, with a consolidated sales of NT\$18.44 billion in 2024, an increase of 29.8%. The overall net profit after tax was NT\$1.59 billion, a 1.96 times increase year-on-year, and EPS set a record of NT\$8.15.

We can expect the Company to continue to operate steadily and sustainably in 2025. However, the most concerning economic issue in 2025 is the rise of trade protectionism and tariff barrier policies in the United States, which are likely to cause uncertainty in the global economy, further affect the adjustment of customers' supply chains, which in turn has an impact on the Company's business. The United States accounts for about 40% of revenue in 2024, and its direct impact on Sports Gear Co., Ltd. cannot be underestimated. We will closely monitor the situation, maintain communication with brand customers, and work together to seek countermeasures.

In terms of ESG, the Company was included as a constituent stock in “TIP Customized Taiwan ESG High Dividend Equal Weight Index” in May 2024, which is an affirmation of our current ESG related actions. In 2024, we established a Sustainability Committee through a resolution of the board of directors to lead the Group’s sustainable development decisions-making. We have applied to participate in SBTi Science Based Targets Initiative and adopted “science-based net-zero emission actions” to provide guidelines, standards and carbon reduction recommendations for our carbon emission targets, so as to help us set short-term and long-term carbon reduction targets. We are also working towards obtaining ISCC Plus certification for our production sites to ensure we

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are capable of producing products that meet internationally recognized sustainability standards. These show how Sports Gear Co., Ltd. continues to improve in the various aspects of ESG. The relevant information will be disclosed in 2024 Sustainability Report, and we will continue to report to the public and stakeholders on our performance and plans in terms of environmental, social and corporate governance aspects.

On behalf of Sports Gear Co., Ltd., I would like to thank all of our shareholders for your continued support.

We wish you and your family all the best.

Sincerely,

Chairman: Wei-Chia Chen

[Seal]

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## 2024 Business Report

### I. Preface:

Looking back at 2024, as the inventory adjustment cycle of international brand customers and distributors came to an end, and the Paris Olympics and international events kicked off, demand clearly picked up and boosted orders. The Company delivered outstanding performance with the effort of the management team and all employees, with a consolidated sales of NT\$18.44 billion in 2024, an increase of 29.8%. The overall net profit after tax was NT\$1.59 billion, a 1.96 times increase year-on-year, and EPS set a record of NT\$8.15.

Looking ahead to 2025, the Company will continue to operate steadily to create continuous growth. However, with growing protectionism and implementation of additional tariffs, it may lead to uncertainty in the global economy, and may thus affect supply chain adjustment and impact the business. The Company shall actively respond to market changes, and through cooperation with customers in research and development and innovation, create a market niche with brand customers.

The Company's 2024 operating performance and 2025 business plan are as follows:

### II. 2024 Business Report

#### (I) Results of business plans

Unit: NT\$ thousand

Accounting items	2024	2023	Amount of increase (decrease)	Change ratio (%)
Net operating revenue	18,443,858	14,207,689	4,236,169	29.8%
Gross profit	3,817,104	2,366,728	1,450,376	61.3%
Net profit	1,607,399	480,052	1,127,347	234.8%
Net profit before tax	2,025,392	764,388	1,261,004	165.0%
Net profit after tax	1,596,027	539,460	1,056,567	195.9%

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(II) Analysis of financial gains and losses and profitability

Analysis items		2024	2023
Financial structure	Ratio of liabilities to assets (%)	35.37	31.79
	Ratio of long-term capital to real estate properties, plants and equipment (%)	301.44	312.74
Liquidity	Current ratio (%)	287.90	309.43
	Quick ratio (%)	241.05	273.32
Profitability	ROA (%)	7.61	3.10
	ROE (%)	11.07	3.89
	Net profit margin (%)	8.65	3.80
	earnings per share (EPS) (NTD)	8.15	2.78

(III) 2024 budget execution: The Company has not disclosed its 2024 financial forecast.

(IV) Production overview:

The Group produced 35,595 thousand pairs of shoes in 2024, an increase of 19.7% from 2023, with Vietnam accounting for 61.3%, and Cambodia accounting for 38.7%. The main production strategies for each region in 2023 are as follows.

- 21,837 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, replace old equipment and increase the proportion of automated equipment used in the future.
- 13,758 thousand pairs produced in Cambodia: We will continue to improve our production process, thereby improving our production technology.
- The future production capacity will be in line with the global layout. With the new production plants in Portugal and Indonesia to be completed successively, new production lines will be established and production capacity continue to be expanded based on market demand.

(V) Research and development

While boosting operational performance, the Company also continues to invest in innovation in various processes, investing NT\$503,860 thousand in

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research and development in 2024, an increase from NT\$418,345 thousand in 2023, accounting for 2.73% of consolidated revenue. The research and development funds are mainly used for improvement in direct injection technology and various processes. Besides setting up dedicated research and development centers for the main brands, the Company also works closely with the brand customers during the product development to improve sample quality completion rate and delivery, providing them with better services and solutions.

(VI) Corporate Social Responsibility

Engaging in production activities will inevitably face environmental problems. Faced with the issues of the 2050 net zero emission and the carbon tariffs of various countries, how to reduce greenhouse gas emission has become an issue the Company has to face. Our goal is to increase energy efficiency and the use of renewable energy. Almost all of our factories at present are cooperating with their partners in setting up solar power generation facilities, and continuing to work towards the goal of purchasing renewable energy certificates (REC).

In May 2024, the Company was included as a constituent stock in “TIP Customized Taiwan ESG High Dividend Equal Weight Index”, which is an affirmation of our current ESG related actions, and also became a pressure and support for us to continue to improve. In the future, we will also apply to participate in SBTi Science Based Targets initiative where appropriate and adopt “science-based net-zero emission actions”, providing guidelines, standards and carbon reduction recommendations for our setup based on our carbon emission targets, to help us set short-term and long-term carbon reduction targets and ensure they are consistent with the concept of climate science.

III. Future Development Strategies of the Company and the Impact of External Competition, Legal Environment, and Overall Business Environment

Looking back at the past few years, we faced difficulties such as the global pandemic, customers’ inventory adjustment, high inflation and economic recession, and are more aware of the fact that we have to maintain financial soundness and strengthen production strength so as to be able to stand firm in adversity and take advantage of favorable situations.

Looking ahead, we will continue to provide products with stable quality and compliance with international brand standards with the Company’s

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professional management team. Besides continuing to cultivate existing customers, we will also actively attract new customers, leading the Company to continue to grow and strive.

The Company will also adhere to the laws and regulations. Besides regularly paying attention to the amendment of the relevant laws and regulations, it will also conduct internal training for legal compliance and other courses where necessary through the management system. In addition, in terms of the corporate social responsibility aspect, we will strengthen the communication mechanism with various stakeholders, and continue to promote the sustainable development of Sports Gear Co., Ltd.

Chairman:

Manager:

Head of Accounting:



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## B. Corporate Governance Report

### I. Information on directors, supervisors, presidents, vice presidents, senior vice presidents, managers of various departments and branches

#### (I) Information on directors and supervisors

##### 1. Director

March 25, 2025 Unit: shares; %

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first appointment	Shareholding when Elected		Number of shares currently held		Shares currently held by spouse and minor children		Shareholding by nominee arrangement		Primary experience (educational background)	Concurrent positions held at the Company and other companies	Managers, directors or supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Chairman	Republic of China	Wei-Chia Chen	Male 60-69 years of age	2022.05.27	3 years	2017.3.28	2,000,000	1.02	1,991,000	0.99	0	0	120,193,924 (Note 1)	60.07	Department of Business Administration, Fu Jen Catholic University	Chairman of the Company Director of Sports Gear Samoa, Elephant, Fongyuan, and All Wells Chairman and CEO of Silk Invest, Chi Hung, All Wells, Can Sports Cambodia, Can Sports Vietnam, Dai Hoa Vietnam, August Sports Vietnam, Fireman, Sports Gear (Myanmar) Commissioner of PT Can Sports Industrial Indonesia Director of SGP Director of FiL Director of Sports Gear SG Private Ltd. Chairman of Spread Idea Co., Ltd. Director of X	-	-	-

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Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first appointment	Shareholding when Elected		Number of shares currently held		Shares currently held by spouse and minor children		Shareholding by nominee arrangement		Primary experience (educational background)	Concurrent positions held at the Company and other companies	Managers, directors or supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
																Man Footwear International Co., Ltd. Legal Person Director's Representative of Match Sports International Co., Ltd. Director of Mu Mu Sports International Limited Director of Lu Lu Sports International Limited Director of Lesson 1 Company Limited Director of Power Rich International Ltd. Legal Person Director's Representative of Pauian Archiland Co., Ltd. Director of Nanshan Senior High School Chairman of Sports Gear Social Welfare Foundation			
Director	Republic of China	Chia Lai Development Co., Ltd	-	2022.05.27	3 years	2018.12.24	100,000	0.05	100,000	0.05	0	0	0	0	-	Legal Person Director of Interactive Digital Technologies Inc.	-	-	-
		Thomas Wang	Male 60-69 years of age				0	0	0	0	0	0	0	0	Department of Economics, National Taiwan University	Legal Person Director's Representative of Interactive Digital Technologies Inc.	-	-	-
Director	Republic of China	Pure-Xu Real Estate Advertising Co., Ltd.	-	2022.05.27	3 years	2018.12.24	1,793,371	0.91	1,723,371	0.86	0	0	0	0	-	-	-	-	-
		Thomas Lee	Male				718,964	0.37	718,964	0.36	0	0	1,128,697	0.56	Executive	Director of	-	-	-

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							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
			60-69 years of age										(Note 2)		Master of Business Administration (EMBA), Peking University	Pure-Burg General Contractors Co., Ltd. Chairman of Puqun Advertising Co., Ltd. Chairman of Puqun Advertising Co., Ltd. Chairman of Pure-Xu Real Estate Advertising Co., Ltd. Chairman of Pauian Archiland Advertising Co., Ltd. Chairman of Puhou Advertising Co., Ltd. Chairman of Puxin Advertising Co., Ltd. Chairman of Pauian Archiland Development Co., Ltd. Chairman of Huang Geun Construction Corp. Director of Puyuan Construction Co., Ltd. Chairman of Puchang Construction Co., Ltd. Chairman of Puqun Investment Co., Ltd. Chairman of Pumeng Investment Co., Ltd. Chairman of Pukuan Investment			

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Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first appointment	Shareholding when Elected		Number of shares currently held		Shares currently held by spouse and minor children		Shareholding by nominee arrangement		Primary experience (educational background)	Concurrent positions held at the Company and other companies	Managers, directors or supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
																Co., Ltd. Chairman of Puying Investment Co., Ltd. Chairman of Puyi Development Co., Ltd. Chairman of Puyi Construction Co., Ltd. Chairman of Puji Advertising Co., Ltd. Chairman of Pauian Real Estate Co., Ltd. Director of Zhuguan Construction Co., Ltd. Chairman of Sant Law International Corporation Chairman of Pu'an Investment Co., Ltd. Chairman of Puyi Advertising Co., Ltd. Chairman of Pauian Edutainment Co., Ltd. Supervisor of Ruxin Construction Co., Ltd. Supervisor of Dongdacheng Construction Co., Ltd. Director of Baolai Construction Co., Ltd.			
Director	Republic of China	Davis Cheng	Male 60-69 years of age	2022.05.27	3 years	2019.11.08	200,000	0.1	368,000	0.18	0	0	0	0	Department of Electrical Engineering, National Taipei Institute of	Chairman of Artmo Inc. Director of Transcend Information,	-	-	-

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Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first appointment	Shareholding when Elected		Number of shares currently held		Shares currently held by spouse and minor children		Shareholding by nominee arrangement		Primary experience (educational background)	Concurrent positions held at the Company and other companies	Managers, directors or supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
															Technology renamed to National Taipei University of Technology) Chairman of Hitron Technologies Co., Ltd. Chairman of Interactive Digital Technologies Inc. Independent director of Taiwan IC Packaging Corporation	Inc. Independent director of TPK Holding Co., Ltd.			
Independent Director	Republic of China	Long-I Liao	Male 80-89 years of age	2022.05.27	3 years	2019.11.08	0	0	0	0	0	0	0	0	Bachelor's Degree in Economics, National Taiwan University President of First Bank Chairman of the Trust Association of the Republic of China Director of China Development Financial Holding Corporation Independent Director of TCI Co., Ltd.	Director of China Development Asset Management Co., Ltd.	-	-	-
Independent Director	Republic of China	Tzung-Chen Chen	Male 70-79 years of age	2022.05.27	3 years	2020.10.15	0	0	0	0	0	0	0	0	Bachelor's Degree in Law, National Taiwan University Director General of the Judicial Yuan Judge and President of Taiwan Shilin District Court Judge and President of the Taichung Branch of the High Court of	-	-	-	-

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Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first appointment	Shareholding when Elected		Number of shares currently held		Shares currently held by spouse and minor children		Shareholding by nominee arrangement		Primary experience (educational background)	Concurrent positions held at the Company and other companies	Managers, directors or supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
															Taiwan Judge and President of the High Court of Taiwan Judge and President of the Supreme Court				
Independent Director	Republic of China	Peter Shu	Male 60-69 years of age	2022.05.27	3 years	2022.05.27	-	-	-	-	-	-	-	-	Bachelor's Degree in Electro-mechanical Engineering, National Cheng Kung University Project manager, HP	Chairman and CEO of Transcend Information, Inc. Chairman of Taiwan IC Packaging Corporation Director of C-Tech Corporation President of Transcend Information Trading GmbH	-	-	-

Note 1: Wei-Chia Chen holds shares as it holds 100% shares in Match Sports International Co., Ltd., Mu Mu Sports International Limited, Lu Lu Sports International Limited, Spread Idea Co., Ltd. trust account and Spread Idea Co., Ltd.

Note 2: Thomas Lee holds shares in Park Group Investment Co., Ltd., in which he has controlling interest.

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2. Supervisor: The Company has established an audit committee, so there are no supervisors.

3. Major shareholders of corporate shareholders:

March 31, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Chia Lai Development Co., Ltd	Mu-jia Wang (50%), Yan-hui Wang (20%), Mei-yin Guo (13.24%), Bing-hong Guo (8.53%), Mei-yu Guo (8.23%)
Pure-Xu Real Estate Advertising Co., Ltd.	Puquan Advertising Co., Ltd. 100%

4. Major shareholders of a corporate shareholder are representatives of the corporate shareholder

March 31, 2025

Corporate name	Major shareholder of a corporation
Puquan Advertising Co., Ltd.	Pumeng Investment Co., Ltd. (19.95%), Chunfu Investment Co., Ltd. (12.39%), Pukuan Investment Co., Ltd. (11.38%), Purui Investment Co., Ltd. (11.09%), Puying Investment Co., Ltd. (10.45%), Yangzhe Investment Co., Ltd. (8.42%), Hezhong Investment Co., Ltd. (6.12%), Jingxiang Investment Co., Ltd. (4.61%), Puguan Investment Co., Ltd. (3.71%), Puqing Investment Co., Ltd. Company (2.88%)

5. Disclosure of professional qualifications of directors and supervisors and independence of independent directors

March 31, 2025

Conditions Name	Professional qualifications and experiences	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Wei-Chia Chen	He is the founder of Sports Gear, has industry experience, strategic management expertise, and leadership	-	-

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<div>Conditions</div> <div>Name</div>	Professional qualifications and experiences	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>and academic capabilities, and has been devoted to the footwear industry for over 30 years. He conducts strategic communication and interacts with the board of directors on business management, and provides relevant operations and management advice, and is hence equipped with practical skills in business, marketing and industry-related operational planning, operation and management.</p> <p>There are no circumstances as described in Article 30 of the Company Act.</p>		
<p>Chia Lai Development Co., Ltd</p> <p>Representative: Thomas Wang</p>	<p>He has expertise in business, marketing and industry.</p> <p>He is currently the legal person director's representative of Interactive Digital Technologies Inc.</p> <p>There are no circumstances as described in Article 30 of the Company Act.</p>	-	-
<p>Pure-Xu Real Estate Advertising Co., Ltd.</p> <p>Representative: Thomas Lee</p>	<p>He has expertise in business, marketing and industry.</p> <p>He is currently the Chairman of Pauian Archiland construction team.</p> <p>There are no circumstances as described in Article 30 of the Company Act.</p>	-	-
<p>Davis Cheng</p>	<p>He has expertise in business, marketing and industry.</p> <p>Chairman of Interactive Digital</p>	-	1



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<div>Conditions</div> <div>Name</div>	Professional qualifications and experiences	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Technologies Inc. currently. There are no circumstances as described in Article 30 of the Company Act.		
Long-I Liao	<p>Possesses skills and working experience in finance, accounting, financing and crisis management; is a member and convener of the Company's Remuneration Committee and Audit Committee, and former President of First Bank.</p> <p>While carrying out the duties of an independent director and a member of the Audit Committee, he draws on his expertise in financial accounting to enhance the quality of corporate governance of the Board of Directors and the monitoring function of the Audit Committee.</p> <p>There are no circumstances as described in Article 30 of the Company Act.</p>	<p>An independent director, in accordance with the circumstances of independence, including but not limited to not being a director, supervisor, or employee of the Company or its affiliates, including himself/herself, his/her spouse, and relatives within the second degree of kinship.</p> <p>Does not hold any shares of the Company.</p> <p>Not a director, supervisor, or employee of a company with which the Company has a specific relationship.</p> <p>No remuneration for providing business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p>	-
Tzung-Chen Chen	<p>He has skills and working experience in legal affairs and crisis management. He has passed the national examination and is qualified as a lawyer and is a certified professional and technologist. He is a member of the Remuneration Committee and of</p>	<p>An independent director, in accordance with the circumstances of independence, including but not limited to not being a director, supervisor, or employee of the Company or its affiliates, including</p>	-

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<div>Conditions</div> <div>Name</div>	Professional qualifications and experiences	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>the Audit Committee of the Company. He has served as a judge of the Supreme Court, Director of the Judicial Administration Department of the Judicial Yuan, and President of the Shihlin District Court.</p> <p>His expertise in law provides advice on risk management, legal strategy, compliance and management decisions.</p> <p>There are no circumstances as described in Article 30 of the Company Act.</p>	<p>himself/herself, his/her spouse, and relatives within the second degree of kinship.</p> <p>Does not hold any shares of the Company.</p> <p>Not a director, supervisor, or employee of a company with which the Company has a specific relationship.</p> <p>No remuneration for providing business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p>	
Peter Shu	<p>Possesses work experience and competencies in business management, financial accounting and risk management; is a member of the Company's remuneration committee and audit committee, and the current Chairman of Transcend Information Inc.</p> <p>While carrying out the duties of an independent director and a member of the Audit Committee, he draws on his expertise in financial accounting to enhance the quality of corporate governance of the Board of Directors and the monitoring function of the Audit Committee.</p> <p>There are no circumstances as described in Article 30 of the</p>	<p>An independent director, in accordance with the circumstances of independence, including but not limited to not being a director, supervisor, or employee of the Company or its affiliates, including himself/herself, his/her spouse, and relatives within the second degree of kinship.</p> <p>Does not hold any shares of the Company.</p> <p>Not a director, supervisor, or employee of a company with which the Company has a specific relationship.</p> <p>No remuneration for providing business, legal, financial, or</p>	-

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<div>Conditions</div> <div>Name</div>	Professional qualifications and experiences	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Company Act.	accounting services to the Company or its affiliates in the last two years.	

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## 6. Diversity and Independence of the Board

### (1). Diversity of the Board

The Company advocates and respects the policy of board diversity to fortify corporate governance and promote the sound development of board composition and structure. It is our belief that the diversity approach has positive effects on the overall performance of the Company. Board members are selected on the basis of merit and have diverse and complementary abilities across industry sectors, including basic composition (e.g., age, gender, nationality, etc.). They all have exceptional accomplishments, experience, and reputations for their skills and capabilities (e.g., law, accounting, industry, finance, marketing, or technology) for business judgment, management, leadership and decision-making, and crisis management. In order for the Board of Directors to accomplish the preferred governance goals of the Company, Article 3.1.4 of the Company's Corporate Governance Best Practices Code stipulates that the Board of Directors shall generally be equipped with the following capabilities:

1. Operational judgment, 2. Ability to perform accounting and financial analysis, 3. Management ability, 4. Crisis handling capabilities, 5. Industrial knowledge, 6. International market perspective, 7. Leadership skills, 8. Decision-making skills

The Company's current board of directors consists of 7 directors, including 4 directors and 3 independent directors, 14.29% of whom are employees (Chairman Mr. Patrick Chen is an employee of the Taiwan branch of the Group's affiliate to maintain the insured status in the labor insurance) and 42.86% are independent directors. To leverage the financial, accounting, and financial expertise of independent director Long-I Liao, and his familiarity with the Company's financial business, he is able to assume the role of convener of the Audit Committee and the Remuneration Committee.

The members have diverse core competencies. The Board members have backgrounds in science and engineering, finance, and legal advice; the four directors specialize in operation and management, leadership and decision-making, industry knowledge, finance and accounting, international market perspective and risk management; and the three independent directors have expertise in finance and accounting, and legal advice. The directors and independent directors provide valuable guidance for the Company in various areas of knowledge. The membership of the Board thus satisfies the specific

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management goal of diversity. The diversity policy for the current members of the Board of Directors of the Company is implemented as follows.

Name	Title	Gender	Age				Seniority of independent directors	Concurrent employee	Diversified core competencies (Five most important)						
			50 to 59	60 to 69	70 to 79	80 to 89	less than 3 years		Operation and management	Leadership and decision-making	Industry knowledge	Financial accounting	Legal affairs	International market perspective	Risk management
Wei-Chia Chen	Director	Male		V				V	V	V	V			V	V
Thomas Wang	Director	Male		V					V	V	V	V			V
Thomas Lee	Director	Male		V					V	V	V			V	V
Davis Cheng	Director	Male		V					V	V	V			V	V
Long-I Liao	Independent Director	Male				V			V		V	V		V	V
Tzung-Chen Chen	Independent Director	Male			V				V		V		V	V	V
Peter Shu	Independent Director	Male		V			V		V	V	V	V		V	V

## (2). Independence of the Board

The 2nd Board of Directors has seven members, three of whom are independent directors. The target is to have at least three independent directors, who account for at least one-fifth of the total number of directors. Three independent directors were appointed in 2024, and they accounted for three-sevenths of the total number of directors. Another target is that employees do not account for more than half of the total number of directors, and currently only one director is an employee. In addition, spousal relationships and familial relationships within the second degree of kinship shall not exist among more than half of the Company's directors. The current Board is in compliance with the regulations. In summary, the independence targets have been met.

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(II) President, Vice President, Senior VP, and Managers of Various Departments and Branches

March 25, 2025 Unit: shares; %

Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouse and minor children		Shareholding by nominee arrangement		Primary experience (educational background)	Concurrent positions held at other companies	Managers who have a spousal relationship or a familial relationship within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Ma Shih-Cheng	Male	2023/7/3	0	0	0	0	0	0	Department of International Trade, Tunghai University President of Sports City International Inc. Chairman of Bamtop Garment Manufacturer Company Ltd. Business Manager /Factory Director of Ta Chung Knitting Co., Ltd.	Vice President of the Company	-	-	-	-
Chief Operating Officer and Vice President of Can Sports Cambodia	Republic of China	Nick Lin	Male	2000/8/31	91,000	0.05	0	0	0	0	Shalu High-tech Machinery Division Chief Operating Officer of Sports Gear	Director of All Wells, Can Sports Cambodia, Dai Hoa Vietnam, Fireman	-	-	-	-
Executive Vice President of Can Sports Vietnam, All Wells and August Sports Vietnam; Chairman of PT Can Sports	Republic of China	Jack Wang	Male	2011/7/20	0	0	0	0	0	0	Department of Chemistry, Tunghai University Director of Feng Tay LF Business Department Senior VP of Ching Luh Indonesian Factory	Chairman of PT Can Sports Industrial Indonesia	-	-	-	-

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Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouse and minor children		Shareholding by nominee arrangement		Primary experience (educational background)	Concurrent positions held at other companies	Managers who have a spousal relationship or a familial relationship within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Industrial Indonesia																
Vice President of Business Development and Footwear Innovation Technology	Germany	Juergen Hans Wormser	Male	2021/01/01	0	0	0	0	0	0	On-Job Training as Sport Shoe Technician: ADIDAS Apprenticeship as Sports Shoe Maker: PUMA Staatliche Realschule, Herzogenaurach, Germany" Director of global footwear developer and supplier World Cat Vietnam Sourcing & Development Services Company Ltd. (PUMA) President of Chi Hung Co., Ltd. Senior Project Manager of Adidas Group Football Shoes	-	-	-	-	-
Special Assistant to the Chairman and Spokesperson	United States	Benjamin David Metcalf	Male	2020/9/29	0	0	36,000	0.02	00	0	Department of Communications/Sports Management, George Washington University Head Coach of Taoyuan Pauian Archiland Basketball Team	Director of Sports Gear Social Welfare Foundation	-	-	-	-
Corporate Governance Manager and Acting Spokesperson	Republic of China	Fu-Sheng Ku	Male	2020/9/29	1,000	0	0	0	00	0	LL.M, School of Law, Indiana University Bachelor's Degree in Law, College of Law, Tunghai University Secretary of the Board of Directors of Global	Executive Manager, Office of Legal Affairs, Sports Gear Co., Ltd. Taiwan Branch	-	-	-	-

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Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouse and minor children		Shareholding by nominee arrangement		Primary experience (educational background)	Concurrent positions held at other companies	Managers who have a spousal relationship or a familial relationship within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											Union Co., Ltd. (Corporate Governance Officer) Manager of Legal Department, Global Union Co., Ltd.					
Accounting Supervisor and Financial Officer	Republic of China	Vincent Kang	Male	2018/3/1	24,000	0.01	0	0	0	0	Department of Business Administration, Tunghai University Institute of Finance, Chung Cheng University Daan/Taishin Bank Corporate Finance Assistant Manager Deputy Planning Officer, Pou Chen Corporation Director of Overseas Business Center of 361 China Co., Ltd.	Director of Sports Gear Social Welfare Foundation	-	-	-	-
Audit Manager	Republic of China	Meg Hu	Female	2017/2/13	12,000	0.01	0	0	0	0	Department of Accounting, National Changhua University of Education Director of Audit Department, KPMG Taiwan Senior Manager of Internal Audit of Pou Chen Corporation	-	-	-	-	-



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## II. Remuneration paid to directors, supervisors, presidents and vice presidents in the most recent year

### (I) Remuneration of general directors and independent directors

December 31, 2024 Unit: NT\$ thousand

Title	Name	Director remuneration								Total remuneration (A+B+C+D) and as a percentage of net profit after tax				Remuneration to concurrent employees								Total remuneration (A+B+C+D+E+F+G) and as a percentage of net profit after tax				Remuneration from non- consolidated affiliates or parent company, not including subsidiaries
		Remuneration (A)		Severance pay and pension (B)		Director remuneration (C)		Business implementation expenses (D)						Salary, bonuses, and special allowances (E)		Severance pay and pension (F)		Employee remuneration (G)								
		the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company		All companies in the Financial Report		the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company		All companies in the Financial Report		the Company	All companies in the Financial Report			
										Total	Ratio of total amount to net profit after tax	Total	Ratio of total amount to net profit after tax					Cash amount	Stock amount	Cash amount	Stock amount			Total	Ratio of total amount to net profit after tax	
Chairman	Wei-Chia Chen	0	0	0	0	6,500	6,500	60	60	6,560	0.41%	6,560	0.41%	0	10,615	0	0	0	0	0	0	6,560	0.41%	17,175	1.07%	0
Director	Chia Lai Development Co., Ltd	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0
	Representative: Thomas Wang	0	0	0	0	2,600	2,600	60	60	2,660	0.17%	2,660	0.17%	0	0	0	0	0	0	0	0	2,660	0.17%	2,660	0.17%	0
Director	Pure-Xu Real Estate Advertising Co., Ltd.	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0
	Representative: Thomas Lee	0	0	0	0	2,600	2,600	50	50	2,650	0.17%	2,650	0.17%	0	0	0	0	0	0	0	0	2,650	0.17%	2,650	0.17%	0
Director	Davis Cheng	0	0	0	0	2,600	2,600	50	50	2,650	0.17%	2,650	0.17%	0	0	0	0	0	0	0	0	2,650	0.17%	2,650	0.17%	0
Independent Director	Long-I Liao	1200	1,200	0	0	0	0	50	50	1,250	0.08%	1,250	0.08%	0	0	0	0	0	0	0	0	1,250	0.08%	1,250	0.08%	0
Independent Director	Tzung-Chen Chen	1200	1,200	0	0	0	0	60	60	1,260	0.08%	1,260	0.08%	0	0	0	0	0	0	0	0	1,260	0.08%	1,260	0.08%	0
Independent Director	Peter Shu	1200	1,200	0	0	0	0	50	50	1,250	0.08%	1,250	0.08%	0	0	0	0	0	0	0	0	1,250	0.00%	1,250	0.08%	0

(II) Supervisor remuneration: The Company does not have supervisors, so it is not applicable.

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### (III) Remuneration of the president and vice presidents

December 31, 2024 Unit: NT\$ thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and special allowances (C)		Employee remuneration amount (D)				Total of (A+B+C+D) and as a percentage of net profit after tax (%)				Remuneration from non-consolidated affiliates or parent company, not including subsidiaries
		the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company		All companies in the Financial Report		the Company		All companies in the Financial Report		
								Cash amount	Stock amount	Cash amount	Stock amount	Total	Ratio of total amount to net profit after tax	Total	Ratio of total amount to net profit after tax	
President	Ma Shih-Cheng	4,194	8,523	0	108	5,484	6,184	1,537	0	1,537	0	11,215	0.70	16,352	1.02	0
Chief Operating Officer and Vice President of Can Sports Cambodia	Nick Lin	2,822	9,033	0	108	6,463	6,876	789	0	789	0	10,074	0.63	16,806	1.05	0
Executive Vice President of Can Sports Vietnam and All Wells International, and Chairman of PT Can Sports Industrial Indonesia	Jack Wang	3,853	7,228	0	108	4,270	4,825	1,039	0	1,039	0	9,162	0.57	13,200	0.83	0
Vice President of SGP and FIL	Juergen Hans Wormser	9,746	12,625	0	0	1,929	2,109	249	0	249	0	11924	0.75	14983	0.94	0

Note: On March 5, 2025, the board of directors approved the appropriation of NT\$44,194 thousand for employee remuneration for 2024. The amount allocated to individual managers, tentatively estimated, will be reviewed by the board of directors prior to its distribution.

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(IV) Names of the managers to whom employee compensation is distributed and the distribution

December 31, 2024 Unit: NT\$ thousand

	Title	Name	Stock amount	Cash amount (Note 3)	Total	Raito of total amount to net profit after tax (%)
	President	Ma Shih-Cheng	0	5,069	5,069	0.32
	Chief Operating Officer and Vice President of Can Sports Cambodia	Nick Lin				
	Vice President of Can Sports Vietnam and All Wells, and Chairman of PT Can Sports Industrial Indonesia	Jack Wang				
	Vice President of SGP and FIL	Juergen Hans Wormser				
	Special Assistant to the Chairman and Spokesperson	Benjamin David Metcalf				
	Corporate Governance Manager and Acting Spokesperson	Fu-Sheng Ku				
	Accounting Supervisor and Financial Officer	Vincent Kang				
	Audit Manager	Meg Hu				

Note: On March 5, 2025, the board of directors approved the appropriation of NT\$44,194 thousand for employee remuneration for 2024. The amount allocated to individual managers, tentatively estimated, will be reviewed by the board of directors prior to its distribution.

(V) Analysis of the ratio of the total remuneration paid to the directors, supervisors, president, and vice presidents of the Company to the net profit after tax of only financial reports or individual financial reports in the most recent two years by the Company and all companies in the consolidated report, and explanation of the policies, standards, and combinations, as well as procedures for determining remuneration and its correlation with business performance and future risks

1. Analysis of the ratio of the total remuneration paid to the directors, supervisors, president, and vice presidents of the Company to the net profit after tax of only financial reports or individual financial reports in the most recent two years by the Company and all companies in the consolidated report

Unit: NT\$ thousand; %

Item	Ratio of total remuneration to net profit after tax in 2023				Ratio of total remuneration to net profit after tax in 2024			
	the Company		All companies in the Consolidated Report		the Company		All companies in the Consolidated Report	
	Total	Raito of total amount to net profit after tax	Total	Raito of total amount to net profit after tax	Total	Raito of total amount to net profit after tax	Total	Raito of total amount to net profit after tax
Director	15,669	2.88	17,660	3.24	0	0	10,615	0.67
President and Vice President	41,193	7.56	62,263	11.42	42,375	2.66	61,341	3.84

2. Remuneration policies, standards, and combinations, as well as procedures for determining remuneration and its correlation with business performance and future risks

A. Directors, supervisors

The Company has a Remuneration Committee, which follows the Remuneration Committee Organizational Rules and the "Regulations Governing the Remuneration of Directors" as the basis for evaluation. The committee is responsible for formulating and reviewing the policies, systems, standards, and structures of performance evaluation and remuneration of directors and managers; it also regularly assesses and sets the remuneration of directors and managers with reference industry standards. The Remuneration Committee and the Board of Directors regularly review and approve

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and give reasonable remuneration; performance evaluation and salary rationality are reviewed by the Remuneration Committee and the Board of Directors, who also review the remuneration system, standards, and structure whenever warranted by the actual operating conditions and relevant laws and regulations, so as to achieve a balance between the Company's sustainable operations and risk control.

B. President and Vice President

Managers' remuneration includes salary, bonuses, employee bonuses, and severance pay and pension, which are based on the position held, the responsibilities assumed, and the contribution to the Company, and are negotiated with reference to industry standards.

The amount of remuneration provided to the Company's managers is based on the duties, contributions, company operating performance for the year, and consideration of the Company's future risks; the amount is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution.

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### III. Corporate governance operations

#### (I) Operations of the Board of Directors

In 2024 and up to the printing date of the annual report, the board of directors have met 6 times (A), and the attendance (or attendance as non-voting participant) of directors and independent directors is as follows:

Title	Name	Attendance in person (or attendance as non-voting participant) [B]	Number of delegates who attended	Attendance in person (or attendance as non-voting participant)(%) [B/A]	Remarks
Chairman	Wei-Chia Chen	6	-	100.00	-
Director	Chia Lai Development Co., Ltd Representative: Thomas Wang	6	-	100.00	
Director	Pure-Xu Real Estate Advertising Co., Ltd. Representative: Thomas Lee	6	-	100.00	
Director	Davis Cheng	6	-	100.00	
Independent Director	Long-I Liao	6	-	100.00	
Independent Director	Tzung-Chen Chen	6	-	100.00	
Independent Director	Peter Shu	6	-	100.00	

Other disclosures:

- I. If the operation of the Board of Directors has any of the following circumstances, the date, period, content of the proposal, all independent directors' opinions and the Company's handling of independent directors' opinions must be stated.
  - (I) Relating to the provisions of Article 14-3 of the Securities and Exchange Act:  
The Company has set up an audit committee; see the operation status of the audit committee.
  - (II) In addition to the previous issues, other board resolutions to which there is opposition or qualified opinions from independent directors and for which there exist records or written statements.  
The operation of the Company's Board of Directors does not have any of the above-mentioned circumstances.
- II. As for director's recusals in proposals where there exists a stakeholder interest, the name of the director, the content of the proposal, the reason for the recusal due to stakeholder interest, and the circumstances of participation in voting must be stated:

Board meeting date	Recused Director's Name	Proposal content	Reasons for recusal	Participation in voting
March 5, 2024	Wei-Chia Chen	The proposal of granting year-end bonuses and performance bonuses to managers	Chairman Wei-Chia Chen, who serves as the manager, is an interested party in the bonus proposal	Except for Mr. Wei-Chia Chen, the chairman and president, who recused himself from discussion and voting in

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					accordance with the law, the acting chairman passed the proposal without objection after consultation with the remaining directors present.	
		Wei-Chia Chen Thomas Wang, representative of Jialai Development Co., Ltd. Thomas Lee, Representative of Pure-Xu Real Estate Advertising Co., Ltd. Davis Cheng	The proposal of employee remuneration and director remuneration for 2023.	Director is an interested party in the compensation case	Except for the recusal of the directors mentioned in the preceding, the acting chairman passed the proposal without objection after consultation with the remaining directors present.	
	August 15, 2024	Wei-Chia Chen Thomas Wang, representative of Jialai Development Co., Ltd. Thomas Lee, Representative of Pure-Xu Real Estate Advertising Co., Ltd. Davis Cheng	Assess the Company's 2023 director and manager salary and remuneration policies, systems, standards, and structures, and review the director and manager salary and remuneration proposals.	Director is an interested party in the directors' remuneration proposal	Except for the recusal of the directors mentioned in the preceding, the acting chairman passed the proposal without objection after consultation with the remaining directors present.	
	December 19, 2024	Wei-Chia Chen	The Taiwan branch of Sports Gear Co., Ltd. intends to donate to the "Sports Gear Social Welfare Foundation," and proposes to resolve the 2025 donation plan.	The Chairman is an interested party in the Foundation	Except for the recusal of the directors mentioned in the preceding, the acting chairman passed the proposal without objection after consultation with the remaining directors present.	
	March 5, 2025	Wei-Chia Chen Thomas Wang, representative of Jialai Development Co., Ltd. Thomas Lee, Representative of Pure-Xu Real Estate Advertising Co., Ltd.	The proposal of employee remuneration and director remuneration for 2024.	Director is an interested party in the compensation case	Except for the recusal of the directors mentioned in the preceding, the acting chairman passed the proposal without objection after consultation with the remaining directors present.	

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	Davis Cheng			
<p>III. A TWSE/TPEX listed company shall disclose the evaluation cycle and period, evaluation scope, method and content of the self- (or peer) evaluation of the Board of Directors, and complete the board evaluation implementation status:</p> <p>(I) Evaluation cycle and period, evaluation scope, method and content of the self- (or peer) evaluation of the Board of Directors</p>				
Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Conducted once a year	2024/1/1~2024/12/31	Board of Directors, individual board members, and functional committees	Internal self-evaluation by the Board of Directors and self-evaluation by the board members	<p>I. The Board of Directors evaluates the following aspects:</p> <ol style="list-style-type: none"> <li>1. Participation in the operation of the Company</li> <li>2. Improvement in the quality of board decisions</li> <li>3. Board composition and structure</li> <li>4. Selection and continuing education of directors</li> <li>5. Internal control</li> </ol> <p>II. The board members evaluate the following aspects:</p> <ol style="list-style-type: none"> <li>1. Understanding of corporate objectives and missions</li> <li>2. Awareness of directors' duties and responsibilities</li> <li>3. Participation in the operation of the Company</li> <li>4. Internal relationship management and communication</li> <li>5. Expertise and continuing education of directors</li> <li>6. Internal control</li> </ol> <p>III. The functional committees evaluate the following aspects:</p> <ol style="list-style-type: none"> <li>1. Participation in the operation of the Company</li> <li>2. Awareness of duties and responsibilities of the functional committees</li> </ol>

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					3. Improvement in the quality of functional committee decisions 4. Functional committee composition and selection of members 5. Internal control	
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(II) The results of the performance evaluation for 2024 are as follows (out of 5 points):

1. Performance evaluation of the Board of Directors

Item	Question no.	Average score
A. Participation in the operation of the Company	12	4
B. Improvement in the quality of board decisions	12	4.08
C. Board composition and structure	7	4.57
D. Selection and continuing education of directors	7	3.86
E. Internal control	7	4.86

2. Performance evaluation of the board members:

Item	Question no.	Average score
A. Understanding of corporate objectives and missions	3	4
B. Awareness of directors' duties and responsibilities	3	5
C. Participation in the operation of the Company	8	4.14
D. Internal relationship	3	4.33



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management and communication		
E. Expertise and continuing education of directors	3	5
F. Internal control	3	4.33

3. Performance evaluation of the functional committees:

Item	Question no.	Average score
A. Participation in the operation of the Company	4	4.5
B. Awareness of duties and responsibilities of the functional committees	8	4.25
C. Improvement in the quality of functional committee decisions	7	4.14
D. Functional committee composition and selection of members	4	4
E. Internal control	3	4.33

(III) Conclusion:

According to the results of the performance evaluation of the board of directors for 2024, each evaluation indicator is medium to high, which indicates that the board of directors and the functional committees of the Company are operating well and meeting the requirements of corporate governance.

IV. The goals of improving the professional competencies of the Board of Directors (e.g., establishing the Audit Committee and improving the transparency of information) in the current year and recent years and assessment of implementation:

- (I) The Company has formulated the "Rules of Procedure for the Board of Directors' Meetings" of the Company in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for compliance. In addition, the Company has set up a compensation committee that is responsible for implementing recommendation, evaluation, and supervision of the Company's overall compensation policy, manager compensation standards, employee remuneration, and other employee incentive plans.
- (II) In order to strengthen corporate governance, improve the supervisory responsibilities of the Board of Directors, and strengthen the management of the Board of Directors, the Board of Directors has formulated the "Audit Committee Organizational Rules" and established an audit committee.
- (III) The Company is required by law to disclose relevant information on the Company's website and the Market Observation Post System (MOPS) to enhance information transparency.
- (IV) The Company has in 2024, disclosed and published the 2023 ESG Sustainability Report in the Company's website and the Market Observation Post System.

(II) The operation of the audit committee or the participation of the supervisor in the operations

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of the Board of Directors

The Company has three independent directors serving as members of the audit committee. In 2024 and up to the printing date of the annual report, the audit committee has held a total of 6 meetings (A), and the attendance (or attendance as non-voting participant) of independent directors is as follows:

Independent directors is as follows:

Title	Name	Attendance in person [B]	Number of delegates who attended	Attendance in person rate [B/A]	Remarks
Independent Director	Long-I Liao	6	-	100.00%	-
Independent Director	Tzung-Chen Chen	6	-	100.00%	
Independent Director	Peter Shu	6	-	100.00%	
Other disclosures:					
I. If the operation of the audit committee has any of the following circumstances, the audit committee meeting's date, period, content of the proposal, independent directors' objections, reservations or major proposal items, results of the audit committee's resolution, and the Company's handling of the audit committee's opinions shall be stated:					
(I) Matters listed in Article 14-5 of the Securities and Exchange Act:					
Matters listed in Article 14-5 of the Securities and Exchange Act shall be reported to the Board of Directors after the approval of the Audit Committee.					

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	Audit Committee meeting date and term	Proposal content	Audit committee resolution results	The Company's handling of the audit committee's opinions
	March 5, 2024 Ninth meeting of the second term	(1) Appraisal of the independence and competence of CPAs. (2) Review of CPA fees. (3) Individual financial statement for 2023. (4) Business report and consolidated financial report for 2023. (5) Surplus distribution for 2023. (6) Appraisal of the effectiveness of the internal control system and the statement on the internal control system for 2023. (7) Amendment to some articles of the Rules and Procedures for Board of Directors Meetings. (8) Amendment to some articles of the Audit Committee Organizational Rules. (9) Ratification of the acquisition or disposal of assets among the related parties from October to December in 2023. (10) Ratification of the acquisition or disposal of assets by Can Sports Cambodia and sub-subsidiary Chi Hung. (11) Inter-affiliate fund loan (12) Application to financial institutions for a new loan line (13) Proposal the indirect investment and set up a subsidiary in China.	Approved by all members in attendance.	Proposal passed.
	May 2, 2024 10th meeting of the second term	(1) Consolidated financial report for the first quarter of 2024. (2) Ratification of the acquisition or disposal of assets among the related parties from January to March 2024. (3) Liquidation and dissolution of the Cambodian sub-subsidiary, Fireman Factory Co., Ltd. (4) Inter-affiliate fund loan. (5) Application to financial institutions for loan limit increase and contract	Approved by all members in attendance.	Proposal passed.

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		<p>renewal.</p> <p>(6) Provision of endorsement guarantee for Footwear Innovation Lab GmbH by Sports Gear Co., Ltd. (Samoa).</p> <p>(7) The Company intends to increase cash capital in the Seychelles subsidiary, Fongyuan International Co., Ltd., through debt conversion.</p> <p>(8) The Company intends to increase cash capital in the Seychelles subsidiary, Elephant Step Co., Ltd., through debt conversion.</p> <p>(9) Revision of the internal control system of Dai Hoa Co., Ltd.</p>			
	<p>August 15, 2024</p> <p>11th meeting of the 2nd term</p>	<p>(1) Consolidated financial report for the second quarter of 2024.</p> <p>(2) Ratification of the acquisition or disposal of assets among the related parties from April to June 2024.</p> <p>(3) Ratification of the acquisition of right-of-use assets by Vietnam sub-subsidiary, Can Sports Vietnam Co., Ltd. (new lease of Janpeng Factory).</p> <p>(4) Taiwan Branch of Sports Gear Co., Ltd. acquiring the right-to-use assets from a related party (renewal of the lease of Taichung office).</p> <p>(5) Cancellation of the loan limit granted by All Wells International Co., Ltd. (BVI) to Fireman Factory Co., Ltd.</p> <p>(6) Cancellation of the loan amount granted by All Wells International Co., Ltd. (BVI) to Can Sports Shoes Co., Ltd.</p> <p>(7) Inter-affiliate fund loan.</p> <p>(8) Application to financial institutions for loan limit increase and contract renewal.</p> <p>(9) The Company intends to issue the first unsecured convertible corporate bonds in the Republic of China.</p> <p>(10) Appointment of lead</p>	<p>Approved by all members in attendance.</p>	<p>Proposal passed.</p>	

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		underwriter and contract for the Company's first unsecured convertible corporate bond offering in the Republic of China.		
	November 7, 2024 12th meeting of the second term	<ul style="list-style-type: none"> <li>(1) Consolidated financial report for the third quarter of 2024.</li> <li>(2) Ratification of the acquisition or disposal of assets among the related parties from July to September 2024.</li> <li>(3) Establishment of the "Sustainable Information Management Regulations".</li> <li>(4) Amendment to some articles of the "Procedures for Extending Loans to Others"</li> <li>(5) Acquisition or disposal of assets of sub-subsidiary PT Can Sports Industrial Indonesia.</li> <li>(6) Acquiring land-use by Vietnamese subsidiary, Dai Hoa Co., Ltd.</li> <li>(7) Inter-affiliate fund loan.</li> <li>(8) Application to financial institutions for loan limit increase and contract renewal.</li> <li>(9) Approval to assist the Company in complying with the laws and regulations of the Republic of China in the appointment of lead underwriter and the appointment agreement.</li> <li>(10) Acquisition of right-of-use assets (new lease for printing plant) by Vietnamese subsidiary, Can Sports Vietnam Co., Ltd.</li> </ul>	Approved by all members in attendance.	Proposal passed.
	December 19, 2024 13th meeting of the second term	<ul style="list-style-type: none"> <li>(1) 2025 Business Plan and Budget.</li> <li>(2) 2025 Audit Plan.</li> <li>(3) Revision of the Group's internal control system and management regulations.</li> <li>(4) Pre-approval of non-assurance services by audit firm.</li> <li>(5) Change of the Company's functional currency.</li> <li>(6) The Taiwan branch of Sports Gear Co., Ltd. intends to donate to the "Sports Gear Social Welfare</li> </ul>	Approved by all members in attendance.	Proposal passed.

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		<p>Foundation," and proposes to resolve the 2025 donation plan.</p> <p>(7) Ratification of Silk Invest International Co., Ltd. obtaining Transferable Development Rights.</p> <p>(8) Zhihui (Fujian) Shoes Co., Ltd. acquiring the right-of-use assets through office leasing.</p> <p>(9) Inter-affiliate fund loan.</p> <p>(10) Intention of Silk Invest International Co., Ltd. in acquiring the shares of Footwear Innovation Lab GmbH.</p> <p>(11) Cancellation of the proposal of providing endorsement guarantee for German sub-subsidiary, Footwear Innovation Lab GmbH, by Sports Gear Co., Ltd. (Samoa).</p>			
	<p>March 5, 2025</p> <p>14th meeting of the second term</p>	<p>(1) Individual financial statement for 2024.</p> <p>(2) Business report and consolidated financial report for 2024.</p> <p>(3) Proposal to change the certified public accountants in line with the rotation requirements of Deloitte Taiwan in accordance with the law.</p> <p>(4) Appraisal of the independence and competence of CPAs.</p> <p>(5) Review of CPA fees.</p> <p>(6) 2024 surplus distribution proposal.</p> <p>(7) Appraisal of the effectiveness of the internal control system and the statement on the internal control system for 2024.</p> <p>(8) Amendment to some articles of the Company's "Regulations Governing Financial Business Among Affiliates".</p> <p>(9) Acquisition of land Lot No. 185, Yongfu Section, Nantun, by Silk Invest International Co., Ltd.</p> <p>(10) Liquidation of German affiliate, Footwear Innovation Lab GmbH.</p> <p>(11) Ratification of the</p>	<p>Approved by all members in attendance.</p>	<p>Proposal passed.</p>	

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		<p>acquisition or disposal of assets among the related parties from October to December in 2024.</p> <p>(12) Inter-affiliate fund loan.</p> <p>(13) Application to financial institutions for loan limit renewal.</p>		
<p>(II) In addition to the above matters, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire board of directors:</p> <p>The operation of the Audit Committee of the Company does not entail the foregoing.</p> <p>II. As for independent director's recusals in proposals where there exists a stakeholder interest, the name of the independent director, the content of the proposal, the reason for the recusal due to stakeholder interest, and the circumstances of participation in voting must be stated: No such situation.</p> <p>III. Communication status between independent directors and internal audit managers and accountants (should include major matters, methods, and results of communication on the Company's financial and business conditions): The Company's "Rules and Procedures for Board of Directors Meetings" and "Audit Committee Organizational Rules" have specified that when holding a meeting, the Company may, as necessary for the agenda items of the meeting, notify the managers of the relevant departments, internal auditors, accountant, legal advisor or other personnel to attend the meeting as nonvoting participants; independent directors or the audit committee may liaise with the certified public accountants through the Company or personally. The audit manager reported the actual implementation of the audit plan according to plan, and communicated well with the independent directors. The certified public accountants appointed by the Company to audit the financial statements communicate with the audit committee on an annual basis on the audit plan and audit results of the financial statements. In 2024 and as of the printing date of the annual report, the certified public accounts attended 6 review meetings of the financial statements convened by the audit committee. Accountants participated as non-voting delegates in the Board of Directors to express their review opinions on matters such as financial reports and internal control review, and fully communicated with independent directors.</p>				

(III) Corporate Governance Execution Status and Deviations from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies

Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
I. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed	✓		The Company has formulated the Corporate Governance Best Practice Principles, and all governance practices will be carried out in accordance with the Principles.	No major discrepancies.

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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
Companies in the establishment and disclosure of its Corporate Governance Best Practice Principles?				
II. Company shareholding structure and shareholders' equity				
(I) Has the Company established internal operating procedures to handle shareholder suggestions, doubts, disputes, and litigation matters, and does the Company implement them in accordance with the procedures?	✓		(I) In addition to the Company's Articles of Incorporation and internal rules, the Company has stipulated matters for the protection of shareholders' interests, and also has a dedicated unit responsible for handling matters related to the Company's investor relations, so as to properly handle shareholder suggestions, doubts, and disputes.	No major discrepancies.
(II) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders?	✓		(II) The Company understands the changes in the list of major shareholders and ultimate owners of these major shareholders through investor relations maintenance and insider reporting systems.	No major discrepancies.
(III) Has the Company established a risk management mechanism and "firewall" against its affiliates and implemented it?	✓		(III) The Company and its affiliates have established the "Internal Control System," "Management Guidelines for the Authorization of Duties and Agents," "Management Guidelines for Related-Party Transactions," "Regulations Governing Financial Business Among Affiliates," "Guidelines for the Supervision of Subsidiaries," "Procedures for the Acquisition or Disposal of Assets," "Procedures for Extending Loans to Others," and "Procedures for Endorsements and Guarantees" to standardize the management of its personnel, assets, and finances, and shall be able to effectively assess risks and establish appropriate firewalls.	No major discrepancies.
			(IV) The Company has established the "Management	



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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
(IV) Has the Company formulated internal regulations to prevent its insiders from trading securities based on information yet to be made public?	✓		Guidelines for the Prevention of Insider Trading" to regulate confidentiality of the Company's material insider information and the prohibition of trading procedures, and thereby to prevent insider trading and educate insiders about the relevant laws and regulations.	No major discrepancies.
III. The composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors draw up and implement the diversity policy and specific management objectives?	✓		(I) The Company has established the "Regulations Governing the Election of Directors," which requires the composition of the Board of Directors to emphasize diversity and requires Board members to generally possess the knowledge, skills, and literacy necessary for performing their duties, and has implement the Regulations.	No major discrepancies.
(II) In addition to the Remuneration Committee and the Audit Committee set up according to law, does the Company have other types of functional committees in place that it set up at its own discretion?		✓	(II) The Company has established a Remuneration Committee and an Audit Committee in accordance with the law. In the future, other functional committees will be established at appropriate times and according to operational needs.	Set according to future need.
(III) Has the Company formulated guidelines and methods for board of directors performance evaluation, does it conduct annual and regular performance evaluations, and does it report the results of such	✓		(III) To implement corporate governance and improve the functions of the Company's board of directors, and establish performance goals to strengthen the board of directors' operational efficiency, the Company established the "Rules and Procedures for Board of Directors Performance Assessments", and completed 2024 directors performance assessment in March 2025. The assessment results have been submitted to	No major discrepancies.

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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
<p>evaluations to the Board of Directors and use them as a reference for remuneration and nomination for re-election of individual directors?</p> <p>(IV) Does the Company regularly assess the independence of its CPAs?</p>	✓		<p>the board of directors on March 5, 2025, and are used as reference in determining compensation for individual directors and committee members, their nomination and additional office term, as well as making improvements on areas to be strengthened.</p> <p>(IV) The Company's Audit Committee conducts annual regular evaluation on the independence and suitability of the certified public accountants and submits the evaluation results to the board of directors. The 2025 evaluation was approved by the Audit Committee on March 5, 2025, and submitted to and approved by the board of directors on March 5, 2025.</p> <ol style="list-style-type: none"> <li>The Company's evaluation mechanism references Article 47 of the Certified Public Accountant Act and "Professional Ethics Regulations Bulletin No. 10 Integrity, Objectivity and Independence" of the National Federation of CPA Associations of ROC as follows: <ol style="list-style-type: none"> <li>Confirm that the Company's certified public accountants and members of the Audit Committee are not related parties to the Company, directors and managers.</li> <li>Confirm that the Company's certified public accountants and members of the Audit Committee have not accepted gifts that exceed the standard of social norm from the Company, directors, managers or major shareholders.</li> <li>Confirm that the Company's certified public accountants and members of the Audit Committee have conducted necessary independence/conflict of interest procedures, and no incidents of violation of independence or unresolved</li> </ol> </li> </ol>	No major discrepancies.

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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			<p>conflict of interest have been identified.</p> <p>(4). In compliance with the regulations of the Corporate Governance Best Practice Principles, conduct rotation of the certified public accountants.</p> <p>(5). Approval from the Audit Committee has been obtained for the appointment of the audit firm for the annual audit and other cases.</p> <p>(6). When the certified public accountants audit the annual and half-year reports, report to the Audit Committee the content and independence of conducting the audit/review, and other compliance status.</p> <p>(7). Regularly obtain the Declaration of Independence from the certified public accountants.</p> <p>(8). Obtain from the audit firm, information of the 13 audit quality indicators (AQIs) in 5 scopes provided in the Audit Quality Indicators (AQIs) Disclosure Template for the Big 4 accounting firms, and according to the “Guidance on Interpretation of Audit Quality Indicators (AQIs) by Audit Committees” released by the competent authority, evaluate the audit quality of the accounting firm and the audit team.</p> <p>2. Evaluation results:</p> <p>(1). Comply with the relevant regulations such as the Certified Public Accountant Act and Professional Ethics Regulations for Accountants, and the certified public accountants are independent from the Company.</p> <p>(2). The Company has not appointed the same certified public accountant for seven consecutive years.</p> <p>(3). According to the Audit Quality Indicators (AQI), the certified public accountants are</p>	

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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			timely, appropriate and competent in providing the Company with various financial, tax consultation and audit services.	
IV. Does the TWSE/TPEX listed company have a corporate governance unit and sufficient staff as well as a corporate governance officer responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, assisting the board and supervisors in legal compliance, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings) on a full-time or part-time basis?	✓		The Company has set up the Secretariat Office of the Board of Directors to serve as corporate governance officers, and there are currently 3 members. On September 29, 2020, the board of directors passed a resolution to appoint a chief corporate officer to be responsible for handling the corporate governance related matters.	No major discrepancies.
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and a special area for stakeholders on the	✓		(I) The Company has spokespersons and acting spokespersons that act as channels through which the Company expresses opinions to the public, and it handles related response in accordance with its internal control system.  (II) The Company has set up a convenient website on the Internet on which company financial business information and corporate governance information may be found for the reference of shareholders and stakeholders. At the stakeholder	No major discrepancies.

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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
Company website, and does it respond appropriately to important CSR issues of stakeholder concern?			corner, the contacts for the various stakeholders are published, and there are topics such as corporate social responsibility and corporate sustainable development. To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, in detail and updated timely.	
VI. Does the Company hire professional stock agencies to handle shareholders' meetings affairs?	✓		The Company has appointed Yuanta Securities as a stock affairs agency to handle the affairs of the shareholders' meeting.	No major discrepancies.
VII. Information disclosure (I) Has the Company established a website on which to disclose financial business and corporate governance information?	✓		(I) The Company has established a corporate website to disclose the Company's financial business information and corporate governance information for the reference of shareholders and stakeholders.	No major discrepancies.
(II) Does the Company adopt other methods of information disclosure (such as setting up an English website, appointing a special person to be responsible for the collection and disclosure of Company information, implementing a spokesperson system, placing the Company's investor seminars on the Company website)?	✓		(II) Company-related questions are answered by the spokesperson or acting spokesperson, while the relevant business department, the spokesperson or acting spokesperson is responsible for the collection and disclosure of company information; and a corporate website has been established on which to place Company information.	No major discrepancies.
(III) Does the Company announce and report the annual financial report	✓		(III) The Company currently announces and reports its annual financial statements, first, second and third quarter financial statements, and monthly	No major discrepancies.

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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
within two months after the end of the fiscal year, and announce and report the financial report for the first, second and third quarters and the operating conditions of each month before the prescribed deadlines?			operations in compliance with the prescribed deadlines, and does not make any early announcements.	
VIII.Does the Company have other important information to facilitate better understanding of its corporate governance practices (including without limitation employee rights, employee care, 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)?	✓		<p>1.Employee rights: The Company's employer-employee relations are harmonious, and the legitimate rights and interests of employees are guaranteed in accordance with labor laws and local regulations. The Company has not had any major labor disputes, and has not been penalized by the competent authority due to major labor issues or major violations of labor laws.</p> <p>2.Employee care: The Company provides employees with reasonable remuneration and various bonuses. Factories have established labor unions in accordance with local state laws and organizes various employee benefits. The factories distribute gifts for important festivals (Lunar New Year, Dragon Boat Festival, and Mid-Autumn Festival). Colleagues are given birthday gifts on their birthdays, and there are various welfare measures, such as various activities, irregular group health activities or group dinners, travel subsidies, wedding and funeral subsidies, and emergency relief subsidies. Establish a good relationship of mutual trust and dependence between employees and employers.</p> <p>3.Investor Relations: The Company has set up a corporate website and spokesperson system, and has established a smooth communication channel to ensure the rights and interests of investors.</p> <p>4.Supplier relations: The Company upholds ethical corporate management, conducts fair transactions</p>	No major discrepancies.

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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			<p>with suppliers, and maintains long-term good relationships of cooperation.</p> <p>5. Stakeholder Rights: In order to protect the rights and interests of stakeholders, the Company has established a variety of favorable communication channels that are clear and unobstructed, upholds the principle of integrity and a responsible attitude when handling such matters, and fulfills its corporate social responsibilities.</p> <p>6. Continuing education of the Company's directors and supervisors: The Company has set up an audit committee to replace the function of supervisors. All directors of the Company have professional backgrounds, and they all engage in courses covering securities laws and regulations and corporate governance, and meet the requirements for training hours, in accordance with the "Guidelines for the Implementation of Continuing Education Directors and Supervisors of Listed Companies."</p> <p>7. Implementation of risk management policies and risk measurement standards: The Company formulates various internal regulations in accordance with the law and conducts various types of risk management and assessment.</p> <p>8. The implementation of customer-related policies: The Company has a dedicated department responsible for customer inquiry and appeal channels, and creates profit for the Company through its maintenance of stable and good relationships with customers.</p> <p>9. Purchase of liability insurance by the Company for its directors and supervisors: The Company has stipulated regulations on directors' liability insurance in the "Corporate Governance Best Practice Principles" and has purchased liability insurance for directors to reduce and diversify the risk of material damage to the Company's shareholders resulting from director error or</p>	

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Evaluation items	Operating status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			negligence.	
<p>IX. Explain the improvements made for corporate governance evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priority items for betterment and measures for those items which have not yet improved (companies not included in the evaluated do not need to complete this):</p> <p>In order to improve corporate governance, the Company has made the following improvements in 2024:</p> <ol style="list-style-type: none"> <li>1. The Company formulates a succession plan for the members of the board and key management members, and discloses the operations in the Company's website.</li> <li>2. The Company has issued its 2023 Annual Sustainability Report in accordance with the GRI Standards, and has obtained a third-party assurance report, and published it on the Company's website and the Market Observation Post System before the end of September 2024.</li> </ol> <p>In the future, the Company will continue to strengthen corporate governance and corporate sustainability development.</p>				

(IV) If the Company has a Remuneration Committee, it should disclose its composition and operations

#### 1. Profile of Remuneration Committee Members

March 31, 2024

Criteria		Professional qualifications and experiences	Independence	Number of other public companies in which the committee member also serves as a remuneration committee member
Identity	Name			
(Convener) Independent Director	Long-I Liao	<p>Possesses skills and working experience in finance, accounting, financing and crisis management; is a member and convener of the Company's Remuneration Committee and Audit Committee, and former President of First Bank.</p> <p>While carrying out the duties of an independent director and a member of the Audit Committee, he draws on his expertise in financial accounting to enhance the quality of corporate</p>	<p>An independent director, in accordance with the circumstances of independence, including but not limited to not being a director, supervisor, or employee of the Company or its affiliates, including himself/herself, his/her spouse, and relatives within the second degree of kinship.</p> <p>Does not hold any shares of the Company.</p> <p>Not a director, supervisor, or employee of a company with which the Company</p>	0



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Identity	Name	Criteria		
		Professional qualifications and experiences	Independence	Number of other public companies in which the committee member also serves as a remuneration committee member
		governance of the Board of Directors and the monitoring function of the Audit Committee. There are no circumstances as described in Article 30 of the Company Act.	has a specific relationship. No remuneration for providing business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	
Independent Director	Tzung-Chen Chen	He has skills and working experience in legal affairs and crisis management. He has passed the national examination and is qualified as a lawyer and is a certified professional and technologist. He is a member of the Company's Remuneration Committee and Audit Committee, and has served as a judge of the Supreme Court, Director of the Judicial Administration Department of the Judicial Yuan, and President of the Shihlin District Court. His expertise in law provides advice on risk management, legal strategy, compliance and management decisions. There are no circumstances as described in Article 30 of the Company Act.	An independent director, in accordance with the circumstances of independence, including but not limited to not being a director, supervisor, or employee of the Company or its affiliates, including himself/herself, his/her spouse, and relatives within the second degree of kinship. Does not hold any shares of the Company. Not a director, supervisor, or employee of a company with which the Company has a specific relationship. No remuneration for providing business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	0
Independent Director	Peter Shu	Possesses work experience and competencies in business management, financial accounting and risk management; is a member of the Company's remuneration committee and audit committee, and the current Chairman of Transcend Information Inc. While carrying out the duties of an independent director and a member of the Audit Committee, he draws on his expertise in financial accounting to enhance the quality of corporate governance of the Board of Directors and the monitoring function of the	An independent director, in accordance with the circumstances of independence, including but not limited to not being a director, supervisor, or employee of the Company or its affiliates, including himself/herself, his/her spouse, and relatives within the second degree of kinship. Does not hold any shares of the Company. Not a director, supervisor, or employee of a company with which the Company has a specific relationship. No remuneration for providing business, legal, financial, or accounting	0

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Identity	Criteria	Professional qualifications and experiences	Independence	Number of other public companies in which the committee member also serves as a remuneration committee member
	Name	Audit Committee. There are no circumstances as described in Article 30 of the Company Act.	services to the Company or its affiliates in the last two years.	

## 2. Operation of the Remuneration Committee

(1). There are 3 members of the Company's Remuneration Committee.

(2). Terms of the current members: From May 27, 2022 to May 26, 2025, the Remuneration Committee met 3 times in 2024 and up to the date of publication of the annual report [A]. The qualifications and attendance of the members are as follows:

qualifications and attendance of the members are as follows:

Title	Name	Attendance in person [B]	Number of delegates who attended	Attendance in person rate% [B/A]	Remarks
Convener	Long-I Liao	3	-	100.00	-
Committee Member	Tzung-Chen Chen	3	-	100.00	
Committee Member	Peter Shu	3	-	100.00	

Other disclosures:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date of the Board of Directors meeting, period, proposal content, results of resolutions of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee (if the compensation approved by the Board of Directors is better than the recommendations of the Remuneration Committee, such differences and reasons for which should be stated): No such situation.

II. As to the resolutions of the Remuneration Committee, if there is opposition or qualified opinions from members for which there exist records or written statements, the Remuneration Committee meeting date, period, proposal content, all members' opinions, and the handling of opinions should be stated: No such situation.

## (V) -1 Promotion of sustainable development and discrepancies between the performance and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
I. Has the Company set up a governance structure and a	✓		The highest governance body of the Company's climate-related issues is the	No major discrepancies.

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Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
dedicated (part-time) unit for sustainable development, handled by senior management with the authorization of the Board of Directors and supervised by the Board of Directors?			<p>board of directors, who is responsible for guiding and supervising climate-related risks and opportunities. In November 2024, the board meeting approved the establishment of a functional committee at the board level, the Sustainable Development Committee. The board of directors authorized Chairman Wei-Chia Chen to serve as the convener of the committee, and the first meeting of the Sustainable Development Committee was held the following month.</p> <p>The Committee, with the authorization of the board of directors, shall exercise the care of a good administrator to faithfully perform the following duties and report to the board of directors.</p> <p>I. Formulate, promote and strengthen the Company's sustainable development policies, annual plans and strategies.</p> <p>II. Review, track and revise the implementation status and effectiveness of sustainable development.</p> <p>III. Supervise the disclosure of sustainable information and review the sustainable report.</p> <p>IV. Supervise the implementation of the Company's sustainable development code of conduct or other sustainable development related work approved by the board of directors.</p> <p>The Committee shall meet at least once a year and may meet at any time as necessary.</p>	
II. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk	✓		In accordance with the GRI materiality identification principle, the Company conducts a four-step sustainability issue assessment, including consultation, identification, analysis and review, to comprehensively consider and identify	No major discrepancies.

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Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
management policies and strategies based on the principle of materiality?			the sustainability issues that have a significant impact on "Sports Gear Co., Ltd." and "on the external economy, environment, governance and society" for the year. Based on the results of the materiality survey, the Company prioritizes disclosure and ESG management. For detailed information, please refer to "1.3 Stakeholders and Material Issues Analysis" and "1.4 Sustainable Value Chain Management" in Chapter 1 of the Company's "2024 Sustainability Report".	
III. Environmental issues				
(I) Has the Company built proper environmental management systems based on the characteristics of their industries in place?	✓		(I) The Company's factories comply with local environmental laws and regulations, as well as customers' factory environmental management requirements, and pass customers' factory audits every year. Plants of Chi Hung Co., Ltd., Can Sports Shoes Co., Ltd. and All Wells International Co., Ltd. have also obtained ISO14001 environmental management system certification.	No major discrepancies.
(II) Does the Company strive to improve energy efficiency and use renewable materials that have a low impact on the environment?	✓		(II) In order to reduce the negative environmental impact during operations, the Company works with each plant in carrying out energy-saving actions and strategic planning to reduce energy use and consumption. Human resources input: Increase the number of energy management personnel and committee members so that the factory can receive timely maintenance or management in energy use, inspection and exception handling. Recycled materials: 1. Recycled rubber powder is	No major discrepancies

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Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
(III) Does the Company evaluate the potential risks and opportunities of climate change with regard to the present and future of its business, and take appropriate response measures?	✓		<p>added during the production of the outsole.</p> <p>2. Different proportions of recycled materials are used based on the product, including PU artificial leather and fabrics in the fabric.</p> <p>(III) With regards to the management of climate change issues, the Company references Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), and based on the disclosure framework such as "governance," "strategies," "risk management," and "indicators and targets", identify climate change risks and opportunities that are of concern to the Company, so as to manage and respond to the material financial impact due to climate change. For potential risks and opportunities and relevant response measures, please refer to Chapter 4's "4.2 Climate Change Response Strategy" of the 2024 Sustainability Report.</p>	No major discrepancies
(IV) Has the Company taken inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and drawn up policies on greenhouse gas reduction, water use reduction, or waste management?	✓		<p>(IV) The Company's greenhouse gas inventory is conducted in accordance with ISO 14064-1:2018 standard. The Group's factories have established "Management Procedure for Water Pollution Prevention." With regard to the goals of water resource management, it aims to achieve conservation and reduction, recycling and reuse, and legally compliant treatment. Waste management is carried out in</p>	No major discrepancies

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Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			accordance with local government laws and regulations and customer needs; reduction, legally compliant disposal and recycling and reuse are achieved, in order to reduce the impact on the environment. For data on greenhouse gas emissions, water consumption and total waste weight and their reduction management policies, please refer to Chapter 4's "4.3 Energy Resource Management", "4.4 Water Resource Management" and "4.5 Waste Management" of the Company's 2024 Sustainability Report.	
IV. Social issues				
(I) Does the Company comply with relevant laws and regulations and internationally recognized covenants on human rights, and does it have relevant management policies and procedures in place?	✓		(I) The Company's factories have formulated various management systems and standards in accordance with local labor laws and regulations, including personnel management rules and work rules. The Company has also formulated internal control systems for the payroll cycle in accordance with regulations, abides by relevant labor laws and basic labor human rights principles, and protects the legitimate rights and interests of employees. The factories have established labor unions in accordance with local laws and regulations, and will organize various employee benefits to ensure employee-employer harmony.	No major discrepancies.
(II) Does the Company establish and implement reasonable employee benefits (including compensation, leave, and other benefits), and ensure business performance or results are reflected adequately in	✓		(II) The Company has formulated a reasonable remuneration plan, and together with the employee performance evaluation system and company policies, it helps to clearly distinguish rewards and punishment, thereby ensuring the fairness and	No major discrepancies.

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Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
employee compensation?			<p>reasonableness of the remuneration. The Company has established a Remuneration Committee responsible for recommending, evaluating and monitoring the Company's overall remuneration policy, including the management's remuneration scale, employee remuneration and other incentive plans, so as to ensure a sound operation of the Company's welfare, remuneration and other systems.</p> <p>The Company's Taiwan branch provides healthy lunch to help employees boost their immune system, improve blood circulation, and reduce the risk of cardiovascular disease. While enjoying the delicious and healthy meals, employees are also able to reduce excessive intake of salt, sugar and fat, thereby reducing the occurrence of the three high problems. In the long run, it not only improves the health of employees, but also improves their work efficiency and concentration, thereby raising the Company's overall operational results. Please refer to Chapter 5's "5.2 Labor-Capital and Labor-Employment Relations" of the Company's 2024 Sustainability Report.</p>	
(III) Does the Company provide its employees with safe and healthy workplaces, and organize training on safety and health for its employees on a regular basis?	✓		<p>(III) Providing employees with a safe, healthy and happy working environment is the Company's business philosophy and core value. New employees are required to receive occupational safety and health education and training when they report to work. Regular occupational health and safety</p>	No major discrepancies.

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Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
(IV) Does the Company offer its employees effective occupational empowerment training programs?	✓		<p>related education and training are also held for employees in the factory. Through the relevant training and advocacy, the concept of environmental safety and health education can be deeply rooted in employees.</p> <p>(IV) The Company designs appropriate training and courses for employees of different positions and ranks, including induction training, regular and irregular training. In addition to the existing professional functional training courses and management courses, the Company also held a group consensus camp in the Vietnam plant. The consensus camp gathers overseas employees of different countries, cultures and ranks, which promotes exchange of views and opinions, as well as build cohesion among peers, achieving a win-win effect of mutual help and mutual trust. Through these training programs, the Human Resources Department aims to enhance employees' professional knowledge and skills, management capabilities, and cultural literacy, supporting them in their career development.</p>	No major discrepancies.
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	✓		<p>(V) The Company complies with relevant laws and regulations and international standards with regards to issues such as customer health and safety, customer privacy, marketing and labeling of product sales and services. To protect customer information, the "Information Security Management Measures" has been established.</p> <p>The Company attaches great</p>	No major discrepancies.



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Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
(VI) Has the Company established supplier management policies which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	✓		importance to customer feedback and opinions, and believes that they are the key to continuous improvement and provision of quality products and services.  (VI) The Company's suppliers maintain a high standard in health, safety and environment, and are required to comply with the "Supplier Audit Program", "Supplier Statistics" and "Periodic Supplier Evaluation Checklist", and conduct audits on labor conditions, environmental safety and health, and anti-terrorism and safety twice a year. If any deficiencies are found during the audit, the suppliers are to make improvements within a specified period. If the evaluation score is lower than 75 points for two consecutive times, the purchasing unit will intervene to provide guidance and require the supplier to improve, and report to the general manager for review. If major defects that seriously affect quality are found, the cooperation with the supplier will be terminated.	No major discrepancies.
V. Does the Company refer to internationally accepted standards or guidelines for the preparation of reports that disclose the Company's non-financial information, such as sustainability reports? Does the Company obtain third-party assurance or qualified opinion for the reports above?	✓		The 2023 Sustainability Report that the Company has submitted and issued is prepared based on the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Reporting Standards Board in 2021, the AA1000 AccountAbility Principles, the Apparel, Accessories & Footwear Industry Disclosure Standards of the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD), etc. as the disclosure framework.	No major discrepancies.

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Evaluation items	Operating status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			We will continue to obtain third-party assurance reports every year in accordance with ISAE 3000 "standard for assurance engagements other than audits or reviews of historical financial information" issued by the Accounting Research and Development Foundation of the Republic of China.	
VI. If the Company has formulated its own Code of Sustainable Development Practices in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancies between its performance and the Code. The Company has formulated the Code of Sustainable Development Practices, and continues to operate based on the Practices; there are no major discrepancies between the Company's operations and the Practices.				
VII. Other crucial information to help understand the implementation of sustainable development: In Taiwan, Sports Gear Social Welfare Foundation leads the Company in participating in social giving and charity activities, and the CR Department coordinates, plans and implements for the various plants. Over the years, the Company has been actively promoting charitable activities through funding, in-kind donations, etc. In addition to continuing to care for remote region's elementary school students, remote region's medical care and disadvantaged elderly, etc. the Company also began to invest resources in environmental protection issues, in the aim to bring about positive changes to the society and environment through actual actions. For detailed implementation details, please refer to Chapter 6 of the 2024 Sustainability Report: Giving Back and Inclusive Growth - Social Participation.				

## (V) -2 Climate-related information of TWSE Listed and TPEX Companies

### 1. Climate-related implementation

Item	Implementation
1. Describe the Board and management's supervision and governance of climate-related risks and opportunities.  Describe how climate risk identification, assessment, and management processes are integrated into the overall risk	<p>Sports Gear Co., Ltd. has always been concerned with the possible operational crisis due to extreme climate and global warming, and beginning 2022, it has adopted the Task Force on Climate-Related Financial Disclosures (TCFD) disclosure framework issued by Financial Stability Board (FSB). The board of directors, as the highest governance body, is responsible for guiding and supervising climate risks and opportunities. In November 2024, it was resolved to establish the Sustainable Development Committee, which is a functional committee at the board level. The board of directors authorized Chairman Wei-Chia Chen to serve as convener, responsible for promoting climate change and sustainable development strategies. The Sustainability Committee held its first meeting in December and formally launched the systematic management of climate-related risks and opportunities to ensure the Company's steady development in the low-carbon transformation.</p> <p>The cross-departmental team implements the following grouping matters, consolidates the implementation plan or other sustainability-related matters, and submits the implementation results to the exclusively (or concurrently) dedicated unit of sustainable development or the Committee:</p> <p>I. Corporate Governance Team: Responsible for compliance with corporate governance laws and regulations, formulating reasonable compensation policies and performance appraisal systems, promoting employee education and training, and establishing stakeholder communication mechanisms to achieve the Company's sustainable development goals.</p> <p>II. Sustainable Environment Team: Responsible for the operation of the environmental management system, compliance with environmental laws and international standards, promotion of sustainable transformation, improvement of resource efficiency, strengthening of climate change response mechanisms, and ensuring the implementation of environmental sustainability goals</p>

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management system.	<p>through the establishment of dedicated units or personnel.</p> <p>III. Social Welfare Team: Formulate human rights management policies and procedures, comply with relevant laws and regulations and international standards, promote internal and external communication and risk management mechanisms, and promote community and cultural development to achieve sustainable operations.</p> <p>IV. Sustainability Development Disclosure Team: Formulate sustainable information management policies, comply with relevant laws and regulations and international standards, and ensure the disclosure of relevant and reliable sustainable information to enhance transparency.</p>																	
2. Describe how identified climate risks and opportunities affect the business, strategy, and finances of the business (in the short, medium and long term)	<p>Every year, the Company conducts the TCFD climate change risk and opportunity identification and assessment process through cross-departmental collaboration to identify relevant risks that may affect the company's sustainable development, including physical risks, transition risks and opportunities. Review the Company's climate change strategy and goals, manage the actions of climate change risks and opportunities, review implementation status, and discuss future plans.</p> <p>The Sustainability Report Preparation Team selects management areas and discusses the results of annual major climate risks and opportunities with senior management. Based on the latest internal audit developments and standards requirements, potential risks are monitored and preventive measures are implemented to strengthen risk management. This year, one major physical risk, four major transformation risks and seven major opportunity issues have been identified. The results are as follows: (For details, please refer to Chapter 4.2 of the Company's 2024 Sustainability Report).</p> <p>The Company uses a five-point scoring system to assess the "likelihood of occurrence" and "extent of impact" of each risk and opportunity, and draws a matrix diagram to clearly present the distribution of major risks and opportunities. Among which, the specific quantitative evaluation indicators include the likelihood of occurrence on the vertical axis: 1 point (within 10 years; almost impossible to occur), 2 points (within 5 to 10 years; unlikely to occur), 3 points (within 3 to 5 years; likely to happen), 4 points (within 1 to 3 years; very likely to occur), 5 points (within 1 year; almost certain to occur); and the extent of impact of the horizontal axis: 1 point (the impact is short-term), 2 points (the impact is short to medium-term), 3 points (the impact is medium-term), 4 points (the impact is medium to long-term), and 5 points (the impact is long-term).</p> <table> <tr> <th>Risks / opportunities</th><th>Risks categories and opportunities</th><th>Short-term (1 - 3 years)</th><th>Medium-term (3 - 5 years)</th><th>Long-term (5 - 10 years)</th></tr> <tr> <td rowspan="2">Risks</td><td>Physical risks</td><td>-</td><td> <ul style="list-style-type: none"> <li>Long-term climate change impacts</li> </ul> </td><td> <ul style="list-style-type: none"> <li>Typhoon flooding and extreme precipitation (Note)</li> </ul> </td></tr> <tr> <td>Transition risks</td><td> <ul style="list-style-type: none"> <li>Technical risks and development challenges of low-carbon technologies and recycled materials</li> <li>Price volatility of fossil fuel energy</li> </ul> </td><td> <ul style="list-style-type: none"> <li>Sustainable behavior affects customers' selection criteria for suppliers</li> <li>Uncertain market information</li> <li>Tighter climate regulations (renewable energy, greenhouse gas caps and</li> </ul> </td><td>-</td></tr> </table>				Risks / opportunities	Risks categories and opportunities	Short-term (1 - 3 years)	Medium-term (3 - 5 years)	Long-term (5 - 10 years)	Risks	Physical risks	-	<ul style="list-style-type: none"> <li>Long-term climate change impacts</li> </ul>	<ul style="list-style-type: none"> <li>Typhoon flooding and extreme precipitation (Note)</li> </ul>	Transition risks	<ul style="list-style-type: none"> <li>Technical risks and development challenges of low-carbon technologies and recycled materials</li> <li>Price volatility of fossil fuel energy</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable behavior affects customers' selection criteria for suppliers</li> <li>Uncertain market information</li> <li>Tighter climate regulations (renewable energy, greenhouse gas caps and</li> </ul>	-
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				carbon-related regulations)	
	Opportunities	<ul style="list-style-type: none"> <li>• Participate in SBTi</li> <li>• Green Purchasing</li> <li>• Renewable energy use and solar power plant investment</li> <li>• Create an innovative culture and cultivate innovative thinking and technology</li> </ul>	<ul style="list-style-type: none"> <li>• Develop in line with brand customers and consumer preferences</li> <li>• Green process and environmentally friendly manufacturing</li> <li>• Promote the Company's sustainable resource integration and efficiency</li> <li>• Reduce paper usage and find recycling opportunities</li> </ul>	-	
Note: The Company's main production bases are located in Vietnam and Cambodia. As the areas where the factories are located are less likely to be affected by typhoons directly, this risk is identified as a long-term issue.					
3. Describe the financial impact from extreme climate events and transition actions.	<p>Sports Gear Co., Ltd. refers to the TCFD framework to identify climate-related risks, and the assessment and classification are as follows: (For details, please refer to Chapter 4.2 of the Company's 2024 Sustainability Report)</p> <p>In terms of physical risks, "immediate" or "long-term" extreme weather events caused by climate change will cause financial losses for the Company.</p> <p>Sudden extreme rainfall events may cause flooding of headquarters offices, factory areas and surrounding areas, affecting employees commuting and the transportation of raw materials and finished products, thereby reducing production efficiency and increasing operating costs. In terms of long-term, continued high temperatures and drought will increase the risk of heat injury to employees of Sports Gear Co., Ltd., affecting occupational safety and production efficiency. At the same time, raw materials may undergo qualitative changes due to high temperatures, and the electricity demand for air-conditioning and cooling equipment will also increase significantly, thereby pushing up management expenses and production costs. Water shortages may affect the production process and daily water demand. The Company needs to find other clean water sources, resulting in higher water procurement costs.</p> <p>In terms of transition risks, Sports Gear Co., Ltd. may face multiple challenges from policies and regulations, technological development and changes in market demand due to the global low-carbon economy transition. Depending on the nature, speed and impact of the relevant changes, the following risks may have direct or indirect impacts on the company operations during the assessment period, including policy and regulatory changes, such as carbon taxes (fees), total greenhouse gas emission control, renewable energy policies and other regulations, which may increase the Company's compliance costs and thus increase operating costs. With regard to changes in market demand, as the consumer market's demand for low-carbon products continues to increase, if the Company is unable to adjust its product design and production models in a timely manner, it may face the risk of reduced customer orders.</p> <p>In terms of opportunities, the Company focuses on the development and innovation of low-carbon technologies, actively responds to market trends, and cooperates with customers to gradually increase the proportion of recycled materials in various types of shoes. At the same time, Sports Gear Co., Ltd. continues to develop low-carbon footprint products that meet customer needs, and is committed to building an innovative culture, cultivating innovative thinking and technology to enhance market competitiveness.</p>				

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<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p><u>1. Collection and identification of data related to climate change</u> Distribute TCFD data collection forms to gather information on relevant risks raised by the Company's employees and senior management regarding climate issues. The Sustainability Report Preparation Team of Sports Gear Co., Ltd. will then summarize the responses gathered.</p> <p><u>2. Assess the impact and formulate management response measures</u> Rank them according to their probability of occurrence and impact, and identify items with high impact. Based on the analysis results, further consultations and discussions on risk management strategies and response plans will be conducted with the responsible departments.</p> <p><u>3. Reporting and Tracking</u> The annual identification results of climate change risks and opportunities, impact analysis, strategies and response plans are reported to the Sustainability Committee and the board of directors regularly to ensure the senior management is aware of the progress of management of relevant risks and opportunities. In addition, relevant content will also be included in the sustainability report and disclosed to stakeholders to demonstrate the Company's transparency and responsibility in climate risk management.</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts that are used in the analysis should be explained.</p>	<p>Currently, no scenario analysis is used to assess resilience to climate change risks.</p>
<p>6. If there is a transition plan for managing climate risks, describe its content, as well as the indicators and goals used to identify and manage physical risks and transition risks.</p>	<p>There is currently no transition plan to manage climate-related risks, but relevant measures are expected to be implemented as carbon reduction targets are set.</p>
<p>7. If internal carbon pricing is used as a tool for planning, the basis for price setting should be explained.</p>	<p>The Company has not yet introduced internal carbon pricing as a planning tool and will discuss and plan in the future depending on the situation.</p>

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<p>8. If climate goals are set, information such as the activities covered, the scope of GHG emissions, the planning period, and the progress of each year should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, the source and quantity of carbon offset credits or the number of RECs used for offsetting should be explained.</p>	<p>The Company passed a resolution at the board meeting at the end of 2024 and submitted a commitment to the SBTi to set reduction targets and propose reduction paths in accordance with the SBT standard methodology to promote greenhouse gas reduction measures.</p> <p>Through this mechanism, the Company has a comprehensive grasp of the Group's emission information and has launched a reduction plan for greenhouse gas emission hotspots, including measures such as improving energy efficiency, purchasing energy-saving machinery, replacing high energy-consuming facilities, increasing the proportion of renewable energy use, developing low-carbon process technologies and using recycled materials, to ensure compliance with the reduction path. Operational policies and plans will continue to be adjusted where necessary to assess the opportunities brought about by low-carbon transition, actively reducing the impact of carbon emissions, and improving competitive advantages.</p> <p>The Company has completed the 2024 greenhouse gas inventory, covering actual operating locations within the reporting boundaries, which include the Taiwan Headquarters, five factories in Vietnam and one factory in Cambodia, and will use this year's inventory data as the Group's base year. Through SBTi's methodology and reduction pathways, we will gradually achieve our short-term goals and move towards the vision of net-zero emissions by 2050.</p>
<p>9. GHG inventory and confirmation status, and carbon reduction goals, strategies and specific action plans.</p>	<p>For details, refer to Chapter 2. The Company's GHG inventory and assurance in the last two years.</p>

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## 2. GHG inventory and confirmation of the Company in the last two years

### 1. GHG inventory information

Describe the emission volume (tons of CO<sub>2</sub>e) and intensity (tons of CO<sub>2</sub>e/million NT\$) GHG in the past two years, and the data coverage.

In accordance with Article 10 of the “Regulations Governing Information to be Published in Annual Reports of Public Companies” (herewith after referred to as the Regulations) released by the Financial Supervisory Commission, all TWSE and TPEx listed companies shall disclose information on climate change related issues according to the format in Attachment Table 2-2-3, and GHG related information shall be disclosed in stages according to the Sustainable Development Roadmap for TWSE and TPEx Listed Companies. Our Company is a listed company with paid-in capital of less than NT\$5 billion. The disclosure information for the inventory is as follows:

(1). The parent company shall disclose the inventory information beginning 2026

(2). Subsidiaries in the consolidated financial statements shall disclose the inventory information beginning 2027

Sports Gear Co., Ltd. conducts greenhouse gas inventory in accordance with ISO14064-1:2018 standards to fully grasp the Company's greenhouse gas emissions situation. Reduction measures are conducted by analyzing emission hotspots of each plant, to reduce greenhouse gas emissions and the carbon footprint of products, as well as improve the negative impact on the environment during operations. Sports Gear Co., Ltd. has also gradually improved the disclosure of greenhouse gas inventory boundaries and scope. The disclosure of the inventory boundary of Sports Gear Co., Ltd. in 2024 is as follows: The total emissions from the Taiwan Operations Headquarters are: 167.20 tCO<sub>2</sub>e, including Scope 1: 47.00 tCO<sub>2</sub>e, Scope 2: 120.20 tCO<sub>2</sub>e

	Item	2023		2024		Assurance body	Assurance standards	Assurance opinion/situation
		Total emissions (Tons CO <sub>2</sub> e)	Intensity (CO <sub>2</sub> e/Total number of employees)	Total emissions (Tons CO <sub>2</sub> e)	Intensity (CO <sub>2</sub> e/Total number of employees)			
Parent company	Scope 1	19.87	0.0782	47.00	0.1850	Not applicable (Note 5)	Not applicable (Note 5)	Not applicable (Note 5)
	Scope 2	109.55	0.4313	120.20	0.4732			
	Scope 3	-	-	-	-			
	Subtotal	129.42	0.5095	167.20	0.6582			
Some subsidiaries in the Consolidated Financial Report	Scope 1	Not applicable <sup>(Note 5)</sup>				Not applicable (Note 5)	Not applicable (Note 5)	Not applicable (Note 5)
	Scope 2							
	Scope 3							
	Subtotal							
Total		129.42	0.5095	167.20	0.6582			

Note 1: The data for 2023 and 2024 only covers Taiwan Headquarters.

Note 2: Scope 1 is calculated based on the emission factor announced in the “Greenhouse Gas Emission Factor Management Table Version 6.0.4” by the Ministry of Environment, and according to IPCC AR6 standard published in 2021 to determine the global warming potential (GWP).

Note 3: Scope 2 is based on the latest electricity emission factor announced by the Energy Administration of the Ministry of Economic Affairs. As of the date of publication of the annual report, the latest electricity emission factor announced by the Energy Administration of the Ministry of Economic Affairs for 2023 is: 0.494 kg CO<sub>2</sub>e/kWh

Note 4: In 2024, the Company only discloses part of Scope 3 data, including indirect greenhouse gas emissions (Category 4) from the purchase of energy products by Taiwan Operations Headquarters: 30.29 metric tons CO<sub>2</sub>e.

Note 5: In accordance with the Financial Supervisory Commission (FSC)'s "Regulations Governing Information to be Published in Annual Reports of Public Companies". In accordance with Article 10 (herewith after referred to as the Regulations), all TWSE and TPEX listed companies shall disclose information on climate change related issues according to the format in Attachment Table 2-2-3, and GHG related information shall be disclosed in stages according to the Sustainable Development Roadmap for TWSE and TPEX Listed Companies. The Company is the parent company of a listed OTC company with a paid-in capital under NT\$5 billion. Thus, it should complete information disclosure starting in 2026. And confidential information disclosure should be completed starting in 2028. The Company's subsidiaries in the consolidated financial report shall complete the inventory taking disclosure starting 2027, and the assurance information disclosure starting 2029.

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## 2. GHG assurance information

Describe the assurance status in the past two years up till the publication date of the Annual Report, including assurance scope, assurance agency, assurance standards and assurance opinion.
<p>In accordance with Article 10 of the “Regulations Governing Information to be Published in Annual Reports of Public Companies” (herewith after referred to as the Regulations) released by the Financial Supervisory Commission, all TWSE and TPEX listed companies shall disclose information on climate change related issues according to the format in Attachment Table 2-2-3, and GHG related information shall be disclosed in stages according to the Sustainable Development Roadmap for TWSE and TPEX Listed Companies. Our Company is a listed company with paid-in capital of less than NT\$5 billion, and our assurance disclosure is as follows:</p> <p>(1). The parent company shall disclose the assurance information beginning 2028</p> <p>(2). Subsidiaries in the consolidated financial report shall complete assurance disclosure starting 2029</p> <p>As of the publication date of the annual report, Sports Gear Co., Ltd. has not obtained a GHG assurance opinion. The Company will implement it according to the above schedule.</p>

## 3. GHG reduction goals, strategies and specific action plans

Description of the greenhouse gas reduction base year and its data, reduction objectives, strategies, specific action plans, and achievement of reduction objectives.
<p>The Company passed a resolution at the board meeting at the end of 2024 and submitted a commitment to the SBTi to set reduction targets and propose reduction paths in accordance with the SBT standard methodology to promote greenhouse gas reduction measures. Through this mechanism, the Company has a comprehensive grasp of the Group's emission information and has launched a reduction plan for greenhouse gas emission hotspots, including measures such as improving energy efficiency, purchasing energy-saving machines, replacing high-energy-consuming facilities, increasing the proportion of renewable energy use, developing low-carbon process technology and adopting recycled materials to ensure compliance with the reduction path. Operational policies and plans will continue to be adjusted where necessary to assess the opportunities brought about by low-carbon transition, actively reducing the impact of carbon emissions, and improving competitive advantages.</p> <p>The Company prioritizes greenhouse gas inventory of actual operating locations, which include Taiwan Headquarters, five Vietnamese factories and one Cambodian factory, covered under the scope of the financial report, and will use 2024's inventory data as the Group's base year. Through SBTi's methodology and reduction pathways, we will gradually achieve our short-term goals and move towards the vision of net-zero emissions by 2050.</p>

## (VI) Implementation of ethical management and discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons therefor

Evaluation items	Operating status			Discrepancy with industry standards in ethical corporate management and reasons therefor
	Yes	No	Summary description	
<p>I. Establishment of ethical corporate management policy and approaches</p> <p>(I) Has the Company formulated an ethical corporate management policy that has been passed by its board of directors in its internal</p>	✓		<p>(I) The Company has established its "Ethical Corporate Management Best Practice Principles," "Ethical Corporate Management Operating Procedures and Code of</p>	No major discrepancies.



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Evaluation items	Operating status			Discrepancy with industry standards in ethical corporate management and reasons therefor
	Yes	No	Summary description	
rules and external documents, as well as the commitment of the board of directors and upper management to actively implement management policies?			Conduct" and "Code of Ethics" to regulate the Company's ethical management policies. In order to ensure that employees, managers, and directors are aware of, comply with, and implement it.	
(II) Has the Company established mechanisms to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		(II) The Company follows the principle of ethical management, prohibits the offering and accepting of bribes, and clearly stipulates that illegal donations are not allowed; it also promotes corporate ethics and corporate governance education and training for employees from time to time.	No major discrepancies.
(III) Does the Company clearly define operating procedures, behavioral guidelines, punishment and appeal systems for violations of the program to prevent unethical conduct? And does the Company implement the program and regularly review before	✓		(III) The Company has formulated plans to prevent unethical behavior, it has formulated operating procedures and behavior guidelines in each plan, and has promulgated professional ethics and legal compliance to the Company's employees, managers, and directors.	No major discrepancies.

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Evaluation items	Operating status			Discrepancy with industry standards in ethical corporate management and reasons therefor
	Yes	No	Summary description	
amendment?				
II. Implementation of ethical corporate management				
(I) Does the Company evaluate the credit records of its counterparties and specify good faith terms and conditions in the contracts it enters into?	✓		(I) The Company evaluates its counterparties in accordance with the internal control system, and agreements signed with cooperating partners prohibit both parties from accepting bribes and engaging in other unethical business practices.	No major discrepancies.
(II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(II) The Company has designated the Secretary's Office of the Board of Directors as the dedicated unit to promote the integrity of corporate governance, and the corporate governance manager reports to the Board of Directors on a regular basis.	No major discrepancies.
(III) Has the Company formulated policies that help prevent against conflict of interests and has it established appropriate channels for filing related complaints in place and does it implement them?	✓		(III) Those who have a stakeholder interest in business dealings should inform their managers and recuse themselves in advance to avoid conflicts of interest; directors may state their opinions and answer inquiries with respect to those matters in which the directors themselves or their representatives have stakeholder interest which may harm the Company's interests, but are not allowed to	No major discrepancies.

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Evaluation items	Operating status			Discrepancy with industry standards in ethical corporate management and reasons therefor
	Yes	No	Summary description	
(IV) Has the Company established effective accounting and internal control systems to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform such audits?	✓		participate in discussion and voting. (IV) The Company has established an effective accounting system and internal control system. Internal audit personnel check the compliance of the system in accordance with the audit plan and regularly report to the Board of Directors.	No major discrepancies.
(V) Does the Company periodically organize internal and external education and training to help enforce ethical operations?	✓		(V) The Company organizes internal and external education and training that include ethical management content according to the situation.	No major discrepancies.
III. The operation of the Company whistleblowing system				
(I) Has the Company established a substantial reporting and reward system as well as a convenient reporting channel with appropriate personnel to be assigned to assist the reported party?	✓		(I) The Company has an internal independent reporting mailbox. When employees discover violations of laws and regulations, the Company will have a dedicated person who will accept and handle the report. Reports involving directors or senior management must be reported to the audit committee.	No major discrepancies.
(II) Has the Company formulated standard operating procedures for	✓		(II) The Company has established a specific whistleblowing system and complaint channels to keep	No major discrepancies.

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Evaluation items	Operating status			Discrepancy with industry standards in ethical corporate management and reasons therefor
	Yes	No	Summary description	
<p>the investigation of the reported matters, follow-up measures for after the investigation has been completed, and confidentiality mechanisms?</p> <p>(III) Does the Company take measures to protect whistleblowers from being improperly handled due to whistleblowing?</p>	✓		<p>the identity of the whistleblower and the content of the report secret, and allows anonymous whistleblowing.</p> <p>(III) The Company has established a specific whistleblowing system and complaint channels to protect whistleblowers. The personnel who handle reports shall declare in writing that the identity of the whistleblower and the content of the whistleblower will be kept confidential to ensure that the whistleblower is not improperly handled due to the report.</p>	No major discrepancies.
<p>IV. Improving Information Disclosure</p> <p>Does the Company disclose the content of its Ethical Corporate Management Best Practice Principles and implementation status on its website or Market Observation Post System (MOPS)?</p>	✓		<p>The Company has formulated various systems for the Ethical Corporate Management Best Practice Principles and discloses relevant information on its website for public reference.</p>	No major discrepancies.
<p>V. If the Company has established Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” describe any discrepancies between the principles and their implementation. The Company has formulated Ethical Corporate Management Best Practice Principles, and currently the Company's internal operations continue to be handled in accordance with the provisions of those principles; there are no major discrepancies between the content of the code and its implementation.</p>				
<p>VI. Other important information helpful to understanding the Company's ethical management operations: In addition to the Ethical Corporate Management Best Practice Principles, the Company has also established other internal regulations (example: prevention of insider trading). The Company also arranges for directors to participate in corporate governance courses, and from time to time promulgates the ethical management policy to employees.</p>				

(VII) Other important information that is sufficient to enhance the understanding of corporate governance and operational conditions must be disclosed together:

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1. Implementation Principles of Corporate Governance:

- (1). Protect the rights and interests of shareholders.
- (2). Strengthen the functions of the board of directors.
- (3). Execute the functions of independent directors.
- (4). Respect the rights and interests of stakeholders.
- (5). Improve information transparency.

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2. The Company ensures that its employees, managers and directors are fully aware of and comply with the "Procedures for Handling Material Inside Information " and incorporates them into the internal control system to reduce the risk of insider trading.

- (1). Education and training: In 2024, the Company conducted 2.5 hours of education and training on September 13, September 30 and October 11 for 96 current directors, managers and employees.

Course content includes: Confidentiality of material information, as well as the causes of insider trading, recognition process and transaction examples, the scope of material internal information, confidentiality, disclosure and violation handling.

- (2). Insider advocacy:

Continuing education: The Company arranges relevant training for directors and managers from time to time in accordance with regulations. The topics and content covers various domains such as core values and professional knowledge, finance and accounting, risk management and internal control, business and commerce, legal and financial reporting responsibilities, as well as corporate social responsibility. In 2024, the number of training hours for the Company's directors has met the requirements.

Immediate advocacy: The Company notified each director in advance of the relevant board meetings in December of the previous year, and notified the directors immediately on February 2, April 16, July 30 and October 22, 2024: "may not trade the shares during the closed period within 30 days of announcing the annual financial reports and within 15 days of announcing the quarterly financial reports."

3. Certifications specified by the competent authority that were obtained by the Company's personnel related to financial information transparency:

Certification name	Issuing unit:	Number of people
Senior Examination for Certified Public Accountants	Examination Yuan, Ministry of Examination	2

4. From 2024 to the date of publication of the annual report, the status of key management training is as follows:

Course name	Course date:	Number of people	Number of man-hours
Corporate Governance Forum	20240412	4	12
Innovative thinking and transformation strategies of the boards of directors of the world's top companies	20240430	1	3
The latest revision of the "Regulations Governing Establishment of Internal Control Systems" and the compliance with internal audit and internal control laws and regulations related to financial statement preparation	20240510	1	6
Sustainable Disclosure Practice	20240530	1	9
2024 Cathay Sustainable Finance and Climate Change Summit	20240703	6	36

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Course name	Course date:	Number of people	Number of man-hours
Using Robotic Process Automation (RPA) to improve internal control effectiveness	20240905	1	6
Applications and Examples of Enterprises executing ESG and “Integration of Internal Audit and Internal Controls”	20240909	1	6
Ethical corporate management training	20240903 20240930 20241011	5	12.5
Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	20240923 20240924	2	24
Seminar on IT audit practices	20241210	1	6
Common deficiencies in financial report reviews and practical analysis of important internal control regulations	20241218	1	6

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(VIII) Implementation status of internal control system

1. Statement on Internal Control:



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2. If the company engages an accountant to examine its internal control system, disclose the CPA review report: None

(IX) Important resolutions of the shareholders' meeting and Board of Directors in the most recent year and up to the printing date of the annual report:

4. Resolutions of the 2024 shareholders' meeting

Item	Meeting date	Important resolution
Annual shareholders' meeting	2023.05.24	<p><u>Matters for Ratification</u></p> <p>1. Ratify the 2023 Business Report and Consolidated Financial Report. Implementation: The shareholders' meeting resolved to pass the matter as proposed.</p> <p>2. Ratification of the 2023 Earnings Distributions. Implementation: The shareholders' meeting resolved to pass the matter as proposed.</p> <p><u>Matters for Discussion</u></p> <p><u>None</u></p> <p><u>Elections</u></p> <p>None</p>

5. 2024 board resolutions

Item	Meeting date	Important resolution
10th meeting of the third term	2024.3.5	<p>1. Approved the appraisal of the independence and competence of CPAs.</p> <p>2. Approved the review of CPA fees.</p> <p>3. Approved the individual financial statements for 2023.</p> <p>4. Approved the 2023 Business Report and Consolidated Financial Report.</p> <p>5. Approved the year-end bonuses and performance bonuses for managers.</p> <p>6. Approved the proposal of employee remuneration and director remuneration for 2023.</p> <p>7. Approved the 2023 surplus distributions.</p> <p>8. Approved the appraisal of the effectiveness of the internal control system and the statement on the internal control system for 2023.</p> <p>9. Approved the amendment of the Rules and Procedures for Board of Directors Meetings.</p> <p>10. Approved the amendment of the Audit Committee Organizational Rules.</p> <p>11. Approved the ratification of the acquisition or disposal of assets among the related parties from October to December 2023.</p> <p>12. Approved the ratification of the acquisition or disposal of assets by Vietnam sub-subsidiary,</p>

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Item	Meeting date	Important resolution
		<p>August Sports Co., Ltd.</p> <p>13. Approved the inter-affiliate fund loan.</p> <p>14. Approved the application to financial institutions for loan limit renewal.</p> <p>15. Approved the proposal of the Company indirectly investing in a subsidiary in China.</p> <p>16. Approved the proposal to convene the 2024 annual shareholders' meeting.</p>
11th meeting of the third term	2024.5.2	<p>1. Approved the consolidated financial report for the first quarter of 2024.</p> <p>2. Approved the ratification of the acquisition or disposal of assets among the related parties from January to March 2024.</p> <p>3. Passed the Company's 2023 Sustainability Report.</p> <p>4. Approved the proposed liquidation and dissolution of the Cambodian sub-subsidiary, Fireman Factory Co., Ltd.</p> <p>5. Approved the inter-affiliate fund loan.</p> <p>6. Approved the application to financial institutions for loan limit renewal.</p> <p>7. Approved the proposal to provide an endorsement guarantee for sub-subsidiary, Footwear Innovation Lab GmbH, by Sports Gear Co., Ltd. (Samoa).</p> <p>8. Approved the Company's capital increase by cash of Seychelles subsidiary, Fongyuan International Co., Ltd.</p> <p>9. Approved the Company's cash capital increase in the Seychelles subsidiary, Elephant Step Co., Ltd., through debt conversion.</p> <p>10. Approved the revision of the internal control system of Dai Hoa Co., Ltd.</p>
12th meeting of the third term	2024.8.15	<p>1. Approved the consolidated financial report for the second quarter of 2024.</p> <p>2. Approved the ratification of the acquisition or disposal of assets among the related parties from April to June in 2024.</p> <p>3. Approved the ratification of the acquisition of right-of-use assets by Vietnam sub-subsidiary, Can Sports Vietnam Co., Ltd. (new lease of Janpeng Factory).</p> <p>4. Approved Taiwan Branch of Sports Gear Co., Ltd. in acquiring the right-to-use assets from a related party (renewal of the lease of Taichung office).</p> <p>5. Passed the 2023 Sustainability Report.</p> <p>6. Approved the assessment of the Company's 2023 director and manager salary and remuneration</p>

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Item	Meeting date	Important resolution
		<p>policies, systems, standards, and structures, and the review of the types and amounts of the individual remuneration of the director and manager.</p> <p>7. Approved the distribution of employee compensation to managers in 2023.</p> <p>8. Approved the cancellation of the loan limit provided by All Wells International Co., Ltd. (BVI) to Fireman Factory Co., Ltd.</p> <p>9. Approved the cancellation of the loan limit provided by All Wells International Co., Ltd. (BVI) to Can Sports Shoes Co., Ltd.</p> <p>10. Approved the inter-affiliate fund loan.</p> <p>11. Approved the application to financial institutions for loan limit increase and contract renewal.</p> <p>12. The Company intends to issue the first unsecured convertible corporate bonds in the Republic of China.</p> <p>13. Approved the appointment of the lead underwriter and the contract for the proposed issuance of the first unsecured convertible corporate bonds by the Company in the Republic of China.</p>
13th meeting of the third term	2024.11.07	<p>1. Approved the consolidated financial report for the third quarter of 2024.</p> <p>2. Approved the ratification of the acquisition or disposal of assets among the related parties from July to September in 2024.</p> <p>3. Passed the establishment of the Company's "Sustainable Development Committee Charter".</p> <p>4. Passed the appointment of the convener and members for the first term of the Sustainable Development Committee.</p> <p>5. Approved the formulation of the "Sustainable Information Management Regulations".</p> <p>6. Approved the amendment to some articles of the "Procedures for Extending Loans to Others".</p> <p>7. Approved the acquisition or disposal of assets of sub-subsidiary PT Can Sports Industrial Indonesia.</p> <p>8. Approved the acquisition of land-use by Vietnamese subsidiary, Dai Hoa Co., Ltd.</p> <p>9. Approved the inter-affiliate fund loan.</p> <p>10. Approved the application to financial institutions for loan limit increase and contract renewal.</p> <p>11. Approval to assist the Company in complying with the laws and regulations of the Republic of China in the appointment of lead underwriter and the appointment agreement.</p>

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Item	Meeting date	Important resolution
		12. Approved the acquisition of right-of-use assets (new lease for printing plant) by Vietnamese subsidiary, Can Sports Vietnam Co., Ltd.
14th meeting of the third term	2024.12.19	<ol style="list-style-type: none"> <li>1. Approved 2025 Business Plan and Budget.</li> <li>2. Approved the 2025 audit plan.</li> <li>3. Approved the revision of the Group's internal control system and management regulations.</li> <li>4. Approved the pre-approval of non-assurance services by audit firm.</li> <li>5. Approved the change of the Company's functional currency.</li> <li>6. Approved the proposed 2025 donation plan from the Taiwan branch of Sports Gear Co., Ltd. to the Sports Gear Social Welfare Foundation.</li> <li>7. Approved the ratification of Silk Invest International Co., Ltd. obtaining Transferable Development Rights.</li> <li>8. Approved joining the SBTi Science-Based Reduction Targets initiative and making a commitment.</li> <li>9. Approved Zhihui (Fujian) Shoes Co., Ltd. in acquiring the right-of-use assets through office leasing.</li> <li>10. Approved the inter-affiliate fund loan.</li> <li>11. Approved Silk Invest International Co., Ltd. in acquiring the shares of Footwear Innovation Lab GmbH.</li> <li>12. Approved the cancellation of providing endorsement guarantee for German sub-subsiary, Footwear Innovation Lab GmbH, by Sports Gear Co., Ltd. (Samoa).</li> </ol>

- (X) In the most recent year and up to the printing date of the annual report, if there is opposition or qualified opinions from directors or supervisors on major resolutions passed by the Board of Directors for which there exist records or written statements, the main contents are: No such situation.

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#### IV. Information on CPA fees

##### (I) Information on CPA fees

Unit of amounts: NT\$ thousand

Name of accounting firm	Names of the accountants	Duration of audit by accountants	Auditing fee	Non-auditing fee	Total	Remarks
Deloitte Taiwan	Amy Chiang James Wu	2024.01.01- 2024.12.31	8,500	Business registration: 233 Other: 980	9,713	Others include the Company's master file and transfer pricing report amounting to NT\$830 thousand, and the accountant's review opinion fee of NT\$150 thousand for issuance of corporate bonds

##### (II) If the Company has one of the following circumstances, the accountant fee must be disclosed:

1. If the accounting firm is replaced and the auditing fees paid during the year of replacement are less than the auditing fees of the previous year, the amount and reasons for the drop in audit fees shall be disclosed: No such situation.
2. If the auditing fees are reduced by more than 10% from the previous year, the amount, proportion, and reasons for the reduction in auditing fees must be disclosed: No such situation.

#### V. Information on change of accountants: No such situation.

#### VI. The Company's chairman, president, manager in charge of financial or accounting affairs, and those individuals who have worked at the firm of the CPA or its affiliate within the most recent year: No such situation.

#### VII. Changes to shareholding of directors, supervisors, managers, and major shareholders whose shareholding ratio exceeds 10% of the equity transfer and pledge loan in the most recent year and up to the printing date of the annual report

##### (I) Changes in equity of directors, supervisors, managers and major shareholders whose shareholding ratio exceeds 10%

Unit: Shares

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Title	Name	2024		The current year and up to March 31, 2025	
		Increase (decrease) in shareholding	Increase (decrease) in the number of pledged shares	Increase (decrease) in shareholding	Increase (decrease) in the number of pledged shares
Chairman	Wei-Chia Chen	0	0	0	0
Director	Chia Lai Development Co., Ltd	0	0	0	0
	Representative Thomas Wang	0	0	0	0
Director	Pure-Xu Real Estate Advertising Co., Ltd.	(70,000)	0	0	0
	Representative Thomas Lee	0	0	0	0
Director	Davis Cheng	0	0	0	0
Independent Director	Long-I Liao	0	0	0	0
Independent Director	Tzung-Chen Chen	0	0	0	0
Independent Director	Peter Shu	0	0	0	0
Shareholder who holds more than 10% of the Company's shares	MATCH SPORTS INTERNATIONAL CO., LTD.	0	0	0	0
Shareholder who holds more than 10% of the Company's shares	Mu Mu Sports International Limited	0	0	0	0
President	Ma Shih-Cheng	0	0	0	0
Chief Operating Officer and Vice President of Can Sports Cambodia	Nick Lin	(21,000)	0	0	0
Vice President of Can Sports Vietnam, All Wells and August Sports Vietnam; Chairman of PT Can Sports Industrial Indonesia	Jack Wang	(20,000)	0	0	0
Vice President of Business Development and Footwear Innovation Technology	Juergen Hans Wormser	0	0	0	0
Special Assistant to the Chairman and Spokesperson	Benjamin David Metcalf	1,000	0	1,000	0
Corporate Governance Manager and Acting Spokesperson	Fu-Sheng Ku	(2,000)	0	1,000	0
Accounting Supervisor and Financial Officer	Vincent Kang	0	0	0	0
Audit Manager	Meg Hu	(1,000)	0	0	0

(II) Where counterparties of the equity transfer by directors, supervisors, managers, and major shareholders whose shareholding ratio exceeds 10% are related parties: No such situation.

(III) Where counterparties of the pledge loan by directors, supervisors, managers, and major shareholders whose shareholding ratio exceeds 10% of the pledge loan are related parties: No

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such situation.

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VIII. Information disclosing where there are related parties, spouses, or relationships of kinship within second degree among any of the top ten shareholders, and the relationship between them:

March 25, 2025; Unit: Shares: %

Name	The individual holds shares		Shares held by spouse and minor children		Total combination of shares by nominee arrangement		Titles, names, and relationships where there are related parties, spouses, or relationships of kinship within second degree among any of the top ten shareholders		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
MATCH SPORTS INTERNATIONAL CO., LTD.	60,853,185	30.41	0	0	0	0	0	0	-
Responsible person/corporate representative: Wei-Chia Chen (Note)	1,991,000	0.99	0	0	120,193,924	60.07	0	0	-
Mu Mu Sports International Limited	30,055,555	15.02	0	0	0	0	0	0	-
Responsible person/corporate representative: Wei-Chia Chen (Note)	1,991,000	0.99	0	0	120,193,924	60.07	0	0	-
Spread Idea Co., Ltd. Trust Account	16,666,666	8.33	0	0	0	0	0	0	-
Responsible person/corporate representative: Wei-Chia Chen (Note)	1,991,000	0.99	0	0	120,193,924	60.07	0	0	-
Spread Idea Co., Ltd.	9,000,000	4.50	0	0	0	0	0	0	-
Responsible person/corporate representative: Wei-Chia Chen (Note)	1,991,000	0.99	0	0	120,193,924	60.07	0	0	-
Li-Yang Lai	8,000,962	4.00	0	0	0	0	0	0	-
Citi (Taiwan) Commercial Bank entrusted with the custody of the investment account of Nomura International Co., Ltd., a client of Nomura International (Hong Kong) Limited	6,447,876	3.22	0	0	0	0	0	0	-
Citi Custody Citi Global Market - Asia Pacific Comprehensive Stock Finance	6,020,518	3.01	0	0	0	0	0	0	-
Standard Chartered International Commercial Banking Business Department is entrusted with the custody of Standard Chartered Bank (Hong Kong) Limited - External Account Manager JPMorgan Chase Investment Account	3,809,000	1.9	0	0	0	0	0	0	-
Lu Lu Sports International Limited	3,618,518	1.81	0	0	0	0	0	0	-
Responsible person/corporate representative: Wei-Chia Chen (Note)	1,991,000	0.99	0	0	120,193,924	60.07	0	0	-
Citibank (Taiwan) is entrusted with the custody of UBS Europe SE investment account	2,782,659	1.39	0	0	0	0	0	0	-



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Note: 100% shares in Match Sports International Co., Ltd., Mu Mu Sports International Limited, Lu Lu Sports International Limited, Spread Idea Co., Ltd. Trust account and Spread Idea Co., Ltd. Held by Wei-Chia Chen.

IX. The number of shares held by the Company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same investee company, and calculate the comprehensive shareholding ratio together

March 31, 2025; Unit: Thousand shares; %

Investee company	The Company's investment		Investment of directors, supervisors, managers and businesses that are directly or indirectly controlled		Total comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Sports Gear Co., Ltd.	5,036	100%	0	0	5,036	100%
All Wells	48,500	100%	0	0	48,500	100%
Elephant	68,810	100%	0	0	68,810	100%
Fongyuan	37,740	100%	0	0	37,740	100%
SPG Singapore	1,000	100%	0	0	1,000	100%
Silk Invest International Co., Ltd.	(Note)	100%	0	0	(Note)	100%
Chi Hung Co., Ltd.	(Note)	100%	0	0	(Note)	100%
All Wells International Co., Ltd.	(Note)	100%	0	0	(Note)	100%
Can Sports Shoes Co., Ltd.	(Note)	100%	0	0	(Note)	100%
Can Sports Vietnam Co., Ltd.	(Note)	100%	0	0	(Note)	100%
Dai Hoa Co., Ltd.	(Note)	100%	0	0	(Note)	100%
August Sports Co., Ltd.	(Note)	100%	0	0	(Note)	100%
Fireman	(Note)	100%	0	0	(Note)	100%
Sports Gear (Myanmar) Co., Ltd	(Note)	100%	0	0	(Note)	100%
PT Can Sports Industrial Indonesia	(Note)	100%	0	0	(Note)	100%
SGP	9,000	100%	0	0	9,000	100%
FIL	(Note)	100%	0	0	(Note)	100%
Zhihui	(Note)	100%	0	0	(Note)	100%

Note: It is a limited company and has no shares issued.

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## C. Fundraising situation

### I. Capital and shares

#### (I) Sources of capital

##### 1. Capital formation process

Unit: Thousand shares; NT\$ thousand

Year, month	Issue price (NT\$)	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount (USD)	Number of shares	Amount (USD)	Sources of capital	Capital increased by assets other than cash	Other
2017.03	1	500,000	500,000	2,000	2,000	Establish share capital	-	-
2017.07	1	500,000	500,000	4,000	4,000	Debt converted to capital increase	-	(Note 1)
2017.12	1	500,000	500,000	174,261	174,261	New shares issued by organizational restructuring	-	(Note 2)
Face value converted to NT\$10								
Year, month	Issue price (NT\$)	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount (NTD)	Number of shares	Amount (NTD)	Sources of capital	Capital increased by assets other than cash	Other
2018.12	10	500,000	5,000,000	174,261	1,742,606	-	-	-
2021.04	10	500,000	5,000,000	196,046	1,960,456	Cash capital increase of NT\$217,850 thousand	-	(Note 3)
2025.02	10	500,000	5,000,000	199,789	1,997,891	Domestic corporate bonds converted into common stock 3,744 thousand shares	-	(Note 4)
2025.03	10	500,000	5,000,000	200,095	2,000,951	Domestic corporate bonds converted into common stock 306 thousand shares	-	(Note 5)

Note 1: Chairman Wei-Chia Chen used his personal 100%-owned investment company to remit investment funds totaling US\$4,000 thousand at the establishment of the Company. The Company was established in March 2017 and registered with a capital of US\$2,000 thousand. The difference is accounted for in the accounting treatment of temporary receipts. The item was re-registered as capital in July 2017, and the accounting treatment was regarded as a debt-to-capital increase.

Note 2: On December 27, 2017, the Board of Directors resolved to convert 100% of the shares of INsport International Co., Ltd. (Samoa) (share exchange ratio 0.0054:1 share). In addition, it signed a share subscription agreement with shareholders of Elephant and Fongyuan to purchase new company-issued shares with the equity of Elephant (share exchange ratio 1.0983:1 share) and Fongyuan (share exchange ratio 3.6402:1 share).

Note 3: The letter Tai-Zheng-Shang II No. 11017001621 dated January 19, 2021 from the TWSE stated that the capital increase report was effective.

Note 4: Domestic corporate bonds converted into common stock: Approved by Taiwan Stock Exchange Corporation on March 17, 2025.

Note 5: Domestic corporate bonds converted into common stock: Approved by Taiwan Stock Exchange Corporation on April 15, 2025.

##### 2. Shareholding type

March 31, 2025; Unit: Shares

Shareholding type	Authorized capital			Remarks
	Shares issued and outstanding	Un-issued shares	Total	
Common shares	200,095,061	299,904,939	500,000,000	

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II. List of major shareholders: Shareholders holding more than 5% of the shares or the names, shareholding ratios, amounts, and proportions of shares held of the top ten shareholders

March 25, 2025; Unit: Shares

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
MATCH SPORTS INTERNATIONAL CO., LTD.		60,853,185	30.41
Mu Mu Sports International Limited		30,055,555	15.02
Spread Idea Co., Ltd. Trust Account		16,666,666	8.33
Spread Idea Co., Ltd.		9,000,000	4.50
Li-Yang Lai		8,000,962	4.00
Citi (Taiwan) Commercial Bank entrusted with the custody of the investment account of Nomura International Co., Ltd., a client of Nomura International (Hong Kong) Limited		6,447,876	3.22
Citi Custody Citi Global Market - Asia Pacific Comprehensive Stock Finance		6,020,518	3.01
Standard Chartered International Commercial Banking Business Department is entrusted with the custody of Standard Chartered Bank (Hong Kong) Limited - External Account Manager JPMorgan Chase Investment Account		3,809,000	1.90
Lu Lu Sports International Limited		3,618,518	1.81
Citibank (Taiwan) is entrusted with the custody of UBS Europe SE investment account		2,782,659	1.39

III. Company's Dividend Policy and Implementation

1. Dividend policy stipulated in the Company's Articles of Incorporation

According to the Company's Articles of Incorporation, the Company's business is in a growth stage. The Board of Directors must consider the Company's earnings, overall development, financial planning, capital needs, industry prospects, and the Company's future prospects for each fiscal year to ensure shareholder equity and profit; and in addition to the provision of employee remuneration and director remuneration in accordance with Article 121 of the Articles of Incorporation, the following shall be included in the net profit for the current period: (i) Payment of tax reserves for the respective fiscal year; (ii) Covering losses; (iii) Statutory surplus reserve (unless the statutory surplus reserve has reached the Company's paid-up capital), and (iv) The special surplus reserve required by the competent authority for securities in the Republic of China issued by the Board of Directors, or the reserve determined by Article 128 of the Articles of Incorporation. The Board of Directors shall allocate no less than 10% of the fiscal year's distributable surplus (excluding the cumulative surplus of the previous year) as shareholder dividends. The paid cash dividend shall not be less than 10% of the total dividend.

2. Dividend distribution discussed in the current year

The Company's 2024 dividend distribution proposal was passed by the board of directors on March 5, 2024. In accordance with the Company's Articles of Incorporation, shareholders' cash dividend of NT\$1,235,680 thousand may be distributed from the surplus. Based on the 199,789,131 shares issued by the Company that are entitled to participate in the distribution as of February 28, 2025, the distribution is NT\$6.18491925 per share, and the proposal relating to dividend distribution is expected to be approved for

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distribution by the shareholders' meeting on May 23, 2025.

3. When major changes in the dividend policy are expected, such changes should be explained: No major change in the Company's dividend policy.

IV. The impact of the proposed stock dividend this year on the Company's operating performance and earnings per share:

The Company has not allocated stock dividends, so there is no impact.

V. Remuneration of employees, directors, and supervisors: (The Company does not have supervisors)

1. The amount or scope of the remuneration of employees, directors, and supervisors stated in the Articles of Incorporation

During the trading period of the Company's shares in the designated securities market, unless otherwise provided by the Cayman Company Law, the Public Offering Company Act or the articles of association, if the Company makes a profit during the year, it shall allocate no less than 2% of the profit. Employee remuneration (hereinafter referred to as "employee remuneration"), the payment object of employee remuneration includes employees of the Company and affiliated companies who meet certain conditions, and the conditions are determined by the Company's Board of Directors. The Company can allocate no more than 2% of the preceding profit as remuneration of directors (excluding independent directors) (hereinafter referred to as "director remuneration"). Employee remuneration and directors' remuneration distribution proposal shall be carried out by the resolution of two-thirds or more of the directors of the Board of Directors in attendance and more than half of the attending directors, and shall be reported to the shareholders' meeting. However, when the Company still has accumulated losses, it shall reserve the amount for compensating such losses in advance, and then allocate employee remuneration and director remuneration in accordance with the aforementioned proportions. The term "profit" in this item refers to the profits before tax from which employee remuneration and director remuneration have not yet been deducted.

2. Basis for estimating the amount of remuneration of employees, directors, and supervisors for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period

The remuneration of the Company's employees, directors, and supervisors is based on the estimated distributable amount stated in the Company's Articles of Incorporation. If there is a difference between the estimated cost of the current period and the resolution of the shareholders' meeting, it will be adjusted and recorded in the year of the resolution.

3. Remuneration distribution approved by the Board of Directors

(1) Employee, director, and supervisor remuneration will be distributed in cash or stock. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and processing should be disclosed

On March 5, 2025, the board of directors resolved to pay director remuneration and employee bonuses of NT\$14,300 thousand and NT\$44,194 thousand in cash respectively; there are no differences in the amounts of director remuneration and employee bonuses between the 2024 assessment and consolidated financial report.

- (2) The ratio of the amount of employee remuneration distributed in stock to the total net profit after tax and total employee remuneration for the current period: No such situation.

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4. Shareholders' meeting reports on the status and results of the remuneration distribution

The 2024 director remuneration and employee dividend distribution plan are expected to be reported in the shareholders' meeting on May 23, 2025.

5. The actual distribution of remuneration for employees, directors, and supervisors in the previous year (2023) (including the number of shares distributed, amount, and price per share), and discrepancies with the remuneration of employees, directors, and supervisors, and the reasons and processing

The Company's 2023 directors' remuneration and employee bonus distribution plan has been submitted to the shareholders' meeting on May 26, 2024, and the actual distribution amount is consistent with the amount proposed by the board of directors.

VI. Buyback of treasury stock: No such situation.

VII. Profile of corporate bonds

The handling of corporate bonds (including overseas corporate bonds): **Profile of corporate bonds**

Type of Corporate Bonds		First unsecured convertible bonds
Date of issue (handling)		October 31, 2024
Face value		Total face value NT\$1 billion
Issuance and trading location		-
Issue price		114.23 (Premium issuance, auction)
Total		Total amount NT\$1,142,329,570
Interest rate		0%
Tenor		3 years Maturity date: October 31, 2027
Guarantor		-
Trustee		Trust Department, Mega International Commercial Bank
Underwriter		Yuanta Securities Co., Ltd.
Certifying lawyer		Lawyer Song Tian-Xiang, Lee and Li Attorneys at Law
Certified public account		CPAs Amy Chiang and James Wu from Deloitte Taiwan
Repayment method		Unless the bonds are redeemed or converted by the Company in advance, or repurchased and canceled by the Company through Taipei Exchange, the bonds shall be redeemed by the Company in a lump sum in cash at the maturity date.
Outstanding principal		NT\$1 billion
Terms of redemption or early repayment		Refer to the Issuance and Conversion Regulations for details
Restrictions		Refer to the Issuance and Conversion Regulations for details
Names of credit rating agency, rating date, results of rating of corporate bonds		-
Other rights attached	Amount converted (exchanged or subscribed) to ordinary shares, GDRs, or other negotiable securities up to the date of annual report publication	NT\$409,000,000

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	Issuance and Conversion (Exchange or Subscription) Regulations	Refer to the Issuance and Conversion Regulations for details
Issuance and conversion, exchange or subscription regulations, potential dilution caused by issuance conditions, and effect on shareholders' equity		Assuming that holders of the convertible corporate bonds all convert the bonds into ordinary shares at the price of NT\$101, the maximum possible dilution is 5.05%. Hence, it will not have a material impact on shareholders' equity.
Name of custodial institution		-

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VIII. Handling situation of preferred shares: No such situation.

IX. Status of participation in the issuance of overseas depository receipts: No such situation.

X. Handling situation of employee subscription right certificates: No such situation.

XI. Status of new restricted employee shares: No such situation.

XII. M&A handling situation

(I) In ongoing mergers or acquisitions, the following matters should be disclosed: No such situation.

(II) In ongoing spin-offs, the following matters should be disclosed: No such situation.

XIII. Processing for the issuance of new shares by transfer of shares of other companies: None.

XIV. Financing Plans and Implementation

By the quarter preceding the printing date of the annual report, the Company had no previous issuances or private placements of securities outstanding, or completed within the last three years, for which the benefits of the program had not yet been demonstrated.

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## D. Operation Overview

### I. Business Activities

#### (I) Business Scope

##### 1. The main activities of the Company's business

The Company is currently engaged in the manufacturing of OEM footwear products, primarily sports shoes and casual shoes and some custom-made shoes. Sports shoes used to be the mainstay, but in recent years, casual shoes have gradually become equally important owing to changes in consumer preferences. The Company mainly manufactures for international brands such as Group A, Group B, Group C and Group D.

##### 2. Business sources

Unit: NT\$ thousand; %

Product name	2023		2024	
	Sales Amount	Sales Proportion	Sales Amount	Sales Proportion
Sports shoes	10,620,143	74.75	15,642,102	84.81
Casual footwear	3,410,340	24.00	2,545,948	13.80
Other	177,206	1.25	255,808	1.39
Total	14,207,689	100.00	18,443,858	100.00

##### 3. The Company's current products (services)

- A. Soccer shoes, American football shoes
- B. Footwear for jogging, hiking, and general leisure
- C. Baseball shoes

##### 4. New products (services) planned to be developed

Though countries around the world are recovering from the pandemic in the past few years, OEM/ODM shoe manufacturing has gradually shifted from China to Vietnam, Indonesia and Cambodia due to manpower cost. The Company has also set up factories in Vietnam and Cambodia, and have been actively making plans for Indonesia and other Southeast Asian countries in recent years. Although it is an OEM for brand customers, the Company diligently incubates R&D teams and creates development centers to work closely with customers from the advent of prototype design to the mass production of products. We always stay close to market trends, and with our professional technology and years of experience in the industry, we constantly improve our shoe manufacturing capabilities in line with the market trends, while introducing new technologies and formulas that take advantage of both automated and semi-automated machines. This approach provides brand



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customers not only with excellent footwear products but also with pertinent solutions based on automation data, and eventually we develop innovative services together with brand customers. We expect to increase our competitiveness in the industry and become a partner to grow with international brands.

## (II) Industry Overview

Countries around the world experienced the Covid-19 attack in 2020, the rising inflation in 2023, and the tense global situation in 2024, but the world economy did not fall into a recession as expected. In the second half of 2024, inflation eased, and after the US election, countries around the world are gradually preparing to move into a new chapter. According to Statista.com, the global footwear market is expected to reach US\$505 billion in revenue by 2025, with a compound annual growth rate of 2.37% (2025-2029). With various factors such as the 2024 Paris Olympics, the 2025 FIFA Club World Cup, the 2026 World Cup which will be jointly hosted by three countries for the first time in history, the 2027 AFC Asian Cup and 2028 Los Angeles Olympics, the shoe industry can expect a stable growth in the future, and it is estimated that by 2029, global shoe sales will reach 14.9 billion pairs. In addition, the rise in global economic inflation from 2023, the Ukraine-Russia war, and the inventory adjustments by major customers came to an end in the second half of 2024. After the US election and policies and tax systems gradually become clearer, the overall economic situation is expected to be cautiously optimistic from 2025 onwards. Due to the characteristics of the footwear industry, i.e., although a wide range of machines and automation equipment are used in the process, there is still a large number of manual processes that cannot be replaced. This labor-intensive feature is also shown by the fact that China, Vietnam and India ranked among the top three of footwear exports in 2023, so it is estimated to continue to maintain its position as an Asian OEM center.

### 1. Industry status and development

According to the International Monetary Fund's (IMF) World Economic Outlook Report released at the end of January 2024, this year's global economic growth rate is set as 3.3%, unchanged from the forecast in October 2024. This is due to the higher expectations for US growth which offsets the lower expectations of other top economies.

In the data released in the third quarter of 2024, China's economic growth rate was 4.7%. Although lower than expected, the real estate industry gradually landed and net export gradually increased. Compared with the economic downturn in the

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Eurozone countries of Continental Europe, and the continued weakness in manufacturing and commodity export, China still occupies an important position in the world economic situation.

The IMF also predicts that global overall inflation will drop to 4.2% in 2025 and further reach 3.5% by 2026. This signifies that except for a few developing countries where inflation remains high, developed countries will return to target levels earlier than expected, and the possibility of economic hard landing no longer exists. As whole, the risks facing the global economy have stabilized. In summary, although the long-term vision is promising, there are still a few uncertainties to be carefully observed. For example, the increase in extreme weather conditions will lead to the further increase in non-fuel commodity prices. The possibility of escalating protectionist policies in major economies, leading to short and mid-term economic disruptions due to rising tariffs, adverse investment and reduced market efficiency are all destabilizing risk factors.

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<b>World Economic Outlook Growth Projections</b>			
	ESTIMATE	PROJECTIONS	
(Real GDP, annual percent change)	2024	2025	2026
<b>World Output</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>1.9</b>	<b>1.8</b>
United States	2.8	2.7	2.1
Euro Area	0.8	1.0	1.4
Germany	-0.2	0.3	1.1
France	1.1	0.8	1.1
Italy	0.6	0.7	0.9
Spain	3.1	2.3	1.8
Japan	-0.2	1.1	0.8
United Kingdom	0.9	1.6	1.5
Canada	1.3	2.0	2.0
Other Advanced Economies	2.0	2.1	2.3
<b>Emerging Market and Developing Economies</b>	<b>4.2</b>	<b>4.2</b>	<b>4.3</b>
<b>Emerging and Developing Asia</b>	<b>5.2</b>	<b>5.1</b>	<b>5.1</b>
China	4.8	4.6	4.5
India	6.5	6.5	6.5
<b>Emerging and Developing Europe</b>	<b>3.2</b>	<b>2.2</b>	<b>2.4</b>
Russia	3.8	1.4	1.2
<b>Latin America and the Caribbean</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>
Brazil	3.7	2.2	2.2
Mexico	1.8	1.4	2.0
<b>Middle East and Central Asia</b>	<b>2.4</b>	<b>3.6</b>	<b>3.9</b>
Saudi Arabia	1.4	3.3	4.1
<b>Sub-Saharan Africa</b>	<b>3.8</b>	<b>4.2</b>	<b>4.2</b>
Nigeria	3.1	3.2	3.0
South Africa	0.8	1.5	1.6
<b>Memorandum</b>			
<b>Emerging Market and Middle-Income Economies</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>
<b>Low-Income Developing Countries</b>	<b>4.1</b>	<b>4.6</b>	<b>5.4</b>

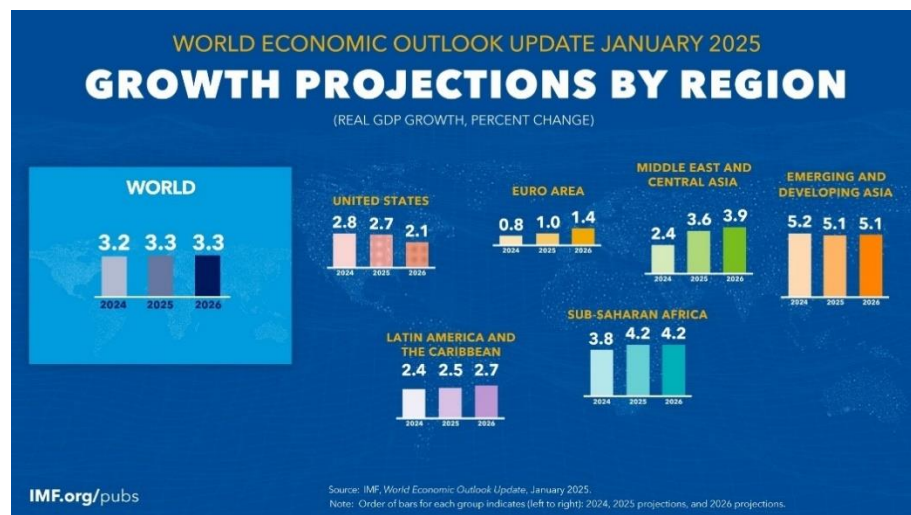
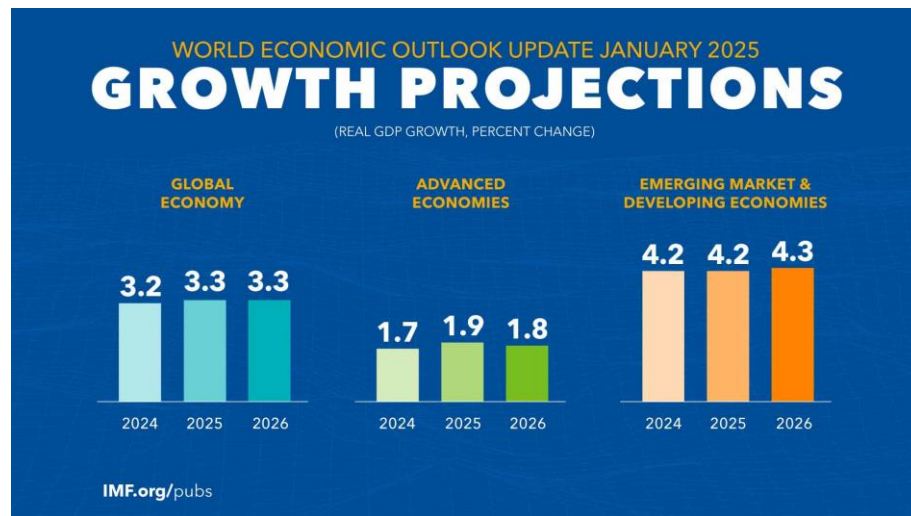
Source: IMF, *World Economic Outlook Update*, January 2025

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2024/25 (starting in April 2024) shown in the 2024 column. India's growth projections are 6.8 percent for 2025 and 6.5 percent for 2026 based on calendar year.

INTERNATIONAL MONETARY FUND [IMF.org/pubs](https://www.imf.org/pubs)

Source: IMF 2025 World Economic Outlook

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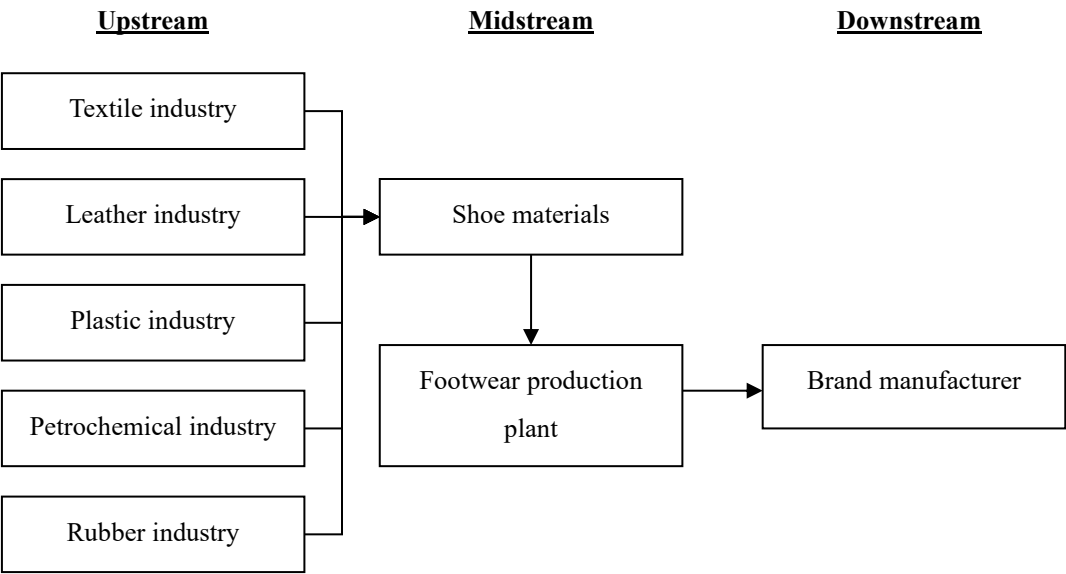
Source: IMF 2025 World Economic Outlook

The Company began with OEM shoemaking as its main business and with soccer shoes as its technical core. Coupled with the rise of the recreation, sports shoes are no longer solely limited to wear in the sports field, but have become a part of daily wear. Coupled with the continuous introduction of new casual shoes products, consumers are accustomed to faster turnover; and changes in consumption patterns, such as the convenience and speed of online retail sales, are more conducive to this trend. Knowing this, the Company will also focus on the development of more varieties of casual footwear in order to maintain links with market consumption. In summary, though the footwear market was affected by global inflation, geopolitics and high inventory level in 2023, according to statistics

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from Expert Market Research, the global footwear market is estimated to reach US\$417 billion in 2024. With the diverse product combinations and continuous hosting of sports events, the footwear market will continue to grow from 2024 to 2032, with a compound annual growth rate of 4.9%. Therefore, the future growth of the footwear industry remains stable and cautiously optimistic.

2. Connections to the industry's up-, mid-, and downstream industry



The upstream of the footwear industry mainly supplies raw materials such as textiles, leathers, and chemicals, and shoe materials for different parts of the shoe need to be divided into different raw materials for production. The midstream includes shoe materials and shoe factories. Due to the long history of the shoe-making industry, the types of shoe materials are very diverse. Shoes with different functions have their own special materials. In addition, shoe materials require different raw materials for production. The soles of sports shoes are made by TPU, thermo-compression molding or Ethylene-Vinyl Acetate (EVA), and the uppers are made of synthetic leather, mesh, or leather (artificial leather or genuine leather). In addition, the shoe industry has a huge market, so it is no exaggeration to say that shoe materials have developed into a special application field. Shoe manufacturers are responsible for the development of shoe shapes and the production of finished shoes. After multiple production processes, shoe materials are combined to make a pair of shoes. Downstream brand vendors are responsible for product development

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and design, either solely on their own or by commissioning shoe plants; they then commission the footwear plants to produce the designed shoes before selling them to consumers through the brand manufacturers' own channels or agents.

The Company is a mid-stream footwear manufacturer. The Company's main OEM clients are major international brand manufacturers. It is a pure OEM, and in recent years, it has continuously advanced its shoemaking technology and increased production efficiency. It also provides exclusive development centers for its major brand clients, thus securing its client relationships and establishing a good competitive advantage for the Company.

### 3. Various development trends of products

#### (1). Green production and sustainable development

With the increase in extreme climates and the demand for sustainability, the world's attention to ESG has become a prominent issue. As more and more industries undergo green transition, and transmission of information is faster and wider, environmental issues will become the dominant direction in the future. Though the footwear industry is not considered a high-polluting industry, the global sports footwear industry emits nearly 700 million tons of carbon dioxide on average each year. Also, the fast changing fashion trends in recent years, and the shorter cycle of replacing shoes by consumers, means more waste is generated. According to the industry trend, it is predicted that the sustainable footwear market value may reach US\$13.6 billion by 2030. Hence, the management and optimization of sustainable development and carbon emission have also become research topics not to be ignored by local and foreign companies. The environmentally friendly shoes made of recycled polyester fiber materials launched by Swedish sports brand On and Spanish luxury brand LOEWE was a hit. In 2024, French running shoes brand, HOKA, also collaborated with Japanese fashion brand, WTAPS, in launching avant-garde shoes made from sugarcane, demonstrating the many facets of sustainable technology and expanding the dimension of sustainability awareness, actively transforming the industry towards low-carbon manufacturing. Renowned sports brand, Asics, has also developed a low-carbon footprint sports shoe which only emits 1.95 kg of CO<sub>2</sub>e during its production cycle. The company has also set a vision to achieve net-zero emissions by 2050. British and American sports shoe brand, New Balance, has launched shoes made from recycled fabrics, and as each piece of material is

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different in size, the shoes produced are unique, which is a fusion of environmental protection and art. Taiwan's shoe making machinery manufacturer, King Steel Machinery also announced before the 2023 United Nations Framework Convention on Climate Change, its commitment to achieve net-zero emission by 2050, and reduce 1% of carbon footprint every year. The above examples show green transition has become an important issue all brands need to pay attention in order to move forward.

(2). Product technology upgrades are moving toward development of smart shoes

In addition to the main function of improving sports performance, another important function of traditional sports shoes is to reduce the risk of sports injury. In recent years, sports technology has gradually received attention. With data analysis, athletes are to reasonably maximize their athletic ability, and pay more attention to load management in sports and body recovery after sports. This has led to sports shoes with better performance such as protection, shock absorption, anti-slip, comfort, lightweight, elasticity, etc. The rapid development of 3D printing, when applied to the front end of sports shoe development, can accurately "print" shoe parts. Proprietary layering technology can be used to create completely unique shoes in place of using traditional molds. In addition to saving costs, it can also reduce the time of shoe development, which is in line with the fast-paced consumption patterns of today's "fast" fashion society. In the future, multi-functional shoes which combine various technological functions are no longer just for display, but are able to create new added value, providing sport shoes with more diverse features. Although preferences and styles of the consumer market are changing at an increasingly quick pace, innovation is always the core of competitiveness and the Company's core philosophy. The Company continues to cultivate talents from different domains, and it actively looks for different customers in creating more possibilities and opportunities for the sports shoe market.

(3). Smart footwear

In the past, the shoemaking industry was limited by the difficulties in standardization. In practice, it had to rely on manual adjustment, and the time wasted in changing the machines may also affect the delivery time. These are the main reasons why it is still being regarded as a traditional labor-intensive

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industry. In recent years, with the rise of retro-shoes which are more complex in manufacturing, the trend has become more labor intensive instead. However, with the impact of Covid 19 and the increasing labor cost in Southeast Asia over the years, factories are starting to reflect. In recent years, more brand customers are demanding for transparency in the production history of shoe manufacturers. In addition, with the raise in environmental awareness, ESG concepts have begun to receive attention, urging shoe factories to reduce inventory and comply with the spirit of local manufacturing. Faced with the challenges of the products' added value, managing the cost more accurately and improving production efficiency through automation give rise to the concept of smart footwear. "Smart factory" is a specific form in the smart footwear industry. Starting from data digitization, big data is collected by information equipment in each process, and design is then made with parameters which increases production efficiency, and further reduces cost and improves quality. In the shoemaking process, automated control systems (eg. automatic cutting machines can improve material utilization by computing cutting positions, consolidate shipment after scanning the QRcode on the cartons) and are able to provide the products with more stable product quality. Besides being able to reduce manpower demand and achieve more efficient factory management, it can also reduce production and manufacturing cost. Product standardization not only produces fast and consistent output, but also improves customer reliability, and these are the keys for the shoemaking industry to excel in the highly competitive market in the future.

#### 4. Product competitiveness

The Company manufactures sports shoes and casual shoes for international brands. In order to meet their high standards for product delivery, quality, price, and service, we continue to invest resources in the research and development of core technologies, improvement of production processes and high output quality. We will also accumulate our capabilities and be in line with the market shift. In addition, the Company has diffused production bases, and it has been studying the feasibility of other markets in recent years. Coupled with rich experience in factory management, the Company attaches importance to and continues to respond to issues of corporate sustainable development, thus maintaining the Company's competitiveness in the shoemaking industry.

### (III) Technology and R&D Overview



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1. Technical levels, research and development of the business

Since its establishment, the Company has continued its R&D in pursuit of its goal of producing high-quality products. R&D projects include the development and application of new shoe materials and the introduction and improvement of manufacturing technology. And the establishment of SGP in Portugal will specialize in direct injection and automated production processes. In addition, it promotes the collection of production data through the Real Time System, and improves the stability, speed, and flexibility of production through big data analysis applications and cloud computing. The Company continues to invest in automation, innovative technology, process improvement, and shoe material development to meet brand client needs for high-quality products and services and quick market response. In this way, it will deepen cooperation with brand clients, increase mutual business dependence, and solidify the Company's status in the shoe industry.

2. R&D personnel and their academic experience

Unit: Number of people

Education	2021	2022	2023	2024	As of February 28, 2025
PhD	0	0	0	0	0
Master's degree	1	0	0	0	5
College (Technical school)/ University	339	354	364	376	361
Below high school (inclusive)	278	621	695	702	646
Total	618	975	1,059	1,078	1,012

3. Annual R&D expenditure invested in the most recent five years

Unit: NT\$ thousand; %

Item	2020	2021	2022	2023	2024
R&D expenses	404,900	300,856	381,738	418,345	503,860
Net operating revenue	13,514,535	12,335,924	18,524,986	14,207,689	18,443,858
Percentage of net operating revenue	3.00%	2.44%	2.06%	2.94%	2.73%

4. Successfully developed technologies or products in the most recent five

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years	
Year	R&D results
2020	System protection and product safety upgrade Automatic direct injection technology application upgrade Shoe upper line drawing device assembly
2021	Introduction of warehouse cloud system Introduction of automatic guided vehicles (AGVs) Launch of smart factory projects
2022	Launch of smart production line project Robotic arms go online
2023	Introduction of IOT simulation and forecast scheduling system
2024	Self-developed shoe lacing tool Developed and mass produced new carbon-reducing environmentally friendly injection-molded sole materials

(IV) Long-term and short-term business development plans

1. Short-term development plan

(1). Marketing strategy

- A. Diverse product portfolio and channels not only bring about a more comprehensive sales perspective, but also provides real-time feedback on market trends, which will help further increase profit and improve market visibility.
- B. Continue to explore new markets and develop new customers, and actively look for future market stars.
- C. Besides width, it will also develop in terms of depth, refining professional sports shoes technologies, and actively developing functional and casual footwear market, establishing diverse domains and increasing economies of scale.
- D. In addition to cultivating various special shoe research and development talent in various aspects, the Company also develops models through exchanges and cooperation with customers to improve development technology.

(2). Production policy

- A. While maintaining good quality, research on increasing production efficiency.
- B. Continue enhancing awareness of teamwork among employees.

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- C. Integrate cross-departmental cooperation strategies to improve communication bottlenecks among departments.
- D. Continue to cultivate local talents and increase the proportion of localization.

(3). Financial strategy

Under the premise that profitability is not affected and in order to cooperate with the expansion of the business, capital increase or bank borrowing is performed to meet capital needs.

2. Long-term development plan

(1). Marketing strategy

- A. Set up a brand-specific R&D team and joint development center, which, in addition to making further improvements in the original field, allows exploring the feasibility of innovation based on long-term accumulated experience in development. This improves service with brand customers and makes footwear products that are closer fits with market trends.
- B. We integrate the development model from R&D to final product and work closely with brand customers, aiming to become the core manufacturer for long-term cooperation with international brands and increase market share.
- C. In addition to existing brand customers, we shall still actively explore other smaller brands in order to grow together with our experience.
- D. With the rise of AI data, we tap into the development and application of smart factories, using sensors to collect and construct data and obtain pertinent parameters, delivering them to the backend to analyze big data, and finally building various analysis modules through relevant technology. Real-time information is shared between production and sales, and anomalies are tackled and eliminated quickly. We expect to lower overall production costs, increase profits, and keep good communication with our customers.
- E. Besides formulating parameters to set standardized processes based on the data collected, will develop towards the direction of semi-automation. With the setup of RPA to replace lengthy and

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repetitive data creation and manpower in organizing, it not only improves production efficiency and quality, but can also quickly respond to different customer needs while controlling manpower cost in the future.

- F. The concept of green transition can also be supported through digital transformation. By actively using alternative energy to conserve energy, the shoemaking industry is able to realize more environmentally friendly production processes. The use of environmentally friendly materials and reducing waste can reduce environmental impact. Besides social expectations, it also meets brand expectations, which further establish and strengthen connections with customers.

(2). Production policy

- A. Implementing data standardized production, through the analysis of the data collected, reduce the wastage of raw materials and man hours, maximize per capita production and reduce process expense, further reducing costs and increasing gross profit. In addition to actively expanding its plants in Southeast Asian countries such as Indonesia, we are also studying the feasibility in other regions, actively setting up production bases around the world to face the risks of changes in the international situation and the expected increase in manpower cost, in the aim to further expand the Company's operating scale and diverse development aspects in the future, and allocate the production capacity of the plants where necessary to maximize the Group's benefits.
- B. In addition to focusing on automated production process and innovative development, we also actively promote the implementation of Mechanical Engineer (ME) and real-time data system in each product base. With the launch of smart warehousing (WMS), it not only collects production data to improve product quality and production efficiency, but also reduces the risk of human error. We also satisfy brand customers' various market demands in quality product service and quickly respond through our continued investment in automation, innovative technology, process refining and shoe material

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development. In the future, we will also focus on the application of Artificial Intelligence (AI) and strive to improve all aspects of production.

(3). Financial strategy

- A. The Company makes the best use of the financial market's funding options (such as syndicated loans, corporate bonds) to obtain lower-cost capital for its operating resources used to finance the establishment of new plants in different countries.
- B. Based on the principle of sound monetary policy, use financial management tools to gain efficiency in capital utilization and creation of added value.

II. Market, production, and sales overview

(I) Market analysis

1. Sales (Provided) Regions of Main Products (Services)

The sales market of the Company in the last two years has been dominated by Europe and the Americas; the continents accounted for about 80% of the Company's revenue. The ratios by sales region for the last two years are shown in the following table:

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Unit: NT\$ thousand; %

Sales regions \ Year		2023		2024	
		Amount	Ratio	Amount	Ratio
Domestic sales (Note)		0	0	0	0
Exports	Europe	5,152,335	36.26	6,796,448	36.85
	The Americas	5,810,416	40.90	7,699,784	41.75
	Asia	2,661,986	18.74	3,301,188	17.90
	Other	582,952	4.10	646,438	3.50
Total		14,207,689	100.00	18,443,858	100.00

Note: "Domestic sales" refers to sales in Taiwan.

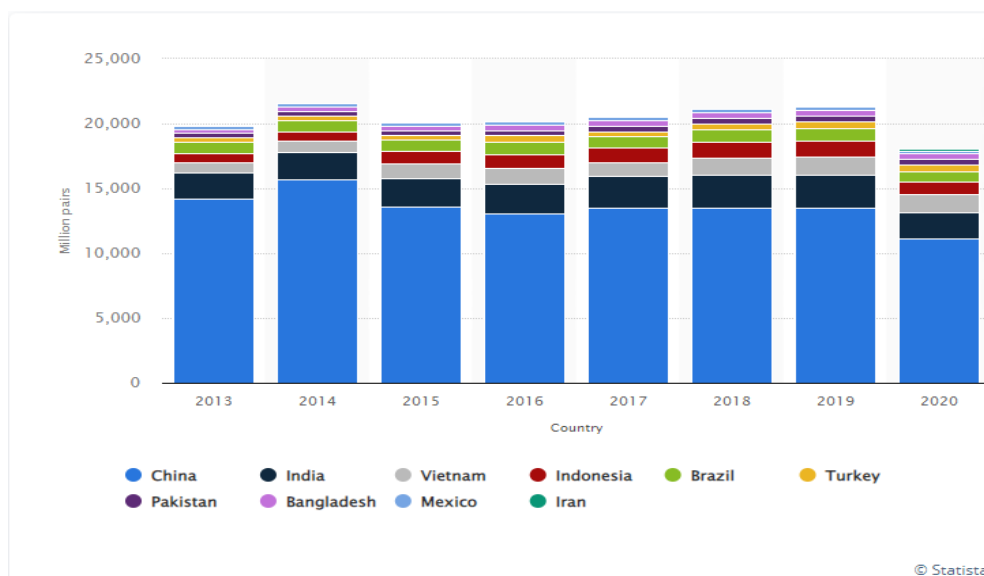
## 2. Market share

The Company has long been devoted to bolstering its technical strength and accumulating copious experiences in the industry. Aligning with the revolutionary elements and materials in recent years, the Company continues the partnership with international brands to provide high-quality footwear products, and innovative services and solutions. Before COVID-19 hit, the Company sold approximately 40 to 44 million pairs of shoes per year, with soccer shoes being the majority. Currently, the global soccer shoe market reports approximately 90 to 100 million pairs per year, and the Company and its subsidiaries account for approximately one-fifth.

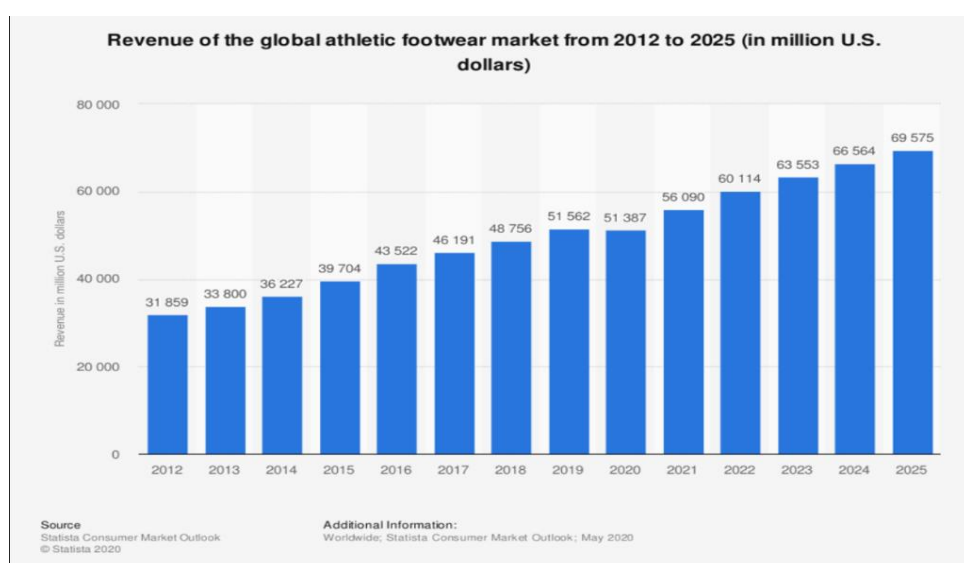
## 3. The market's future supply, demand status, and growth

The heart of the global shoe manufacturing has shifted as follows. In the early years, the hub was Western Europe, such as the coastal regions in Italy and Spain. In the 1980s, it shifted to the Four Asian Dragons, such as Taiwan and South Korea, and Japan, which were experiencing an economic boom and relatively low manufacturing costs. In the 1990s, it shifted to Guangdong and Wenzhou in Mainland China, where costs were lower. In modern times, the focus shifted to Southeast Asia, such as Vietnam and Malaysia. The history indicates that for the past three decades, global footwear production has been revolving around Asia, which accounted for 90% of the global footwear output in 2019. As labor costs increase, the footwear industry is now moving to Myanmar, Cambodia, India and other countries where cheaper labor is available.

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Source: Statista



Source: Statista

In a broader sense, footwear products can be classified as consumer necessities. With the growing population, increasing disposable income, and the popularity of sports as a result of the rise in health consciousness, consumer demand for sports shoes continues to grow, and functions required are gradually changing. Therefore, in addition to increasing production capacity and enhancing the functionality of sports shoes, footwear brands persist in the effort to innovate and diversify their products in the hope of

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expanding the target market of sports shoes to non-athletes and growing steadily in sports shoes and casual footwear markets in the future. According to Statista, the global footwear production volume was approximately 24.3 billion pairs in 2019. In 2020, the COVID-19 pandemic brought the production volume down to 20.5 billion pairs, 85% of which were produced in Asia. Also according to Statista, the footwear market revenue is estimated to be 488,289 million USD in 2022, and the overall footwear market is expected to grow at a rate of 7.65% per annum (compound annual growth rate) by 2025.

#### 4. Competitive niche

##### (1). Professional management team

The Company has been in the shoe-manufacturing industry for more than 20 years, and its management team has been long immersed in the industry, possessing extensive knowledge in the professional field and rich practical experience. Through clear organizational structure and keen market observation, our management has efficiently integrated the resources of various departments, everything from product development, manufacturing, and production to sales can be carried out step by step according to plan. The exceptional tacit understanding and business philosophy of the management team form the core value of the Company; its accumulated professional services and technical capabilities have made the Company an indispensable important partner for clients, thereby creating a competitive niche for the Company in the industry.

##### (2). Stable quality that accords with international brand standards

The Company is committed to becoming a world-class professional manufacturer of sporting goods. It insists on product quality inspection and testing to enhance its competitiveness. The Company supplies OEM services for clients, who are all outstanding international sports and outdoor recreation brands. Its market share and R&D technology are second to none, giving the footwear products manufactured by the Company a competitive edge and high growth momentum in the sports and outdoor footwear market, thereby enhancing the Company's advantages in the OEM footwear industry.

##### (3). Possess R&D capabilities moving towards automation

In the past, the Company invested a large amount of annual R&D



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resources in material research and development and process improvements. R&D projects include the development and application of new shoe materials and the introduction and improvement of manufacturing technology. To date, the Company has developed direct injection technology, and established SGP in Portugal and acquired FiL in Germany to specialize in automated production processes. In addition, it promotes the collection of production data through the Real Time System, and improves the stability, speed, and flexibility of production through big data analysis applications and cloud computing. Continue to invest in automation, innovative technology, process improvement, and development of shoe materials to meet brand client needs for high-quality products and services and quick market response. In this way, the Company will deepen cooperation with brand clients, increase mutual business dependence, and solidify the Company's status in the shoe industry.

(4). Multi-country production advantage

The Company actively expands its overseas production units. The main production force is located in Southeast Asia. Currently, the Company has five production plants in Vietnam and one in Cambodia. In Indonesia, the existing plant has been expanded and a new plant has been contracted. Moreover, the Company has set up a sole factory in Cambodia, which is competitive with the high labor cost in China. In addition, under EU tariff regulations, under-developed countries can enjoy tariff-free, duty-free benefits for goods other than military items (Everything But Arms, EBA) exported to the EU; Cambodia can enjoy this benefit. The European Commission (EC) officially announced on June 30, 2020, that the EU–Vietnam Free Trade Agreement (EVFTA) will take effect on August 1, 2020. After the agreement comes into effect, import tariffs on 65% of EU products exported to Vietnam will be abolished, and tariffs on other products will be gradually eliminated in the next 10 years; tariffs on 71% of Vietnam's products exported to Europe will also be abolished immediately after EU–Vietnam Free Trade Agreement (EVFTA) takes effect. Other product tariffs will be gradually abolished over the next 7 years. The EVFTA, with its various broad-reaching commitments, is expected to help promote Vietnam-Europe bilateral investment and

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economic relations, and at the same time accelerate the integration of Vietnam into the international economy, which is conducive to Vietnam's innovation and modernization. In addition, in view of increasing global economic uncertainty, the Company is contemplating expanding the plant in Indonesia to effectively diversify political and economic risks in various regions.

5. Favorable and unfavorable factors of the Company's vision of development and their response measures

(1). Favorable factors

A. Rising health consciousness, growing sports trend around the globe, ubiquitous e-commerce

Global population ageing is contributing to greater health consciousness. Meanwhile, higher living standards and incomes are changing people's consumption patterns and philosophies over time. The more people value sports, travel and other activities that are beneficial to their physical and mental health, the higher the demand for sports footwear gets. The increased awareness of sports has boosted the market for the sports industry. The general population's demand for fitness and entertainment, competitive sports viewing and sports goods is growing. Also, e-commerce, which allows for quicker orders and deliveries, is becoming prevalent. People are more accustomed to this mode of consumption nowadays, and this in effect shortens the product cycle and makes demand even stronger. According to Allied Market Research, the global sports shoes market will reach 165 billion USD in 2030, a significant increase from 109.7 billion USD in 2020.

B. Impetus of sports events

Ever since the beginning of the 20th century, there has been a wave of global sports. COVID-19 has somewhat dampened the enthusiasm, but with large-scale international sports events held only once every few years such as the Olympics and FIFA World Cup, professional sports have developed to high levels of sophistication and sports health concepts have grown ever more ubiquitous, leading to the rapid growth of the global sports consumer market. The Company's staple products can be broadly divided into sports shoes, casual footwear and others, with soccer shoes being the mainstay of the sports

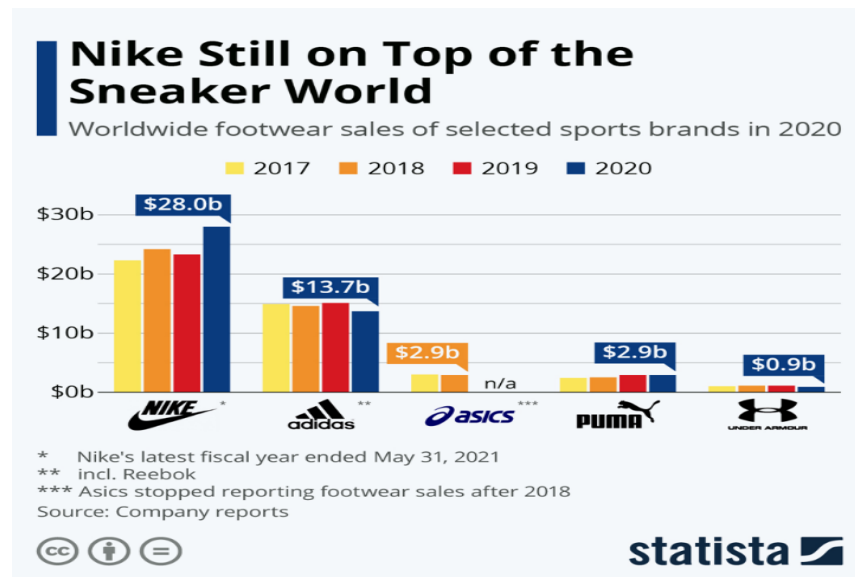
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shoes. The annual output value of the soccer industry reaches 500 billion USD. As the world's number one sport, soccer generates more than 43% of the total annual output value of the entire sports industry. Soccer, known as the "17th largest economy in the world", is the world's most productive, popular and influential sport. Soccer is the largest single sport in the sports industry. Whether it is the FIFA World Cup held every four years, the annual UEFA Champions League, the English Premier League, the Spanish LaLiga, the Italian Serie A, the German Bundesliga or the French Ligue 1, there is a huge audience. Popular events and players' demand for soccer equipment drive the development of soccer, which in turn is beneficial to the soccer shoe industry.

- C. The Company provides customer-specific services, and most of its clients are internationally known brands

According to Absolute Reports and Statista, Nike and Adidas accounted for 30% and 20%, respectively, of the global sports footwear revenue in 2020. The global sports footwear market is forecast to reach 95 billion USD by 2025, almost doubling the figure in 2016 (55 billion USD), which shows that the two giants Nike and Adidas are absolutely in the lead. The Company is an OEM mainly for international brands such as Group A, Group B, Group C and Group D. In addition to being recognized by many international brands, the Company provides a wide variety of high-quality products for its brand customers. From mass production to customized production, the Company can adjust its production methods to fulfill the different needs of its brand customers. The Company has dedicated R&D teams and development centers for major brands and works closely with its brand customers from product development to product prototyping. With its technical expertise and rich industry experience, the Company was awarded the CORE Innovation Cup by Group A in 2019 and 2020, and the Process Innovation Award by Group B in 2019.

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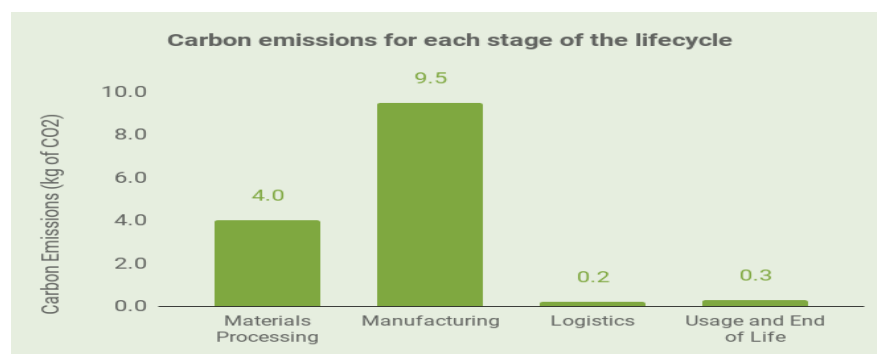
Source: Statista

## (2). Unfavorable factors

### A. Strict environmental standards

With the rising awareness of environmental protection, particularly pertaining to carbon footprint regulations, both governments and foreign institutions have gradually raised the threshold for environmental protection in laws and regulations. According to a 2013 MIT study, the average carbon footprint that the production of a pair of shoes imposed on the planet was about 13.6 kg. This is because most sports shoes are made primarily of plastic (or plastic-like) materials. All these petroleum-based plastics (polyester, thermoplastic polyurethane (TPU), polyethylene terephthalate (PET) and ethylene vinyl acetate (EVA)) produce alarming amounts of carbon dioxide, and the solvents and volatile gases used in the shoe manufacturing process are harmful to human health.

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Source: MAKE FASHION BETTER

The long-term trend of development and the entrepreneurial spirit of sustainable development should not be neglected. We need to invest in the expansion of pollution prevention equipment, personnel education and training, and effective strategies that reduce environmental pollution to ensure that employees work in a safe and secure environment, and that the surrounding environment is pollution-free.

#### Countermeasures:

In response to the issue of sustainable environmental development, each plant has a social responsibility department responsible for handling plant-side environmental safety and health, socio-environmental affairs, energy and greenhouse gas management, and other matters; the department stays up-to-date on the environmental protection regulatory requirements on the market, and endeavors to understand future shoe production trends; it procures and updates pollution prevention equipment, promotes waste reduction plans, and develops new manufacturing processes, so that its product technologies meet environmental protection regulations and client demand.

#### B. Labor and manpower costs continue to rise

The attributes of the footwear industry cause it to be classified as a labor-intensive industry. The production process requires a significant amount of human resources. In recent years, labor wages have increased, resulting in a substantial increase in production costs; and labor awareness in production bases in Vietnam and Cambodia has

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gradually increased. The U.S.-China trade war has also made companies in various traditional industries skeptical of setting up factories in China. Vietnam has become the first choice because of its young human capital and competitive wages. This has resulted in the tightening of labor supply in Vietnam and continuous increase in labor costs related to basic yearly salary, employee benefits, and pensions, causing companies to face the pressures of rising costs and shrinking revenue growth and profitability. Furthermore, Vietnam tended to close cities and factories to cope with the impact of the COVID-19 pandemic, which increased the pressure on business operations.

Countermeasures:

The Company actively expands its overseas production units. In addition to the existing production plants in Vietnam and Cambodia, and new plants in Cambodia and Indonesia, it is considering adding production bases in Indonesia and Myanmar to diversify labor costs throughout various regions. In addition, the Company continues to promote supply chain integration and various production capacity optimization measures to continue to improve its manufacturing processes and strengthen its plant automation process capabilities, while flexibly adjusting its capacity allocation and production mode to continuously improve overall production efficiency. Continuous improvements through the optimization of production line staff will improve production efficiency and reduce production costs.

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C. Footwear products are consumed quickly

With the expansion of the sporting goods market, competition among various manufacturers has become increasingly heated. Internationally renowned manufacturers need to continue to introduce new products to cater to the changing preferences of consumers. Thus, each brand has shifted to a customer value-oriented mindset. For one single brand, there may be hundreds or even thousands of shoe models. If a manufacturer cannot respond to market changes immediately and launch new products, or does not have strong R&D capabilities to launch popular products, it will most likely be eliminated by the market.

Countermeasures:

The Company actively sets up exclusive R&D teams and development centers for its major brand clients. From product development to product prototypes, we work closely with brand clients. With professional technical competence and years of industry experience, combined with innovative elements and materials, the Company continues to provide brand clients with high-quality footwear products, innovative services, and comprehensive solutions, with the aim of becoming a long-term partner of international brands. It also evaluates increasing the number of OEM brands and shoe types, focusing on high-end and high-value-added shoes. For internationally renowned brands, it strengthens and maintains customer brand relationships to conserve while also increasing market share in footwear OEMs and reducing risk from significant impact that a single upstream brand will have on the Company's operations.

(II) Important applications and production process of main products

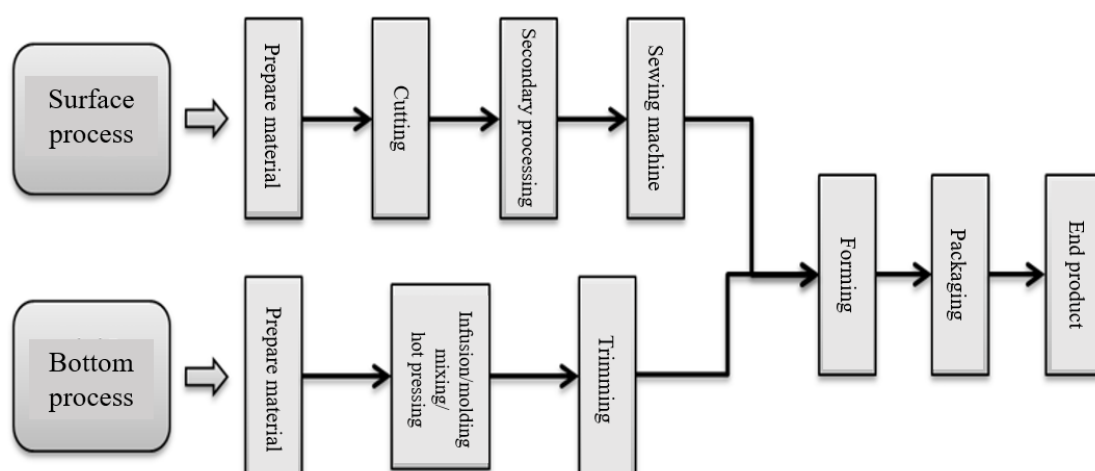
1. Important applications of main products

Main products	Applications
Sports shoes	Mainly suitable for sports activities such as soccer, baseball, and jogging
Casual footwear	Does not require the elasticity, support, shock absorption, and durability for sports activities

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## 2. Production process of main products

Sports shoes:



## (III) Supply status of main raw materials

Main raw materials	Main suppliers	Supply status
Artificial leather	Group A, Group N	Good
Outsole	Group B, Group C	Good
Packaging	Group K, Group L	Good
Glue	Group L, Group M, Group N	Good
Textiles	Group H, Group I, Group E, Group J	Good

## (IV) List of main procurement and sales clients

- The names of suppliers that accounted for more than 10% of the total purchases in any of the last two years, their procurement amounts and proportions, and the reasons for changes

Unit: NT\$ thousand

Item	2023				2024				2025 up to the previous quarter			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer
1	Group B	590,929	9.42	None	Group B	1,035,708	11.93	None	(Note)			
	Other	5,683,834	90.58	None	Other	7,647,621	88.07	None				
	Net purchases	6,274,763	100.00		Net purchases	8,683,329	100.00					

Note: Up to the publication date of the annual report, there is no recent financial information audited or reviewed by a certified public accountant.

Description of changes: The business of the Company's major customers is stable; its main raw materials are supplied by more than two suppliers; and a good cooperative relationship has been maintained. There have been no major changes in



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major suppliers in the last two years.

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2. The names of customers who have accounted for more than 10% of total sales in any of the last two years, their sales amount and proportion, and the reasons for increase or decrease

Unit: NT\$ thousand

	2023				2024				2025 up to the previous quarter			
Item	Name	Amount	Percentage of total annual net sales	Relationship with the issuer	Name	Amount	Percentage of total annual net sales	Relationship with the issuer	Name	Amount	Percentage of total annual net sales	Relationship with the issuer
1	Group A	7,686,859	54.10	None	Group A	10,388,365	56.32	None	(Note)			
2	Group B	5,170,114	36.39	None	Group B	6,191,568	33.57	None				
	Other	1,350,716	9.51	None	Other	1,863,925	10.11	None				
	Net sales	14,207,689	100		Net sales	18,443,858	100					

Note: Up to the publication date of the annual report, there is no recent financial information audited or reviewed by a certified public accountant.

Description of changes: The Company's main sales targets are primarily internationally renowned brand manufacturers. Its two major customers have not changed significantly in the last two years, and their amounts have not significantly changed, indicating that the Company has maintained a stable cooperative relationship with its major customers.

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### III. Number of employees

Number of employees in the most recent two years and up to the printing date of the annual report

Unit: People; February 28, 2025

Year		2023	2024	Current year and up to February 28, 2025
Number of people				
Number of employees	Manager	19	18	19
	General staff	27,299	32,363	32,814
	Total	27,318	32,381	32,833
Average age		36.02	33.86	33.42
Average years of service		3.92	3.53	4.02
Education distribution ratio (%)	PhD	0	0	0
	Master's degree	0.18	0.15	0.20
	Undergraduate or technical degree	6.76	6.13	5.46
	High school diploma	16.01	16.83	16.7
	Below high school	77.05	76.89	77.64

### IV. Environmental protection expenditure information

- (I) For those who are required to apply for a pollution facility installation permit or pollution discharge permit, or pay pollution prevention and control fees, or set up a dedicated unit of environmental protection personnel in accordance with laws and regulations, an explanation of their application, payment, or establishment:

The Company's Vietnamese subsidiaries Chi Hung, Can Sports Vietnam, All Wells, Dai Hoa Vietnam, and August Sports Vietnam have respectively obtained sewage installation permits, sewage discharge licenses, waste discharge permits, or have appointed qualified third-party professional organizations for cleaning and transportation of waste, and have set up a dedicated unit of environmental protection personnel, and have paid sewage discharge environmental protection fees on schedule. In addition, Cambodian subsidiary Can Sports Cambodia has obtained a waste water permit, a solid waste permit, a sludge permit, a hazardous liquid waste permit, and a hazardous solid waste permit, and has established a dedicated unit of environmental protection personnel, and has paid the sewage discharge environmental maintenance fee as scheduled.

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(II) List the Company's investments in major pollution prevention equipment, its applications, and possible benefits:

December 31, 2024; Unit: NT\$ thousand

Equipment name	Quantity	Date acquired	Cost of investment	Un-discounted balance	Applications and expected benefits
Wastewater treatment equipment and systems	8	2007/12~2024/12	14,118	199	Industrial wastewater/sewage treatment
Automatic wastewater treatment monitoring system	1	2018/10	1,991	-	Industrial wastewater/sewage treatment
Exhaust equipment and systems	26	2006/1~2024/12	4,284	1,951	Reduced VOC concentration
Wastewater treatment equipment and systems	5	2011/11~2020/5	12,316	3,434	Industrial wastewater/sewage treatment
Exhaust equipment and systems	8	2012/4~2024/6	11,784	363	Reduced VOC concentration
Wastewater treatment equipment and systems	12	2014/4~2022/6	54,557	28,119	Industrial wastewater/sewage treatment
Exhaust equipment and systems	25	2018/2~2024/12	18,085	11,098	Reduced VOC concentration
Exhaust equipment and systems	3	2022/2~2022/9	4,215	3,418	Pollution control
Wastewater treatment equipment and systems	16	2011/12~2024/12	13,575	2,457	Industrial wastewater/sewage treatment

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Equipment name	Quantity	Date acquired	Cost of investment	Un-discounted balance	Applications and expected benefits
Exhaust equipment and systems	11	2012/7~2024/8	4,483	3,762	Reduced VOC concentration
Wastewater treatment equipment and systems	8	2016/4~2024/12	6,736	1,348	Industrial wastewater/sewage treatment
Exhaust equipment and systems	6	2016/1~2024/12	1,987	396	Reduced VOC concentration
Wastewater treatment equipment and systems	5	2020/5~2024/11	3,177	2,434	Industrial wastewater/sewage treatment

(III) In the last two years and up to the publication date of the annual report, the Company's process of improving environmental pollution; if it has had a pollution-related dispute, it should also explain the handling process: No such situation.

(IV) Explain the losses suffered by the Company due to environmental pollution in the last two years and up to the publication date of the annual report (including compensation and environmental protection audit results that have found violations of environmental protection laws or regulations, the date of disciplinary action, the name of the disciplinary action, the violation of laws or regulations, the content of violations, and the disciplinary action should be listed), and disclose the estimated amount and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated must be explained: No such situation.

(V) The current pollution situation and the impact of improvement on the Company's earnings, competitive position, and capital expenditures, and expected major environmental capital expenditures in the next two years:  
The Company and its subsidiaries do not have any major environmental capital expenditure plans for the next two years. Each of its subsidiaries has responded to the competent authorities for the improvement of the current pollution

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situation. All relevant environmental pollution cases have been rectified in accordance with the requirements of the competent authorities. The Company's earnings, competitive position, and capital expenditures were not significantly impacted.

V. Employer-employee Relations

- (I) List the Company's various employee welfare measures, continuing studies, training, retirement systems and its implementation status, as well as the agreements between labor and management and various employee rights protection measures:

1. Employee welfare measures

In addition to fixed salaries, the Company and its subsidiaries pay production bonuses based on their operating situations to encourage employees to make long-term contributions and grow together with the Company, as well as to improve personal performance and talent retention.

The Company also provides childbirth subsidies and education subsidies for employees' children, in the hope of rewarding employees for their hard work in raising their children. The plants have set up labor unions or employer-employee meetings by local laws and regulations and organize various employee benefits. Gifts are given to employees for important holidays (Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival), and birthday gifts or cash gifts are provided to colleagues on their birthdays. There are also various activities, group activities or dinners held from time to time, travel subsidies, wedding and funeral subsidies, long-term gifts or cash gifts as well as emergency relief and other welfare measures.

The Company cares about the health, safety and medical needs of employees, so high-protection group insurance and business travel insurance are provided. When they encounter accidents or illnesses, employees do not have to worry about medical expenses that may affect their financial situation.

2. Continuing studies and training of employees

The goal of training and development of the Company and its subsidiaries is to continuously improve the quality of human resources and their work skills, so as to create higher corporate value and achieve operational goals and future development. In order to achieve this goal, and in response to the rapid growth of the scale of operations, the Company and its subsidiaries have established a complete education and training structure,

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planning appropriate training for new recruits, professional training, management training at all levels, environmental safety and health training, and corporate culture courses to strengthen employees' comprehensive training and continuing education channels, and enhance employees' professional capabilities and core competitiveness through courses taught in physical classrooms.

In addition to professional training, the Company and its subsidiaries coordinate with employee career planning to arrange job rotations, encourage employees to learn and educate themselves in various ways, and strive to improve the overall quality of employees, as well as improve talent cultivation and development.

### 3. Retirement plan

The Company and its subsidiaries have established retirement management measures in accordance with the Labor Standards Act and Labor Pension Act to help stabilize the life of employees after their retirement. The Company and its subsidiaries, in accordance with local government labor law, withdraw amounts according to the labor pension system to the employee's individual retirement account on a monthly basis. After the employee meets the retirement conditions in accordance with the law, the Company helps the employee to apply for retirement pension from the government.

### 4. Employer-employee agreements

The labor policy of the Company and its subsidiaries adhere to the principle of honest communication, and at the same time, through the following actions, create a beneficial situation for both the Company and its employees.

- (1). Abide by the labor laws and relevant laws and regulations, so that employees can be given the maximum protection.
- (2). Employee communication channels are open and diverse, and opinions can be fully expressed and given proper response.
- (3). If there are operating situations and major measures of the Company and its subsidiaries, they are fully publicized in advance, so that employees can clearly understand them and so that they can obtain full support and cooperation.

(II) In the last two years and up to the publication date of the annual report,

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whether the Company has suffered losses due to labor disputes (including labor inspection results that have found violations of the Labor Standards Act, the date of disciplinary action, the name of the disciplinary action, the violation of laws or regulations, the content of violations, and the disciplinary action should be listed); also, disclose the estimated amounts and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated must be explained: No such situation.

## VI. Cyber Security Management

- (I) Describe the cyber security risk management framework, cyber security policy, specific management plan and resources devoted to cyber security management:

### 1. Cyber security risk management framework

- (1) The Company's information security authority is the Hardware Information Security Network Management Division - Information Security Department under the IT Center, with an information security supervisor and professional IT engineers, who are responsible for formulating corporate information security policies, planning information security measures and implementing information security operations, and report to the top management of the IT Center on a regular basis.
- (2) The Information Security Department is responsible for the coordination and promotion of information security management, the implementation of information security policies and plans, the formulation of technical regulations, and the management of security assessment.
- (3) The Information Security Department cooperates with the accounting firm to conduct IT operation audit every year. If deficiencies are found, the Department should prepare and report improvement plans, and follow up the results of the improvements regularly to mitigate internal information security risks.

### 2. Cyber security policy

- (1) Raise personnel's awareness of information security
- (2) Avoid leakage of sensitive information
- (3) Implement effective daily maintenance and operation
- (4) Ensure sustainable operation



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3. The Company modifies cyber security maintenance and makes viable management plans in response to changes in decrees and technologies to protect cyber systems and information from unauthorized access, use, control, leakage, sabotage, tampering, destruction or other violations to ensure their confidentiality, integrity and availability.

To enhance cyber security management, ensure the availability, integrity and confidentiality of information, and prevent internal and external threats, either intentional or accidental, the Company has the following cyber security facilities and management methods in place.

- (1) The host in the server room is equipped with uninterruptible power supply and voltage stabilizer to ensure that the operation of computer applications will not be interrupted during temporary power outages.
- (2) Network control is tightened. The portal to the external network is equipped with an enterprise-level firewall to stop hackers from illegal intrusion.
- (3) Exclusive MPLS lines are used for site-to-site connection between each factory and Taichung headquarters, and data encryption is used to avoid illegal extraction of data during transmission.
- (4) We use more than two network services provided by different telecommunications companies to prevent disconnection from ending the service.
- (5) To access the system in the Company's intranet remotely, employees must apply for a VPN account and log in through the VPN security method, and all usage records are kept for audit.
- (6) The server room has access control to block unauthorized personnel, and is managed and maintained by dedicated staff.
- (7) Endpoint protection software is installed on the server and employee terminal computers. Virus codes are automatically updated to ensure that the latest viruses are blocked. In the meantime, the anti-virus program detects and prevents the installation of potentially threatening executable files.
- (8) The server and terminal computers are equipped with original patching programs to fix security vulnerabilities for system integrity.
- (9) The email server is equipped with anti-virus and spam filtering mechanism to prevent viruses or spam from entering the user's PC.

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- (10) The anti-virus system not only quarantines or deletes the virus detected or intercepted immediately, but also proactively issues risk reports on infected and at-risk computers to facilitate managers' response actions.
- (11) Employees must follow the Company's internal regulations to apply for permission before using each application system. Upon the responsible supervisor's approval, the IT Center creates a system account and the system administrator grants access according to the function employees have applied for.
- (12) Account passwords should be strong enough, containing a certain number of characters (at least 8), letters in upper and lower case, numbers and special symbols.
- (13) Employees are prohibited from using USB flash drives or writing devices.
- (14) When applying for discharge or suspension, employees must contact the IT Center to have the account in each system deleted or discontinued.
- (15) System backup: In addition to data backup in the server room, we adopt an off-site backup mechanism, storing backup data on tapes and in an off-site location with access control and 24-hour monitoring devices to ensure the security of data.
- (16) We require employees to change their system passwords regularly to maintain account security, and provide education and training courses on information security for internal employees from time to time each year to raise their awareness of information security.
- (17) We regularly take inventory of information assets and personal data, conduct risk management based on information security and personal data risk assessment, and implement various control measures.
- (18) We organize annual education and training on information security and personal data protection, and all new employees are required to sign a cyber security and confidentiality agreement.
- (19) External vendors are required to sign a confidentiality agreement to ensure that those who use the Company's IT services or perform IT business have the responsibility and obligation to protect the Company's information assets from unauthorized access, alteration, destruction or improper disclosure.
- (20) Internal audits are conducted every year to ensure information security

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and the effectiveness of the personal data protection management system.

#### 4. Resources invested in cyber security management

- (1) Internet hardware equipment such as firewall, mail anti-virus, spam filtering, Internet behavior analysis, and network-managed hubs.
- (2) Software systems such as endpoint protection system, backup management software, VPN authentication, and encryption software.
- (3) Telecommunications services such as Multi-line, backup, and intrusion prevention.
- (4) We use redundancy architecture for storage equipment and virtual machine system to mitigate the risk of single point of failure.
- (5) Invest manpower such as: Daily system status checks, weekly backup and off-site storage of backup media, at least two information security education and training sessions per year, annual system disaster recovery drills, annual internal audits of information cycles, and audits by accountants.
- (6) Information security manpower: One information security supervisor and information security personnel are responsible for designing information security architecture, maintaining and monitoring information security, responding to and investigating information security incidents, and reviewing and revising information security policies, and the information security supervisor reports to the top management of the IT Center at least once a year.

- (II) Losses suffered as a result of major cyber security incidents, the possible impacts, and the response measures in the most recent year and up to the printing date of the annual report. If the loss cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated. No such situation.

#### VII. Important Contracts

Contract type	Parties	Commencement date/expiration date	Main items covered	Restriction clauses
Manufacturing Agreement	Group A	2008/10/1-present	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's

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Contract type	Parties	Commencement date/expiration date	Main items covered	Restriction clauses
				technical secrets shall not be used for other purposes or leaked to any third party
Supply Agreement	Group B	2017/9/8-present	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
Master Manufacturing Agreement	Group G	2024/02/01-present	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
Parts and Semi-Finished Products Manufacturing Agreement	Group G	2023/12/01-present	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
Footwear Manufacturing and	Group H	2021/7/1-present	Manufacturing and supplying branded products	1. Confidential information must not be

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Contract type	Parties	Commencement date/expiration date	Main items covered	Restriction clauses
Supply Agreement				disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
Master Purchase and Sales Agreement	Group I	2023/06/01-present	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
Dai Hoa Develop and Manufacturing Agreement Term Sheet	Group J	2023/06/27-2026/06/26	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
August Sports Develop and Manufacturing Agreement Term Sheet	Group J	2024/01/19-2027/01/18	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes

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Contract type	Parties	Commencement date/expiration date	Main items covered	Restriction clauses
				or leaked to any third party
Sports Gear Manufacturing Agreement Term Sheet	Group J	2024/05/10-2027/05/09	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
Sports Gear Manufacturing Agreement Term Sheet	Group K	2023/09/01-2026/08/31	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
Contract Regulations for Suppliers (CRS)	Group L	2024/12/01-2029/11/30	Manufacturing and supplying branded products	1. Confidential information must not be disclosed or used by third parties 2. Information on the client's technical secrets shall not be used for other purposes or leaked to any third party
Loan agreement	Taichung Branch, Mega International Commercial Bank	2024/6/21-2025/6/20	Short-term borrowing TWD400,000,000	-
Loan agreement	E. SUN BANK, Taichung Branch	2024/5/21-2025/5/21	Short-term borrowing TWD390,000,000	-

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Contract type	Parties	Commencement date/expiration date	Main items covered	Restriction clauses
Loan agreement	Taipei Fubon Bank, Fengyuan Branch	2025/1/22-2025/11/30	Short-term borrowing TWD100,000,000	-
Loan agreement	E. SUN BANK, Taichung Branch	2024/12/17-2027/12/17	Medium-term borrowing TWD135,000,000	-
Loan agreement	Ho Chi Minh Branch, Mega International Commercial Bank	2024/6/12-2025/6/11	Short-term borrowing USD4,000,000	-
Loan agreement	Taipei Fubon Bank, Ho Chi Minh Branch	2024/12/01-2025/11/30	Short-term borrowing USD5,000,000	-
Loan agreement	Ho Chi Minh Branch, Cathay United Bank	2025/02/26-2026/02/26	Short-term borrowing USD5,000,000	-
Loan agreement	Vietcombank	2025/5/17-2026/5/16	Short-term borrowing USD20,000,000	-
Loan agreement	Taipei Fubon Bank, Binh Duong Branch	2024/12/1-2025/11/30	Short-term borrowing USD3,500,000	-
Loan agreement	E. SUN BANK, Dong Nai Branch	2024/8/9-2025/8/8	Short-term borrowing USD6,000,000	-
Loan agreement	First Commercial Bank, Taichung Branch	2024/11/22-2025/11/22	Short-term borrowing NTD150,000,000	-
Loan agreement	Citibank, Taichung Branch	2024/8/1-2025/7/31	Short-term borrowing USD20,000,000	-
Loan agreement	Syndicated loan from seven banks, including Mega International Commercial Bank and E. SUN BANK	2021/12/29-2028/12/28	Medium-term borrowing USD250,000,000	-
Loan agreement	Citibank, Europe Branch	2024/8/1-2025/7/31	Short-term borrowing USD5,000,000	-
Loan agreement	Taichung Branch, Mega International Commercial Bank	2024/6/21-2025/6/20	Short-term borrowing TWD100,000,000	-
Loan agreement	E. SUN BANK, Taichung Branch	2024/5/21-2025/5/21	Short-term borrowing TWD150,000,000	-
Loan agreement	Shi Zheng Branch, Taipei Fubon Bank	2025/1/22-2025/11/30	Short-term borrowing TWD100,000,000	-

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Contract type	Parties	Commencement date/expiration date	Main items covered	Restriction clauses
Lease agreement	Spread Idea Co., Ltd.	2024/9/1-2027/8/31	Samoa Sports Gear Taiwan Branch Office	-
Lease agreement	Ko Ming-yu	2025/4/1-2028/3/31	Samoa Sports Gear Taiwan Branch Office	-
Lease agreement	Sports Gear Co., Ltd. Taiwan Branch	2024/9/1-2025/8/31	Silk Invest International Co., Ltd. office lease	-
Lease agreement	Binh Duong Provincial Government	2000/8/31-2050/8/31	Chi Hung's land use rights	-
Lease agreement	Ministry of Natural Resources and Environment	2000/8/31-2050/8/31	Chi Hung's land use rights	-
Lease agreement	Binh Duong Provincial People's Committee	2000/8/31-2050/8/31	Chi Hung's land use rights	-
Lease agreement	Binh Duong Province Ministry of Natural Resources and Environment	2015/1/13-2050/8/31	Chi Hung's land use rights	-
Lease agreement	Ba Ria Vung Tau Province People's Committee	2005/1/28-2055/1/28	All Wells's land use rights	-
Lease agreement	TAING SRY UY and Chen Wei Chia	2022/1/1-2041/12/31	Can Sports Cambodia's land use rights	-
Lease agreement	TAING SRY UY and Chen Wei Chia	2019/1/1-2025/12/31	Can Sports Cambodia's land and plant	-
Lease agreement	TAING SRY UY and Chen Wei Chia	2019/6/1-2033/5/31	Can Sports Cambodia's plant	-
Lease agreement	TAING SRY UY	2019/6/1-2033/5/31	Can Sports Cambodia Office	-
Lease agreement	Tây Ninh Province People's Committee	2011/4/15-2061/4/15	Can Sports Vietnam Xining plant's land use rights	-
Lease agreement	Tây Ninh Province People's Committee	2016/1/07-2061/4/15	Can Sports Vietnam Xining plant's land use rights	-
Lease agreement	Tây Ninh Province People's Committee	2019/3/5-2061/4/15	Can Sports Vietnam Xining plant's land use rights	-
Lease agreement	LUC DUNG Co., Ltd.	2018/1/1-2027/12/31	Can Sports Vietnam Janpeng	-



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Contract type	Parties	Commencement date/expiration date	Main items covered	Restriction clauses
			Factory	
Lease agreement	Xinhui Industrial Zone Infrastructure Investment Co., Ltd.	2024/11/13-2029/12/31	Can Sports Vietnam Xinzhou Factory	-
Lease agreement	Vietnam Ya Hu, LLC	2016/1/1-2030/12/31	Dai Hoa Vietnam's plant	-
Lease agreement	Thnn High Point Furniture Global (VN)	2016/1/1-2030/12/31	Dai Hoa Vietnam's plant	-
Lease agreement	CÔNG TY CỔ PHẦN TV- TM – DV ĐỊA ỐC HOÀNG QUÂN BÌNH THUẬN	2025/01/18-2057/07/06	Dai Hoa Co., Ltd. land use rights	-
Lease contract	Tianna Industrial Park Development Union Co., Ltd., Bien Hoa City, Dong Nai Province	2018/1/1-2053/10/6	August Sports Vietnam's land use rights	-
Lease contract	CÔNG TY TNHH XÂY DỰNG SÀI GÒN THỊNH VƯỢNG	2024/02/01-2027/01/31	August Sports dormitory	-
Lease contract	CÔNG TY TNHH XÂY DỰNG SÀI GÒN THỊNH VƯỢNG	2023/11/01-2028/10/31	August Sports dormitory	-
Lease contract	CÔNG TY TNHH XÂY DỰNG SÀI GÒN THỊNH VƯỢNG	2023/08/01-2028/07/31	August Sports dormitory	-
Lease contract	CÔNG TY TNHH XÂY DỰNG SÀI GÒN THỊNH VƯỢNG	2023/09/01-2028/08/31	August Sports dormitory	-
Lease agreement	Myanmar Japan Thilawa Development Ltd.	2017/2/10-2067/2/9	Land on which Sports Gear (Myanmar) plant	-
Lease contract	Fujian Aili Aisan Road Shoes Industry Co., Ltd.	2024/12/15-2026/12/14	Zhihui factory lease	-

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## E. Financial Condition and Financial Performance Review and Risk Analysis

### I. Financial Condition

Unit: NT\$ thousand; %

Item \ Year	2024	2023	Discrepancy	
			Amount	%
Current assets	16,064,225	13,177,669	2,886,556	21.9
Property, plant, and equipment	5,969,716	5,009,498	960,218	19.17
Right-of-use asset	1,168,019	1,234,197	-66,178	-5.36
Intangible assets	19,258	17,471	1,787	10.23
Other assets	353,549	486,836	-133,287	-27.38
Total assets	23,574,767	19,925,671	3,649,096	18.31
Current liabilities	5,579,828	4,258,759	1,321,069	31.02
Non-current liabilities	2,757,798	2,076,181	681,617	32.83
Total liabilities	8,337,626	6,334,940	2,002,686	31.61
Share capital	1,960,456	1,960,456	0	0
Capital surplus	8,174,093	7,954,196	219,897	2.76
Retained surplus (loss not yet made up)	4,461,017	3,609,459	851,558	23.59
Other rights	641,575	66,072	575,503	871.02
Non-controlling interests	0	548	-548	-100
Total shareholder equity	15,237,141	13,590,731	1,646,410	12.11

- If the change between the early and late period exceeds 20%, and the amount of change is more than NT\$10 million, the main analysis and explanation are as follows:
  - Current assets increased by NT\$2,886,556 thousand mainly due to the increase in cash and cash equivalents and inventories.
  - Retained earnings increased by NT\$851,558 thousand compared with 2023, mainly due to the increase in net profit for the current period.
  - Total liabilities increased by NT\$2,002,686 thousand compared with 2023, mainly due to the increase of NT\$1,321,069 thousand in current liabilities and NT\$681,617 thousand in non-current liabilities. The reasons for the changes are as follows:
    - Current liabilities are mainly due to the total increase of NT\$301,842 thousand in short-term bank loans and long-term bank loans due within one year, and NT\$950,652 thousand in accounts payable.
    - The increase in non-current liabilities is mainly due to the issuance of convertible corporate bonds.
  - Retained earnings increased by NT\$851,558 thousand compared with 2023, mainly due to the increase in net profit for the current period.
  - The increase of other rights by NT\$575,503 thousand is mainly due to exchange rate fluctuations.

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2. Where the effect is of material significance, the measures to be taken in response shall be stated: No such situation.

## II. Financial Performance

### (I) Financial performance comparison analysis table

Unit: NT\$ thousand; %

Item \ Year	2024	2023	Amount of change	Change ratio (%)
Operating revenue	18,443,858	14,207,689	4,236,169	29.82
Operating costs	14,626,754	11,840,961	2,785,793	23.53
Gross profit	3,817,104	2,366,728	1,450,376	61.28
Operating expenses	2,209,705	1,886,676	323,029	17.12
Net profit	1,607,399	480,052	1,127,347	234.84
Non-operating revenue and (expenses)	417,993	284,336	133,657	47.01
Net profit before tax	2,025,392	764,388	1,261,004	164.97
Income tax expenses	429,365	224,928	204,437	90.89
Net profit for the period	1,596,027	539,460	1,056,567	195.86
Other comprehensive income/losses for the current period (net, after-tax)	575,544	-108,468	684,012	-630.61
Total comprehensive income	2,171,571	430,992	1,740,579	403.85
Net profit attributable to the parent company	1,598,113	544,986	1,053,127	193.24
Net profit attributable to non-controlling interests	-2,086	-5,526	3,440	-62.25
Comprehensive profit and loss attributable to the parent company	2,173,616	437,597	1,736,019	396.72
Comprehensive profit and loss attributable to non-controlling interests	-2,045	-6,605	4,560	-69.04

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If the change between the early and late period exceeds 20%, and the amount of change is more than NT\$10 million, the main analysis and explanation are as follows:

1. Operating revenue, current net profit and gross profit increased mainly due to the end of customer inventory liquidation in 2024. In addition, the hosting of various sports events and increase in overall utilization rate have led to the increase in operating revenue and corresponding cost and gross margin.
2. Increase in net operating profit, net income before tax, current net profit: Mainly due to the increase in revenue in 2024.
3. The increase in non-operating income is mainly due to the increase in foreign exchange gains.
4. Income tax expense increased mainly due to the increase in net profit before tax in 2024.
5. Other comprehensive income (net, after-tax) is mainly caused by the currency translation difference in presentation currency and exchange differences arising from the translation of the financial statements of foreign operations.
6. The increase in the net profit attributable to the parent company and total comprehensive income and comprehensive income attributable to the parent company was mainly due to the increase in net profit in 2024 and fluctuations in the exchange rate.

(II) Expected sales volume and its basis, possible impact on the Company's future financial operations and the response plan: Please refer to “1. Letter to Shareholders”.

### III. Cash flow

#### (I) Analysis of cash flow change in most recent year

Unit: NT\$ thousand

Cash balance at beginning of period	Cash flow from operating activities over the entire year	Net cash inflow from investment	Net cash inflow from financing activities	Total year exchange rate effects on cash and cash equivalents	Cash surplus	Improvement plan for insufficient liquidity	
						Investment plans	Financing plans
5,862,699	1,351,867	-1,686	123,862	570,558	7,907,300	None	None

Analysis of cash flow changes for the year:

- (1). Cash inflow from operating activities is about NT\$1.35 billion: Mainly include net changes in accounts receivables, cash inflow from operating profit, and depreciation and amortization expenses.
- (2). Cash outflow from investment activities is about NT\$1.7 million: Mainly due to: 1. Capital expenditure of NT\$1.43 billion cash outflow; 2. Other financial assets decreased by approximately NT\$1.46 billion.
- (3). Cash inflow of financing activities is about NT\$120 million: Mainly due to: 1. Issuance of convertible corporate bonds with a cash inflow of approximately NT\$1.14 billion; 2. Payment of cash dividends to shareholders with a cash outflow of approximately NT\$750 million; 3. Bank loans with a cash outflow of approximately NT\$180 million.

#### (II) Improvement plan for insufficient liquidity

The Company expects to continue to make profits, and there is no danger of insufficient liquidity.

#### (III) Analysis of cash liquidity for the coming year (2025)

Unit: NT\$ thousand

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Cash balance at beginning of period	Estimated net cash inflow from operating activities for the whole year	Net cash inflow from investment and financing activities	Estimated cash surplus (insufficiency) amount	Estimated capital resources for insufficient cash	
				Investment plans	Financing plans
7,907,300	2,359,130	(3,929,276)	6,337,154	None	None
<p>1. Analysis of cash flow changes in the next year:</p> <p>(1). This is mainly due to cash inflow and net changes in receivables, inventories and payables as a result of the expected cash inflow from operations and profits in 2025.</p> <p>(2). Investment and financing activities: Outflow mainly due to construction of a new production base, purchase of production machinery, and payment of cash dividends.</p> <p>2. Remedial measures and liquidity analysis for expected cash insufficiency: There is no expected cash insufficiency, so it is not applicable.</p>					

#### IV. Effect of major capital expenditures on financial operations in the most recent year

##### (I) Use of major capital expenditures and sources of capital:

Unit: NT\$ thousand

Plan	Actual or projected sources of funds	Actual use of funds	
		2024	2023
Acquisition of property, equipment and right-of-use assets	Company funds and bank loans	1,423,911	1,054,341

##### (II) Expected possible benefits:

After the new production base is completed and is in production, it is expected to increase the Company's production capacity and inject new momentum for growth into operations, so capital expenditure increased.

#### V. Reinvestment policy, main reasons for profit or loss, and improvement plans in the most recent year and investment plans for the coming year

##### (I) Reinvestment policy

The Company's takes its own business as the core consideration for its reinvestment policy, and does not engage in industries outside of its own

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business. The Company has formulated the "Investment Cycle," "Regulations on the Supervision and Management of Subsidiaries," "Management Guidelines for Related-party Transactions," "Regulations Governing Financial Business Among Affiliates" and the Company's "Procedures for the Acquisition or Disposal of Assets"; relevant investment plans made in the future will be processed in accordance with the aforementioned regulations.

(II) The main reason for the profit or loss of reinvestment in the most recent year, and the improvement plan

Unit: NT\$ thousand

Name of invested company	Direct (indirect) shareholding ratio (%)	Income on investment recognized by the Company in 2024	Reason for profit or loss	Improvement plan
Sports Gear Co., Ltd.	100%	536,259	The holding company recognizes income on investment.	Not applicable.
All Wells	100%	618,322	The holding company recognizes income on investment.	Not applicable.
Elephant	100%	460,001	The holding company recognizes income on investment.	Not applicable.
Fongyuan	100%	274,725	The holding company recognizes income on investment.	Not applicable.
Silk Invest International Co., Ltd.	100%	-39,501	The Group holds land through Silk Invest for the construction of a future headquarters, and losses were mainly due to management expenses and financial costs being incurred. In addition, the recognition of SGP and FiL investment gains and losses also caused losses due to the holding company.	The headquarters' construction project has not started in 2024, but its design and planning is completed. With the construction headquarters building which is scheduled to be started, there will be rental income when the construction is completed. Investment will improve after operations of SGP and FiL are on track.
Chi Hung Co., Ltd.	100%	255,018	Good operations	Not applicable
All Wells International Co., Ltd.	100%	299,371	Good operating condition.	Not applicable.
Can Sports Shoes Co., Ltd.	100%	179,180	Good operating condition.	Not applicable.
Can Sports Vietnam Co., Ltd.	100%	414,976	Good operating condition.	Not applicable.
Dai Hoa Co., Ltd.	100%	9,099	Good operating condition.	Not applicable.
August Sports	100%	74,655	Good operating condition.	Not applicable.

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Name of invested company	Direct (indirect) shareholding ratio (%)	Income on investment recognized by the Company in 2024	Reason for profit or loss	Improvement plan
Co., Ltd.				
Fireman	100%	18,885	Good operating condition.	Not applicable.
Sports Gear (Myanmar) Co., Ltd	100%	50,418	Good operating condition.	Not applicable.
PT Can Sports Industrial Indonesia	100%	-27,859	In the construction stage and not yet in operations, but have incurred management costs and financial costs.	The factory construction plan began in 2022, and it is expected by the end of 2025, the first factory building will be completed and go into production.
SGP	100%	-43,566	In the construction stage and not yet in operations; it has generated management costs and marketing costs.	Has obtained consent from brands to set up factories. At present, the construction of the factories are completed and will begin machinery installation and conduct training, and is expected to officially go into research and development and production by the end of 2025.
FiL	100%	-51,839	Losses due to failure to achieve economies of scale.	Focus on advanced manufacturing technologies such as direct injection (DI), and cooperate with Portugal in the research and development of automated production and DI injection technologies.
SPG Singapore	100%	321	The holding company recognizes income on investment.	Not applicable.
Zhihui	100%	-1,267	In the early stage of establishment and not yet in operations, but has incurred management fees and financial costs.	Not applicable

(III) Investment Plans for the Coming Year:

As Dai Hoa Co., Ltd. is currently located in a non-industrial area, Vietnam requires it to move to an industrial area. Dahua's factory lease expires in 2030. In November 2024, it obtained the land use rights in the Binh Thuan Province Industrial Park (HAM KIEM), and began the related factory construction.

VI. Risk analysis

- (I) Effects of fluctuations in interest rate and exchange rate and inflation on the Company's finances, and future response measures

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1. The impact of interest rate fluctuations on the Company's profit and loss and future response measures

The interest income of the Company and its subsidiaries is mainly due to the interest on bank deposits; the interest expenses are mainly the interest expenses resulting from financial institution borrowing and lease liabilities recognized by the effective interest method. The interest incomes of the Company and its subsidiaries in 2024 and 2023 were, respectively, NT\$275,001 thousand and NT\$292,237 thousand, accounting for 1.49% and 2.06% of the current consolidated net operating revenue; interest expenses were, respectively, NT\$73,302 thousand and NT\$99,957 thousand, accounting for 0.40% and 0.70% of the current consolidated net operating revenue, indicating that fluctuations in interest rates have no significant impact on the operation of the Company and its subsidiaries.

Response measures:

The increase in interest expense is mainly due to the increase in long-term bank loans. The Company and its subsidiaries will consider the interest rate changes in the financial market, and regularly and irregularly assess the capital situation and bank interests in making appropriate capital utilization plans and prudent decisions in fund raising methods to obtain more favorable interest rates and most cost effective funding.

2. The impact of exchange rate fluctuations on the Company's profit and loss and future response measures

The main purchases and sales of the Company and its subsidiaries are denominated in US dollars, so the receivables and payables of purchases and sales transactions can be mutually offset, resulting in a natural hedging effect. The net exchange (profit) and loss for the Company and its subsidiaries for 2024 and 2023 were NT\$216,757 thousand and NT\$97,178 thousand respectively, accounting for 1.18% and 0.68% of the net operating revenue of the current period, indicating that the impact of fluctuations in exchange rates on the Company's profits is still limited.

Response measures:

In order to avoid excessive exchange rate risks arising from exchange rate fluctuations on foreign sales and purchases, the Company adopts the



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following measures to deal with the impact of exchange rate fluctuations on its profits and losses:

- (1). Utilizing the characteristics of natural hedging, the sales revenue of the same currency is used to cover the purchase expenditure to reduce the impact of exchange rate fluctuations.
  - (2). Take into consideration exchange rate change when quoting customers to safeguard the Company's reasonable profit.
  - (3). Financial units monitor the fluctuations in international exchange rates in real time and maintain close contact with major correspondent banks. Financial specialists continuously collect information about exchange rate fluctuations, endeavor to fully grasp international exchange rate trends and fluctuations, and actively respond to the impact of exchange rate fluctuations; and, to meet the Company's capital needs, conduct foreign exchange in a timely manner to reduce risk.
  - (4). Financial units continuously collect information on fluctuations in the foreign exchange market to understand exchange rate trends, use cash flow forecasts to maintain an appropriate net foreign exchange position, and when necessary, perform forward exchange transactions, foreign exchange transactions, or currency options in accordance with the "Management Procedures for the Acquisition or Disposal of Assets" based on foreign currency positions and exchange rate fluctuations, to hedge the net foreign currency positions after natural hedging, so as to reduce the exchange rate risk generated by the Company's business operations.
3. The impact of inflation on the Company's profits and losses and future response measures

Under the rapid changes in the global economic environment, the Company has not suffered a major impact on profit or loss due to inflation or deflation crises up to the printing date of the annual report.

Response measures:

The Company continuously pays attention to market price fluctuations and continues to maintain close and good interactions with suppliers to avoid the adverse effects of inflation on the Company's profits and losses.

- (II) Policies, main causes of profit or loss, and future response measures with

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respect to high-risk, high-leveraged investments, fund loans to others, or endorsements and guarantees, and derivatives transactions

1. Main reasons for profit or loss with respect to high-risk, high-leveraged investments and future response measures

The Company has not engaged in high-risk, high-leverage investments in the most recent year and up to the printing date of the annual report.

2. The main reasons for the profit or loss with respect to fund loans to others and future response measures

The Company engages in fund loans to others, mainly between the Company and its subsidiaries, or between the Company and foreign subsidiaries in which it directly or indirectly holds 100% of the voting shares or where it has substantial controlling interest, where there is a need for business transactions or fund needs, and it proceeds in accordance with the Company's "Procedures for Extending Loans to Others."

3. The main reasons for profit or loss with respect to endorsements and guarantees and future response measures

The Company engages in endorsements and guarantees, mainly for mutual guarantees between the Company and its subsidiaries or between bank financing accounts of subsidiaries in which 100% of the voting rights are held directly or indirectly or where it has substantial controlling interest; endorsements and guarantees are handled in accordance with the relevant provisions of the Company's "Procedures for Endorsements and Guarantees."

4. Policy for engaging in derivative commodity trading, main reasons for profit or loss, and future response measures

The Company has not engaged in derivative commodity trading investments in the most recent year and up to the printing date of the annual report.

(III) Future R&D plans and estimated R&D expenses

The Company's R&D unit is led by the Samoa Sports Gear Taiwan Branch, with support from Chi Hung, Can Sports Vietnam, Dai Hoa Vietnam, August Sports Vietnam, SGP, and FiL. Following the implementation of the IOT simulation and forecast scheduling system in 2023, it will focus on continuing the existing R&D plan in 2024. In addition to the Company

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and its subsidiaries' R&D units developing new shoe models, mold development, and sample trial production testing, the Company and its subsidiaries actively engage in technological innovation and enhancement of production processes. Future R&D plans include new direct injection technologies and new product development, automation of production processes, establishment of an online real-time inspection record system, a high-speed visual point cloud identification and inspection system, and a cloud control management system. In 2024, the Company developed a new stud structure, applied for patents in multiple countries, and received positive responses from brand customers.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's financial business and response measures

The Company's execution of its various businesses is in accordance with the laws and regulations and related policies of the countries of registration and the countries of main operation; it continuously pays attention to changes and development trends; and it immediately responds to changes in the market environment and takes appropriate response measures. Important domestic and foreign policies and legal changes have not had a significant impact on the Company's finances or business in the most recent year and up to the printing date of the annual report.

(V) Impact of technological changes (including information security risks) and industrial changes on the Company's financial business and response measures

The Company continuously pays attention to the technologies, developments, and updates related to the industry in which it operates, and quickly grasps industry dynamics; it continuously improves its production capacity, evaluates the impact of production capacity on the Company's operations, and understands technological or industrial changes in a timely manner to adjust its developmental direction. For information security, in 2022 the Company established the Information Security Department - Hardware Information Security Network Management Division - Information Security Department under the IT Center, with an information security supervisor and professional IT engineers, who are responsible for formulating corporate information security policies, planning information security measures and implementing information

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security operations, and report to the top management of the IT Center on a regular basis. The Information Security Department also cooperates with the accounting firm to conduct IT operation audit every year. If deficiencies are found, the Department should prepare and report improvement plans, and follow up the results of the improvements regularly to mitigate internal information security risks. Technological changes and industrial changes have not had a significant impact on the Company's financial business in the most recent year and up to the printing date of the annual report.

- (VI) The impact of changes to the corporate image on corporate crisis management and response measures

The Company adheres to the philosophy of honesty, trust, and sustainable management. Since its establishment, it has focused on its business operations. It has a good corporate image, abides by relevant laws and regulations, and continues to maintain its good corporate image. There has been no change in its corporate image or corporate crisis management in the most recent year and up to the printing date of the annual report.

- (VII) Expected benefits, possible risks, and response measures with respect to mergers and acquisitions

As of the printing date of the annual report, there is no plan to acquire other companies. If there is a plan for merger and acquisition in the future, the Company will assess the plan with caution and fully consider the synergies of the merger to truly protect shareholder equity.

- (VIII) Expected benefits, possible risks and response measures with respect to plant expansion

The Company communicated with major brands before plant expansion, and after reaching a preliminary consensus, it worked out a three-to-five-year plant expansion plan and future production plan. As the factory for Group A was at full capacity, the Company added Factory S3 to Can Sports Shoes Co., Ltd. in 2021 and the outsole plant, which was put into operation in 2022. The Company established a subsidiary SGP in Portugal and acquired FiL in Germany, and will work with the direct injection team in Portugal to carry out R&D on automated production and direct injection technology, mainly engaged in the R&D and production process for the Group's brand footwear products.

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In addition to reaching consensus with big brands on the above-mentioned factory expansion plans, the Company plans to build a headquarters building through its subsidiary, Silk Invest International Co., Ltd. However, the plan has been postponed due to the impact of the past few years of the COVID-19 pandemic. Meanwhile, the Company purchased the land as originally planned because land is difficult to acquire. Work related to the construction of the headquarters building has been officially launched in 2024. Also, SPG Myanmar plant, which has been affected by the local coup and the pandemic in the past few years, is currently delaying its plant expansion plan, and slowing down its plant construction project. It is currently producing employee uniforms for the time being. When the local political and economic situation in Myanmar is certain, SPG Myanmar plant's investment plan will be reviewed again, and discussion with brand customers on the subsequent status of the plant expansion will resume. After evaluation, if it is decided that the plant expansion plan is to be resumed, the plant expansion plan and investment evaluation report will be prepared in accordance with internal procedures, and upon approval by the approval authority and board of directors, the project will be executed.

The Company is currently carrying out the expansion plans of Can Sports Shoes Co., Ltd. S3 factory and onsole plant, SGP and SPG Indonesia in recent years. Both Can Sports Shoes Co., Ltd. and onsole plant have started production. The new SPG Indonesia plant will continue with the expansion plan and is expected to go into production in 2025. In addition, the construction of the main section of the SGP plant is completed, and the operations and business licenses have been obtained, and is ready to start production. The Company currently has no major risks in plant expansion. It is expected that investment in the expansion will help expand the Company's capacity and improve flexibility in scheduling, as well as increase the Company's operating scale and competitiveness.

(IX) Risks and response measures with respect to concentration in purchases or sales

1. Sales

In both 2024 and 2023, the Company and its subsidiaries sold more than 50% of the net revenue for each period to a single client of Group

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A. This is mainly due to the Company's cooperation with the Group brand client for more than 20 years, and because the brand client has approved of the quality of the products produced by the Company. And as the performance of the Group brand clients has grown, so has its demand for Company's products, resulting in concentrated sales. In addition to cultivating its existing customers, maintaining good cooperative relationship, and responding to the trend of various brands around the world, the Company is also committed to expanding its cooperation with Group B, actively establishing a stronger cooperation with Group C and D, and adjusting the product lines of each plant to increase or decrease the orders of each brand, reducing the Company's risk of concentrating its sales on a single customer.

## 2. Purchases

In the most recent year and up to the printing date of the annual report, there has not been a situation for the Company or its subsidiaries where supply has reached 30% or more from a single supplier, so there is no risk of concentration of purchases.

- (X) The impact, risks, and response measures of the Company where there are massive transfers or replacements of shares with respect to the directors, supervisors, or major shareholders holding more than 10% of shares  
Up to the printing date of the annual report, the Company's directors or major shareholders holding more than 10% of the shares have not had a major transfer or replacement of equity that affects the Company's operations.
- (XI) The impact, risks, and response measures of the change of operation rights on the Company  
Up to the printing date of the annual report, the Company has no changes to operation rights that affect the Company's operations.
- (XII) Litigation or non-litigation events in which the Company, its directors, supervisors, presidents, substantial persons-in-charge, major shareholders holding more than 10% of shares, or subordinate companies are involved that have been determined by verdict of the court or are still pending in a major litigation, non-litigation, or administrative litigation, the outcome of which may have a significant impact on shareholder equity or securities prices

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There are no major litigations, non-litigations or administrative litigations in which the Company, its directors, presidents, substantive persons in charge, major shareholders holding more than 10% of the shares, or subordinate companies are involved.

(XIII) Other important risks and response measures

None.

VII. Other important matters: None.

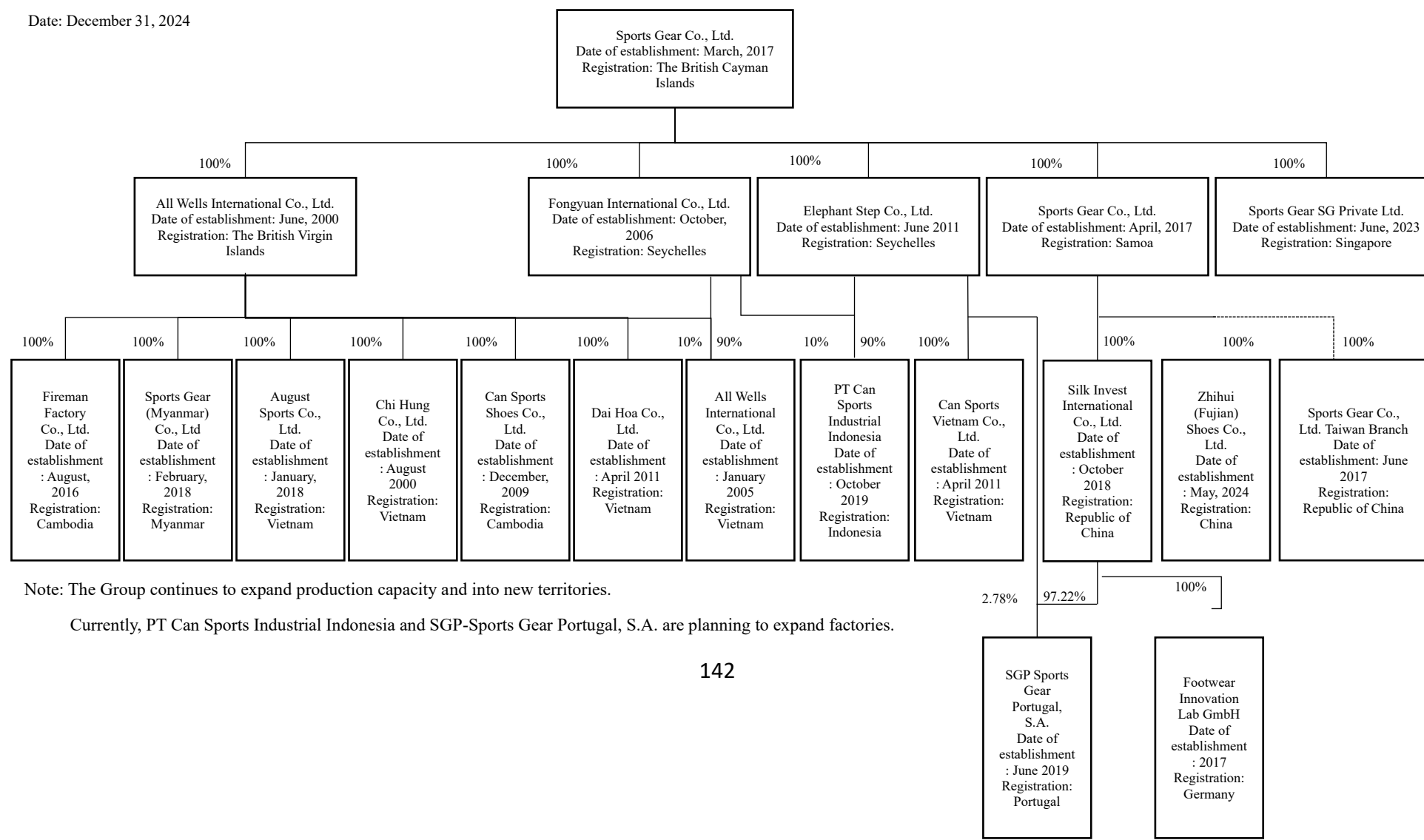
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## F. Special records

### I. Affiliate information

#### (I) Affiliate diagram

Date: December 31, 2024



Note: The Group continues to expand production capacity and into new territories.

Currently, PT Can Sports Industrial Indonesia and SGP-Sports Gear Portugal, S.A. are planning to expand factories.



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(II) Basic information on each affiliate

December 31, 2024; Unit: US\$ thousand				
Company Name	Date of Establishment	Location	Paid-in capital	Main business
Sports Gear Co., Ltd.	April, 2017	Samoa	5,036	Trading of sporting goods and international investment
All Wells International Co., Ltd. (All Wells)	June, 2000	The British Virgin Islands	48,500	International investment business
Elephant Step Co., Ltd. (Elephant)	June 2011	Seychelles	68,810	International investment business
Fongyuan International Co., Ltd (Fongyuan)	October, 2006	Seychelles	37,740	International investment business
Sports Gear SG Private Ltd.	June, 2023	Singapore	1,000	International investment business
Silk Invest International Co., Ltd.	October 2018	Republic of China	35,446	General investment and property development leasing and sales business
Zhihui (Fujian) Shoes Co., Ltd. (Zhihui)	May, 2024	China	500	Trading of sporting goods
Chi Hung Co., Ltd.	August 2000	Vietnam	12,700	Manufacturing, processing, and trading of sporting goods
All Wells International Co., Ltd.	January 2005	Vietnam	40,000	Manufacturing, processing, and trading of sporting goods
Can Sports Shoes Co., Ltd.	December, 2009	Cambodia	40,000	Manufacturing, processing, and trading of sporting goods
Can Sports Vietnam Co., Ltd.	April 2011	Vietnam	56,000	Manufacturing, processing, and trading of sporting goods
Dai Hoa Co., Ltd.	April 2011	Vietnam	21,600	Manufacturing, processing, and trading of sporting goods
August Sports Co., Ltd.	January, 2018	Vietnam	12,000	Manufacturing, processing, and trading of sporting goods
Fireman Factory Co., Ltd. (Fireman)	August, 2016	Cambodia	15,000	Manufacturing, processing, and trading of sporting goods
Sports Gear (Myanmar) Co., Ltd	February, 2018	Myanmar	20,000	Manufacturing, processing, and trading of sporting goods
PT Can Sports Industrial Indonesia	August, 2019	Indonesia	40,000	Manufacturing, processing, and trading of sporting goods
SGP Sports Gear Portugal, S.A.(SGP)	June 2019	Portugal	10,136	Sporting Goods Research Center
Footwear Innovation Lab GmbH	January, 2017	Germany	7,118	Manufacturing, processing, and trading of sporting goods

(III) The information of identical shareholders presumed to have control and subsidiary relationship: Not applicable.

(IV) Overall industries covered by the business of affiliates:

1. Industry: Footwear production, sales and reinvestment, and other related businesses.
2. Other: Distribution agency business, etc. For the main business or production

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items of each affiliate, refer to (2) Overview of Basic Information on Each Affiliate for details.

(V) Information on directors, supervisors, and presidents of affiliates

Date of information: March 31, 2025

Company Name	Title	Name or representative	Shares held	
			Number of shares (shares)	Shareholding ratio
Sports Gear Co., Ltd.	Director	Wei-Chia Chen	0	0
Sports Gear Co., Ltd. Taiwan Branch	Manager	Wei-Chia Chen	0	0
All Wells International Co., Ltd.	Director	Wei-Chia Chen	0	0
Elephant Step Co., Ltd.	Director	Wei-Chia Chen	0	0
Fongyuan International Co., Ltd	Director	Wei-Chia Chen	0	0
Silk Invest International Co., Ltd.	Director	Wei-Chia Chen	0	0
Chi Hung Co., Ltd.	Director	Wei-Chia Chen	0	0
	Supervisor	An-De Wu	0	0
All Wells International Co., Ltd.	Director	Wei-Chia Chen	0	0
	Supervisor	An-De Wu	0	0
Can Sports Shoes Co., Ltd.	Director	Wei-Chia Chen	0	0
	Director	Nick Lin	0	0
Can Sports Vietnam Co., Ltd.	Director	Wei-Chia Chen	0	0
	Supervisor	An-De Wu	0	0
Dai Hoa Co., Ltd.	Director	Wei-Chia Chen	0	0
	Director	Nick Lin	0	0
	Supervisor	An-De Wu	0	0
August Sports Co., Ltd.	Director	Wei-Chia Chen	0	0
	Director	Michael Huang	0	0
Fireman Factory Co., Ltd. (Fireman)	Director	Wei-Chia Chen	0	0
	Director	Nick Lin	0	0
Sports Gear (Myanmar) Co., Ltd	Director	Wei-Chia Chen	0	0
	Director	Michael Huang	0	0
PT Can Sports Industrial Indonesia	Director	Jack Wang	0	0
	Director	Ji-Hong Chen	0	0
	Director	Yong-Zhi Xu	0	0
	Supervisor	Wei-Chia Chen	0	0
SGP Sports Gear Portugal, S.A. (SGP)	Director	Wei-Chia Chen	0	0
	Director	Jui-Lan Wang	0	0

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Company Name	Title	Name or representative	Shares held	
			Number of shares (shares)	Shareholding ratio
Footwear Innovation Lab GmbH (FIL)	Director	Wei-Chia Chen	0	0
	Director	Juergen Hans Wormser	0	0
Sports Gear SG Private Ltd.	Director	Wei-Chia Chen	0	0
	Director	Shao-Jie Chen	0	0
	Director	LEE HUI YING	0	0
Zhihui (Fujian) Shoes Co., Ltd.	Director	Wei-Chia Chen	0	0
	Supervisor	Ma Shih-Cheng	0	0

#### (VI) Overview of operations of affiliates

Unit: The capital amount is in US\$ thousand, and the rest is in NT\$ thousand;  
Date of information: January 1 to December 31, 2024

Company Name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Net income (loss) (after tax)
Sports Gear Co., Ltd.	5,036	7,234,135	2,986,033	4,248,102	19,873,385	635,874	581,254
All Wells International Co., Ltd. (All Wells)	48,500	6,532,563	0	6,532,563	0	(8,736)	618,331
Elephant Step Co., Ltd.(Elephant)	68,810	3,158,604	0	3,158,604	0	(353)	390,123
Fongyuan International Co., Ltd.(Fongyuan)	37,740	1,257,054	0	1,257,054	0	(315)	266,962
Sports Gear SG Private Ltd.	1,000	33,121	111	33,010	0	(216)	321
Silk Invest International Co., Ltd.	35,446	2,769,990	2,100,862	669,128	2,385,768	65,642	(39,501)
Zhihui (Fujian) Shoes Co., Ltd. (Zhihui)	500	18,423	3,398	15,025	0	(1,256)	(1,267)
Chi Hung Co., Ltd.	12,700	2,347,517	1,296,454	1,051,063	5,094,527	260,706	255,018
All Wells International Co., Ltd.	40,000	1,559,007	325,348	1,233,659	1,980,097	310,960	299,371
Can Sports Shoes Co., Ltd.	40,000	4,216,829	1,189,217	3,027,612	4,747,964	173,102	179,180
Can Sports Vietnam Co., Ltd.	56,000	2,809,280	757,041	2,052,239	3,898,996	473,280	414,976
Dai Hoa Co., Ltd.	21,600	1,349,159	739,357	609,802	879,022	12,199	9,099
August Sports Co., Ltd.	12,000	715,593	421,472	294,121	858,968	86,302	74,655
Fireman Factory Co., Ltd. (Fireman)	15,000	517,232	7,233	509,999	0	(4,659)	18,885
Sports Gear (Myanmar) Co., Ltd	20,000	675,107	8,871	666,236	0	(12,355)	50,418
PT Can Sports Industrial Indonesia	40,000	1,594,315	400,717	1,193,598	0	(10,946)	(27,859)
SGP Sports Gear Portugal, S.A.(SGP)	10,136	616,584	431,669	184,915	26,321	(30,614)	(43,566)
Footwear Innovation Lab GmbH(FIL)	7,118	78,029	115,352	(37,323)	3,372	(49,919)	(51,839)

#### (VII) Consolidated financial and business statements of affiliates: Same as consolidated financial statements.

II. In the most recent year and up to the printing date of the annual report, the status of private placement securities:

No such situation.

III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and up to the printing date of the annual report: No

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such situation.

IV. Other necessary supplementary explanations:

No such situation.

**G. Matters that have significantly affected shareholders' equity and prices of securities pursuant to Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and up to the printing date of the annual report: None.**

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## H. Significant discrepancies with Taiwan’s provisions on the protection of shareholder equity

Important Matters for the Protection of Shareholder Equity	The Company Act, the Securities and Exchange Act, or other applicable laws and regulations	Relevant regulations of company law of the country where the foreign issuer is registered	Reasons and explanations for discrepancies
<b>I. The formation and change of Company capital</b>			
1. The Company may not cancel its shares unless it reduces its capital in accordance with the resolution of the shareholders' meeting; in which case, the reduction of capital shall be based on the proportion of shares held by the shareholders.	Article 168 of the Company Act	1. Article 14 of Cayman Islands company law allows a company to reduce its issued capital, but only after a special resolution of the shareholders' meeting and confirmation by a Cayman court. 2. Except for Article 14 of	Article 15(a), 47(a)(xii), and Article 59 of the Company's Articles of Incorporation stipulate that the Company may reduce its capital after a special resolution of the shareholders’ meeting. However, it is still slightly different from the Important Matters for the Protection of Shareholder Equity listed in the preceding. According to the provisions of Cayman Islands company law, the

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<p>2. When the Company reduces its capital, it can return the share money with property other than cash; the property returned and the amount of the offset shall be resolved by the shareholders' meeting and approved by the shareholder who receives the property.</p> <p>3. The value of the property mentioned in the preceding paragraph and the amount of the offset shall be submitted by the Board of Directors to an accountant of the</p>		<p>Cayman Islands company law, the issued capital of a company can only be cancelled when the Company purchases, returns, or recovers the issued capital in accordance with the provisions of Article 37 or 37B of Cayman Islands company law.</p> <p>3. In accordance with Cayman Islands company</p>	<p>reduction of issued shares must go through the process of share buy-back before cancellation, and the company does not have the unilateral right to cancel shares still held by shareholders. These discrepancies are due to the provisions of Cayman Islands company law, but the Company's Articles of Incorporation do not have restrictions on the Company's capital reduction procedures.</p>

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<p>Republic of China for auditing and verification before the shareholders' meeting.</p>		<p>law, while not violating the provisions of Article 37 of that law (Article 37 stipulates that a joint stock limited company may issue shares that give the Company or shareholders the right to choose to redeem them if it is expressly authorized by the Company's Articles of Incorporation. Provided that the Company does not</p>	

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		<p>violate Article 37, the Company may buy back its own shares, including any redeemable shares) and, upon confirmation by the court, where the Company's Articles of Incorporation have expressly provided so, a special resolution may be made to reduce capital. The Company registration authority (Registrar) will</p>	



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		register after receiving the order confirmed by the court and the record of the proceedings approved by the court (Article 14, Article 15 (1), Article 17 (1)).	
1. The procedure for the Company and its employees to sign a stock option contract or issue employee stock option certificates. 2. Employee stock option certificates may not be transferred, however this does	Article 167-2 of the Company Act	Cayman Islands company law does not provide special regulations on matters such as employee stock option contracts or procedures for issuing employee stock option	Although Article 14(a) and Article 14(b) of the Articles of Incorporation of the Company have been amended in accordance with the Important Matters for the Protection of Shareholder Equity, if there is an intent to transfer employee

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not apply for inheritors.		certificates.	subscription rights, it shall be stipulated in the employee stock option contract or employee stock option certificate.
The Company may not issue shares in bearer form. If the Company adopts par value shares, they may not be converted into no-par value shares; No-par value shares may not be converted into par value shares.	Article 137 and Paragraphs 5 and 6 of Article 156-1 of the Company Act	There are no similar provisions in the Cayman Islands Companies Act.	The provisions are in §4(a) of the Company's Articles of Incorporation, and it is planned that the second provision will be added to the Articles of Incorporation at the 2025 General Meeting of Shareholders.
<b>II. Convening and Resolution Method for Shareholders' Meetings</b>			
1. The annual shareholders' meeting shall be convened at least once a year; it shall be convened	1. Article 170 of the Company Act 2. Article 172-2 of the Company Act	1. Except for exempted companies, the Company shall hold a shareholders'	The Company is an exempted company under Cayman law. Although it is not necessary to hold a general shareholders'

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<p>within six months after the end of each fiscal year. The shareholders' meeting shall be convened by the Board of Directors.</p> <p>2. According to Article 172-2 of the Company Act, a company may explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority. Under</p>	<p>3. Article 172-1 of the Company Act</p> <p>4. Article 173, Paragraph 1 and Paragraph 2; Article 173-1 of the Company Act</p> <p>5. Article 172 of the Company Act; Article 26-1 and Article 43-6 of the Securities and Exchange Act</p>	<p>meeting at least once a year (Article 58).</p> <p>2. Unless otherwise provided in the Articles of Incorporation, the notice of convening the shareholders' meeting shall be delivered to all shareholders five days in advance; shareholders' meetings may be convened with the attendance of three shareholders; the shareholders' meeting may be</p>	<p>meeting according to Cayman Islands company law, it is stipulated in Article 38 of the Articles of Incorporation: "The Company shall have its Board of Directors convene an annual shareholders' meeting within six months after the end of each fiscal year, and shall specify in the meeting notice that the meeting is an annual shareholders' meeting."</p> <p>Other matters are stipulated in Articles 39, 40, 43, and 51 of the Company's Articles of Incorporation.</p>

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<p>the circumstances of calamities, incidents, or force majeure, the central competent authority may promulgate a ruling that a company, which has no above provision in its Articles of Incorporation, within a certain period of time, may hold its shareholders' meeting by means of visual communication network or other promulgated methods.</p> <p>3. In case a shareholders' meeting is proceeded via visual</p>		<p>chaired by the person selected by the shareholders in attendance (Article 61).</p> <p>3. The Company may adopt the provisions of Schedule A to explicitly require the convening of the annual shareholders' meeting in its Articles of Incorporation; the shareholders' meeting may be convened by the Board of Directors, or shareholders may request the Board of</p>	<p>However, there are slight discrepancies between Article 40 of the Company's Articles of Incorporation and the Important Matters for the Protection of Shareholder Equity listed in the preceding, which are explained below: According to the TWSE Letter No. 0991701319 dated April 13, 2010: "Description: 2. (3) While not contravening the laws and regulations of the place of registration, the foreign issuer shall stipulate in its articles of incorporation the right of minority</p>

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<p>communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</p> <p>4. When holding a visual shareholders' meeting, a public company shall be subject to prescriptions provided for by the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters.</p>		<p>Directors to convene in writing in accordance with the method prescribed in the Articles of Incorporation (Article 22 (1); Article 38 of Schedule A).</p> <p>4. Except as otherwise provided in the Company's Articles of Incorporation, a shareholder meeting may be convened when one shareholder is in attendance (Article 57).</p> <p>5. There are no similar</p>	<p>shareholders to request the convening of an extraordinary shareholders' meeting, and the part authorizing the competent authority to convene should be deleted." Therefore, Article 40 of the Company's Articles of Incorporation stipulates: "... If the Board of Directors fails to make notification of the extraordinary shareholders' meeting within fifteen days after the aforementioned shareholder's request, the shareholder who made the request may convene the extraordinary shareholders' meeting at its own</p>

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<p>5. Physical shareholders' meetings shall be held in the territory of the Republic of China. If the physical shareholders' meeting is held outside the Republic of China, the reporting to the stock exchange shall be performed within two days after the resolution of the Board of Directors or from the shareholders obtaining permission from the competent authority to convene the meeting.</p> <p>6. Shareholders who hold more</p>		<p>provisions in Cayman Islands company law regarding the rights of minority shareholders to propose proposals.</p> <p>6. Regarding minority shareholders requesting the Board of Directors to convene an extraordinary shareholders' meeting, there is no similar requirement in Cayman Islands company law.</p>	<p>discretion in accordance with the Company Act for public offerings." The discrepancy should have no adverse effect on the Company's shareholder equity.</p> <p>In addition, the Company has not yet incorporated the provisions with respect to virtual shareholders' meetings into the Articles of Incorporation, and will amend the Articles in the future depending on legal requirements and actual needs.</p>

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<p>than one percent of the total number of issued shares may submit proposals to the Company for an annual shareholders' meeting in writing or electronically. Except where the item in question is not a resolution obtained by the shareholders' meeting, the proposing shareholder's shareholding has not reached 1%, the item is proposed outside the announced acceptance period, the item exceeds 300</p>		<p>7. Regarding the matters that should be listed in the reasons for convening the shareholders' meeting, there is no similar requirement in Cayman Islands company law.</p>	

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<p>words, or the items exceed one in number, the Board of Directors shall classify it as a proposal.</p> <p>Where a shareholder proposal is a suggestion to urge the Company to promote the public interest or fulfill its social responsibilities, the Board of Directors may still include it in the proposal.</p> <p>7. Shareholders holding more than 3% of the total issued shares for more than one year can write down proposed matters and reasons and</p>			



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<p>request that the Board of Directors convene an extraordinary shareholders' meeting. If the Board of Directors does not provide notification of the convening within 15 days after the request is made, the shareholders may report to the competent authority to convene the convening at their own discretion.</p> <p>8. Shareholders holding more than half of the total issued shares for more than three months may</p>			

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<p>convene an extraordinary shareholders' meeting at their own discretion. The calculation of the period of shareholders' shareholding and the number of shares held shall be based on the holdings at the time when the share transfer has stopped.</p> <p>9. The following matters shall be listed and explained in the reasons for convening the shareholders' meeting, and may not be proposed as extempore motions; the main</p>			

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<p>contents may be placed on the website designated by the competent securities authority or the Company, and the website URL shall be included in the notice:</p> <ul style="list-style-type: none"> <li>(1) Election or dismissal of directors or supervisors;</li> <li>(2) Change to the Articles of Incorporation;</li> <li>(3) Capital reduction;</li> <li>(4) Application to stop the public offering;</li> <li>(5) Company dissolution, merger, share conversion,</li> </ul>			

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<p>and demerger;</p> <p>(6) Conclude, change, or terminate the lease of the entire business; to commission business or regular joint business contract with others;</p> <p>(7) Transfer of the whole or any essential part of the Company's business or assets;</p> <p>(8) or acceptance of the transfer of another complete business or assets that has significant impact on the business</p>			

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<p>operation of the Company;</p> <p>(9) Private placement of securities with equity;</p> <p>(10) Permission for directors to engage in non-competition behaviors;</p> <p>(11) Distribution of all or part of dividends and bonuses by issuing new shares;</p> <p>(12) The legal reserve and the capital surplus derived from the contributed capital in excess of par or donations being distributed to the original shareholders by issuing new shares or</p>			

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cash.			
<ol style="list-style-type: none"> <li>1. When the Company holds a shareholders' meeting, an electronic means shall be included as one of the methods for exercising voting rights.</li> <li>2. The Company must state in its shareholders' meeting notice the methods through which shareholders may exercise voting rights, i.e., in writing or in electronic form. Shareholders who exercise voting rights in writing or electronically are</li> </ol>	<ol style="list-style-type: none"> <li>1. Article 177-1 of the Company Act</li> <li>2. Article 177-2 of the Company Act</li> </ol>	<ol style="list-style-type: none"> <li>1. There is no similar requirement in Cayman Islands company law regarding the adoption of written or electronic voting for shareholders' meetings.</li> <li>2. Cayman Islands company law does not have specific rules for the use of power of attorney. The Company may adopt the provisions of Schedule A and stipulate the relevant provisions of</li> </ol>	<p>The Company has provided relevant regulations in Articles 68 to 70 of its Articles of Incorporation.</p> <p>Article 68 of the Company's Articles of Incorporation stipulates: "When shareholders exercise their voting rights in the shareholders' meeting in writing or electronically in accordance with the previous regulations, they are deemed to have entrusted the chairman of that meeting as their agent." Although Cayman law holds that shareholders who exercise their voting rights in this way</p>

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<p>deemed to have attended the shareholders' meeting in person. However, for extempore motions and amendments to the original proposals of the shareholders' meeting, the shareholders shall be deemed as having abstained.</p> <p>3. Where shareholders exercise their voting rights in writing or electronically, their expression of intention shall be delivered to the Company two days before the convening of the</p>		<p>the power of attorney in shareholders' meetings in the Articles of Incorporation (Article 22, Article 59, Article 60 of Schedule A).</p>	<p>will not be deemed as attending the shareholders' meeting in person, the shareholder substantially has the right to exercise all the rights of shareholders with voting rights in writing or electronically in accordance with the laws of the Republic of China, thus there should be no adverse impact on the equity of the Company's shareholders.</p>

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<p>shareholders' meeting. If there are any duplications of said expression of intention, the first delivered shall prevail. However, this is not applicable to those who have expressed their intentions before the declaration is revoked.</p> <p>4. After shareholders have exercised their voting rights in writing or electronically, those who wish to attend the shareholders' meeting in person shall revoke the expression of their intention</p>			



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<p>to exercise the voting rights in the preceding paragraph two days before the shareholders' meeting in the same manner as when exercising their voting rights; If the retraction notice is submitted after that time, votes by way of a written ballot or electronic transmission shall prevail.</p> <p>5. Where a shareholder has exercised voting rights in writing or electronically and entrusts an agent to attend the shareholders' meeting</p>			

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with a power of attorney, the voting rights exercised by that agent shall prevail.			
1. Thirty days before convening a regular shareholders' meeting or 15 days before a special shareholders' meeting, the Company shall prepare the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors, and other	1. <a href="#"><u>Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies</u></a> Article 5 2. <a href="#"><u>Regulations Governing Content and Compliance Requirements for</u></a>		The Company's board of directors has passed a resolution to propose in the 2023 annual shareholders' meeting, the amendment of Article 48 of Articles of Incorporation, where the Company shall announce the meeting agenda handbook and other meeting related information on the website specified by the FSC, Taipei Exchange or TWSE (if applicable), 30 days before convening an annual shareholders' meeting or special

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<p>matters on the shareholders' meeting agenda.</p> <p>2. Where voting rights at a shareholders' meeting are to be exercised in writing, a print version of the materials referred to in the preceding paragraph and a printed ballot shall also be sent to the shareholders.</p> <p>A company shall prepare a manual for shareholders' meeting proceedings and shall disclose the manual together with other information related to the said</p>	<p><a href="#">Shareholders' Meeting Agenda Handbooks of Public Companies</a></p> <p>Article 6</p>		<p>shareholders' meeting.</p> <p>Same as Article 46(a) of the Company's Articles of Incorporation.</p>

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<p>shareholders' meeting in a public notice to be published no later than 21 days prior to the regular shareholders' meeting or 15 days prior to the special shareholders' meeting. However, in the case of a company with paid-in capital reaching NT\$2 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the shareholders' meeting in the most</p>			

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recent fiscal year, it shall upload the foregoing electronic file 30 days prior to the day on which the shareholders' meeting is to be held.			
If the convening procedure of the shareholders' meeting or its resolution method violates the laws or regulations or the Articles of Incorporation, the shareholders may appeal to the court to revoke their resolutions, and the Taiwan Taipei District Court may approach the court of first instance.	Article 189 of the Company Act	There are no similar provisions in Cayman Islands company law.	Article 55 of the Articles of Incorporation stipulates: "The Company's shares are traded on the designated securities market. Subject to the permission of this law, the contents of the Articles of Incorporation may not prevent any filing of lawsuits or seeking of appropriate remedy from any court with jurisdiction within 30 days after the conclusion of the shareholders' meeting

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			<p>where the convening procedure or resolution method violate law or regulations or the Articles of Incorporation. The Taipei District Court of Taiwan shall be the court of first instance for disputes arising from the foregoing." The said provision differs slightly from the Important Matters for the Protection of Shareholder Equity listed on the left.</p> <p>According to the Company's Articles of Incorporation, such provisions may not be enforced under Cayman law, because</p>

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			<p>the Cayman Islands court cannot recognize and enforce a non-monetary foreign judgment without having re-reviewed the legal basis of the dispute. Although the provisions of Article 55 of the Company's Articles of Incorporation are slightly different from the Important Matters for the Protection of Shareholder Equity listed in the preceding, the Company's Articles of Incorporation do not restrict the right of shareholders from filing lawsuits in court or seeking remedy when the procedures for</p>

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			<p>convening the shareholders' meeting or its resolution methods violate laws or regulations or the Articles of Incorporation; as to whether the court accepts such litigation, and whether the accepting court revokes the convening procedure or resolution method that violates the law or regulation or the Company's Articles of Incorporation, that court (regardless of whether it is in the Republic of China or Cayman Islands or a court in another country with jurisdiction) shall consider whether the</p>



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			<p>applicable laws provide shareholders with the right to revoke the lawsuit, and shall make judgment in accordance with their powers. These discrepancies are due to the nature of shareholders' revocation of the right of litigation, however the Company's Articles of Incorporation do not restrict the right of shareholders from filing lawsuits in court or seeking remedy. The discrepancy has had no adverse effect on the Company's shareholder equity.</p>
<p>The following proposals involving major shareholder equity must be</p>	<p>1. Article 185 of the Company Act</p>	<p>1. Cayman Islands company law</p>	<p>1. Article 2 of the Company's Articles</p>

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<p>raised at a meeting attended by shareholders representing more than two-thirds of the total number of issued shares, and may only be approved by a majority of the voting rights of the shareholders in attendance. If the total number of shares of the shareholders in attendance is less than the aforementioned quota, approval may be obtained by the shareholders in attendance representing more than half of the total number of issued shares and more than two-thirds of the voting rights of the shareholders in attendance:</p>	<ol style="list-style-type: none"> <li>2. Article 277 of the Company Act</li> <li>3. Article 159 of the Company Act</li> <li>4. Article 240 of the Company Act</li> <li>5. Article 316 of the Company Act</li> </ol>	<p>stipulates in Article 60 that a special resolution refers to (1) Where a vote is taken at a shareholders' meeting, the shareholders with voting rights at the shareholders' meeting shall, in person or through an agent (if permitted) reach a resolution with a majority of at least two-thirds of the voting rights of the shareholders in attendance at the Company's shareholders'</p>	<p>of Incorporation provides a definition of a supermajority resolution, which refers to (i) a resolution passed by shareholders representing two-thirds or more of the total issued shares of the Company at the shareholders' meeting, and more than half of the voting rights of the shareholders present; or (ii) where the total number of shares represented by the shareholders attending the shareholders' meeting is less than</p>

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<ol style="list-style-type: none"> <li>1. The Company concludes, changes, or terminates the lease of the entire business; commissions business or regular joint business contract with others, transfers of the whole or any essential part of the Company's business or assets; or acceptance of the transfer of another complete business or assets that has significant impact on the business operation of the Company</li> <li>2. Change to the Articles of Incorporation</li> <li>3. If the amendment to the articles</li> </ol>		<p>meeting (the meeting notice states that the proposal is to be passed as a special resolution). The Company may, in its Articles of Incorporation, depending on the importance of the matter, set a higher number of votes than the special resolution stipulated in Cayman Islands company law; or (2) if the Articles of Incorporation clearly provide as such, the special resolution</p>	<p>two-thirds of the total issued shares of the Company but exceeds half of the total issued shares of the Company, the shareholders' meeting shall express its approval for a resolution by two-thirds or more of the voting rights of the shareholders in attendance at the meeting.</p> <p>(Shareholders who have attended but have not exercised their voting rights will be deemed to have abstained from exercising their voting rights, but they will still be counted in the</p>

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<p>of incorporation damages the rights of the shareholders of preferred shares, a resolution of the shareholders' meeting of the preferred shares shall also be required</p> <p>4. Distribution of all or part of dividends and bonuses by issuing new shares</p> <p>5. Resolution of dissolution, merger, or demerger</p>		<p>may also be signed-off and approved in writing by all shareholders with voting rights.</p> <p>2. According to the provisions of Cayman Islands company law, the following matters are subject to special resolutions:</p> <p>(1) Change of company name (Article 31); (2) Amendment to the Memorandum of Incorporation (Article 10); (3) Amendment to the Articles of</p>	<p>number of voting rights in attendance at the meeting.)</p> <p>2. The Company has listed the preceding regulations in Article 60 of the Articles of Incorporation, and shall obtain the approval by supermajority resolution of the shareholders. In addition, changes to the Articles of Incorporation and mergers in accordance with Cayman Islands company law are made in accordance with a special resolution as stipulated in Article 59 of the</p>

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		<p>Incorporation (Article 24); (4) Reduction of capital (Article 14); (5) Dissolved voluntarily by a special resolution where it is not because the Company cannot pay off its debts at maturity (Article 116(c)); (6) Merger under Cayman Islands company law (Article 233).</p>	<p>Company's Articles of Incorporation.</p> <p>3. Explanation on the number of votes on the relevant proposals of the shareholders' meeting: According to the provisions of Cayman Islands company law and items that are subject to special resolutions in accordance with Cayman Islands company law, the shareholders shall make special resolutions in accordance with the Articles of Incorporation. Such matters may not be resolved with a lower threshold</p>

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			<p>for special resolutions given in the Cayman Islands company law.</p> <p>In addition to ordinary resolutions and supermajority resolutions stipulated in the Company Act of the Republic of China, the Articles of Incorporation of the Company also stipulate special resolutions in accordance with the definition under Article 60 of Cayman Islands company law. This is different from the matters listed in the preceding that should be resolved by a</p>

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			<p>supermajority resolution (including changes to the Articles of Incorporation, dissolution, merger) and other matters. Since these discrepancies are based on the provisions of Cayman Islands company law, the Company's Articles of Incorporation have separately specified matters which are subject to supermajority resolutions and statutory matters subject to special resolutions under Cayman Islands company law; such</p>

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			discrepancies will not adversely affect the equity of shareholders in Taiwan.
<b>III. Authority and responsibility of directors and supervisors</b>			
If the remuneration of directors is not stipulated in the Articles of Incorporation, it shall be determined by the shareholders' meeting, and may not be ratified afterwards.	Article 196, Paragraph 1 of the Company Act	There are no similar provisions in Cayman Islands company law. The Company's Articles of Incorporation may adopt Schedule A, which stipulates that the remuneration of directors shall be determined by the resolution of the shareholders' meeting (Article 22, Article 64 of Schedule A).	Article 95(b) of the Company's Articles of Incorporation stipulates that regardless of the Company's profit or loss, the Board of Directors will refer to the recommendations of its remuneration committee (if one has been established) each year, and based on the following factors, determine (i) the extent of its involvement in the Company's



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			<p>operations; (ii) The value of its contribution to the Company; (iii) Considering the industry standards; and (iv) other relevant factors. In accordance with the Ministry of Economic Affairs interpretation no. 09302030870 dated March 8, 2004, as well as the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange," the Company's Board of</p>

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			Directors has established a remuneration committee, so the preceding requirements should have no adverse impact on the Company's shareholder equity.
<ol style="list-style-type: none"> <li>Where a company has supervisors, the supervisors shall be selected by the shareholders' meeting, and at least one of the supervisors must have a domicile in the country.</li> <li>The term of office of the supervisors may not exceed three</li> </ol>	Articles 216 to 222 of the Company Act	Cayman Islands company law does not implement a supervisory system, and there is no similar requirement.	According to the first section of Article 28-4, Paragraph 2 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings: "A foreign issuer shall install an audit committee." The Company has set up an audit committee composed of all its independent directors (Article 139 of the

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<p>years. But they may be re-elected.</p> <p>3. When all supervisors are dismissed, the Board of Directors shall convene an extraordinary shareholders' meeting within 60 days to elect new supervisors.</p> <p>4. Supervisors shall oversee the business operations of the Company and may, whenever deemed necessary, inspect the business and financial status of the Company, examine audits,</p>			<p>Articles of Incorporation), so there is no need to set up an additional supervisor. The discrepancy should have no adverse effect on the Company's shareholder equity.</p>

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<p>written copies or duplicates of ledgers and documents, and may request the board of directors or managers to provide relevant reports.</p> <p>5. Supervisors shall check the various documents for use at the shareholders' meeting prepared by the Board of Directors and report its opinions on such documents to the shareholders' meeting.</p>			

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<p>6. Supervisors may appoint accountants and lawyers to conduct audits on behalf of the Company.</p> <p>7. Supervisors may attend the Board of Directors meetings to state their opinions. If the Board of Directors or individual directors violate the laws, regulations, or resolutions of the shareholders' meeting in the execution of business, the supervisor shall immediately</p>			

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<p>notify the Board of Directors or directors to stop such actions.</p> <p>8. Each supervisor may exercise its supervisory power independently.</p> <p>9. A supervisor may not concurrently serve as director, manager, or other staff of the Company.</p>			
<p>1. Shareholders who continue to hold more than 1% of the total issued shares of the Company for more than six months may make</p>	<p>Article 214 of the Company Act and Article 5 of the Regulations Governing the</p>	<p>Cayman Islands Companies Act does not stipulate implementation of an audit committee system, and there is no similar requirement.</p>	<p>1. Article 92(b) of the Articles of Incorporation stipulates: "So long as this law is not violated, shareholders who hold more than one percent of</p>

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<p>a written request to the Audit Committee to file a lawsuit against a director for the Company, for which the Taiwan Taipei District Court may be the court of first instance.</p> <p>2. Within 30 days of the shareholder's request, if the Audit Committee does not file a lawsuit, the shareholder may file a lawsuit for the Company, and the Taiwan Taipei District Court may be the court of first instance.</p>	<p>Exercise of Powers by Audit Committees of Public Companies</p>		<p>the total issued shares continuously for more than six months may make a written request for any independent director of the audit committee to file a lawsuit for the company against a director at a court with jurisdiction (including the Taiwan Taipei District Court). If the independent director does not file a lawsuit within 30 days of the date of receipt of the aforementioned written request, the requesting shareholder may, within the scope permitted by the laws of</p>

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			<p>the Cayman Islands, file a lawsuit for the Company." It is planned to amend the Company's articles of Incorporation and change it to an audit committee at the 2025 regular shareholders' meeting.</p> <p>2. Since the Cayman Islands court cannot recognize and enforce a non-monetary foreign judgment without having re-reviewed the legal basis of the dispute, even if the preceding Important Matters for the Protection of Shareholder Equity are included in</p>



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			<p>the Company's Articles of Incorporation, judgments or rulings made by the Taiwan Taipei District Court may not be recognized or enforced by the Cayman Court. In light of this fact, it is stipulated in the Company's Articles of Incorporation to bring lawsuits against the directors in a court with jurisdiction (including the Taiwan Taipei District Court).</p> <p>The discrepancy should have no adverse effect on the Company's shareholder equity.</p>

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<p>When a director or supervisor (applicable to a company with a supervisor) uses a pledge of shares to exceed one-half of the number of shares of the Company held at the time of election, the excess shares may not exercise voting rights and will not be counted as the number of voting rights of shareholders in attendance.</p>	<p>Article 197-1, Article 227 of the Company Act.</p>	<p>There are no similar provisions in Cayman Islands company law.</p>	<p>According to the first section of Article 28-4, Paragraph 2 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings: "A foreign issuer shall install an audit committee." The Company has set up an audit committee composed of all independent directors (Article 139 of the Articles of Incorporation), so there is no need to set up a supervisor. The discrepancy should have no adverse effect on the Company's shareholder equity.</p>

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<p>1. The directors of the Company shall conduct business in good faith and exercise the due care of a good administrator, and shall be held liable if there is a violation that causes damages to the Company. If the act is done by oneself or another, the shareholders' meeting may decide to treat the proceeds of the act as the Company's income.</p> <p>2. The directors of the Company shall be jointly and severally</p>	<p>Article 8, Paragraph 2 and Paragraph 3; Article 23, Paragraph 3 of the Company Act</p>	<p>1. Cayman Islands company law does not specify the obligations of directors. According to the common law principles applicable in the Cayman Islands, directors shall bear (1) fiduciary duties and (2) duty of care. The Company may request compensation from directors who violate the above-mentioned</p>	<p>Article 104 of the Company's Articles of Incorporation stipulates that when a director of the Company conducts business operations, if a violation of a law or order causes the Company to be liable for any compensation or damages to any person, that director shall be liable for joint and several compensation for damages with the Company; and if for any reason the director is not required to be jointly and severally liable for compensation with the Company, that director shall compensate the</p>

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<p>liable for compensation to others if they cause damages to others by violating the law in the execution of the Company's business.</p> <p>3. The managers and supervisors of the Company shall have the same liability for damages as the directors of the Company within the scope of the performance of their duties.</p>		<p>obligations. In addition, if a director violates the obligations and benefits as a result, the Company may attribute such benefits to the Company.</p> <p>2. According to the principles of common law, the actions performed by the directors in the course of managing the business of the Company on behalf of the Company will be</p>	<p>Company for the losses suffered by the Company as a result of the breach of responsibilities. However, under the principles of Cayman laws and orders and common law, the third party may not necessarily have a basis for the claim against the director, but can directly appeal for compensation, even if the Company's Articles of Incorporation stipulate that the director shall be jointly and severally liable to others; and liability for compensation cannot be used to create a basis for the claim. In</p>

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		<p>regarded as the Company's own actions. If the actions cause damage to any third party, the Company and not the director shall be held responsible to the third party for its actions. A third party requesting compensation for damages may not make a request in accordance with the Company's</p>	<p>addition, although Article 104 of the Company's Articles of Incorporation have stipulated that this obligation is also applicable to managers, if there is an intent to implement protection of shareholders' equity as a responsibility of this department for managers, the Company and the managers should specify such implementation in a separate contract. The discrepancy has had no adverse effect on the Company's shareholder equity.</p>

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		<p>Articles of Incorporation.</p> <p>When the Company is liable for damages to a third party due to a breach of obligations by a director, the Company may request compensation from the director who caused the damages.</p> <p>3. In addition, Article 77 of Cayman Islands company law stipulates that the</p>	

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		<p>responsibilities of company directors and managers are regulated by law. If there is not stipulated any special penalty or fine for violations, the directors or managers of the company shall be fined US\$5,000 for violation; Article 78 stipulates that the Company's memorandum of incorporation may</p>	

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		stipulate that the liability of directors and managers is unlimited.	
When a legal person is a shareholder, that legal person's representative may be elected as a director or supervisor. When there are several representatives, they may be elected separately, but they may not be elected at the same time or serve as directors and supervisors.	Article 27, Paragraph 2 of the Company Act	There are no similar provisions in Cayman Islands company law.	According to the first section of Article 28-4, Paragraph 2 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings: "A foreign issuer shall install an audit committee." The Company has set up an audit committee composed of all independent directors, and there is no need to appoint a supervisor, so the Company charter does not regulate



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			supervisors. The discrepancy should have no adverse effect on the Company's shareholder equity.

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Sports Gear Co., Ltd.

Chairman: Wei-Chia Chen



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