Stock Code: 9904

寶成工業股份有限公司

# POU CHEN CORPORATION

# 2025 ANNUAL REPORT

Printed on: April 15, 2026

Annual Report is available at: https://www.pouchen.com/
https://mops.twse.com.tw/

***Notice to readers***
***For the convenience of readers, the annual report has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language shall prevail. .***

1. Name, title, telephone number and e-mail address of spokesperson and acting spokesperson:
   Name of spokesperson: Yu, Shu-Hui
   Title of spokesperson: Deputy Senior Manager
   Telephone number of spokesperson: (04) 24615678
   E-mail address: ir@pouchen.com

   Name of acting spokesperson: Chou, Yin-Fen
   Title of acting spokesperson: Deputy Senior Manager
   Telephone number: (04) 24615678
   E-mail address: ir@pouchen.com

2. Address and telephone number of the head office, branch and factory:
   Head office: No.2, Fugong Rd., Fuxing Township, Changhua County, Taiwan
   Telephone number: (04) 7695147
   Fax: (04) 7680577

   Head office: No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City, Taiwan
   Telephone number: (04) 24615678
   Fax: (04) 24606668

   Global Supply Chain Management: No.2, Fugong Rd., Fuxing Township, Changhua County, Taiwan
   Telephone number: (04) 7695101

   PCN Business Unit: No.2, Fugong Rd., Fuxing Township, Changhua County, Taiwan
   Telephone number: (04) 7695171

   PCaG Business Unit: No. 190, Sec. 4, Fugong 3rd Rd., Fuxing Township, Changhua County, Taiwan
   Telephone number: (04) 7754111

   PCA Business Unit: No. 190, Sec. 4, Fugong 3rd Rd., Fuxing Township, Changhua County, Taiwan
   Telephone number: (04) 7754111

   PCNB Business Unit: No. 190, Sec. 4, Fugong 3rd Rd., Fuxing Township, Changhua County, Taiwan
   Telephone number: (04) 7754111

   PCM Business Unit: No. 190, Sec. 4, Fugong 3rd Rd., Fuxing Township, Changhua County, Taiwan
   Telephone number: (04) 7754111

3. Name, address, website and telephone number of the stock agency:
   Name: Yuanta Securities Co., Ltd.
   Address: B1F, No. 67, Sec. 2, Dunhua S. Rd., Da'An Dist., Taipei City, Taiwan
   Website: https://www.yuanta.com.tw
   Telephone number: (02)25865859

4. Name of certified public accountant ("CPA") who audited the most recent annual financial report and name, address, website and telephone number of the CPA Firm:
   Name of CPA: Wu, Ker-Chang and Shyu, Wen-Yea
   Name of CPA Firm: Deloitte & Touche
   Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City, Taiwan
   Website: https://www.deloitte.com.tw
   Telephone number: (02) 27259988

5. Name of the overseas stock exchange where the Company's overseas securities are transacted and access to the information regarding such overseas securities: N/A.

6. Website of the Company: https://www.pouchen.com

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# I. LETTER TO SHAREHOLDERS

A. Result of Operations

Looking back at 2025, the global economic landscape remained complex and volatile. International trade activities exhibited regional divergence and intensified fluctuations due to uncertainties surrounding reciprocal tariff policies. Structural reorganization challenges within the supply chain dampened end-market demand, leading to more cautious market sentiment. During the first half of the year, the broader economy demonstrated resilience, supported by expanding artificial intelligence applications, front-loaded supply chain deployment, and strategic inventory build-up. However, as these benefits gradually dissipated and against an elevated base, growth momentum moderated in the second half of the year.

Facing multiple external variables and challenges, the Company continued to strengthen its corporate resilience, enhance resource allocation efficiency, and consolidate core competitive advantages while solidifying its business foundation. For the year ended December 31, 2025, the Company reported non-consolidated operating revenue of NT$8.7 billion and consolidated operating revenue of NT$251.4 billion, a 4.71% decrease from NT$263.8 billion in the previous year. Net income attributable to owners of the Company was NT$12.1 billion, a decrease of 24.74% compared to NT$16.0 billion in the previous year. (Refer to Schedule 1 and Schedule 1-1)

1. Operating revenue

The Company's consolidated operating revenue in 2025 was comprised of two core businesses: manufacturing of shoes, and retail of sporting goods and wholesale business, accounting for 70% and 30% of the total, respectively. (Refer to Schedule 2)

Regarding the manufacturing of shoes business, operating revenue in 2025 decreased by NT$4.8 billion, mainly due to exchange rate fluctuations between the New Taiwan Dollar and the U.S. Dollar. However, in U.S. Dollar terms, revenue maintained a positive growth trend driven by an optimized product portfolio, demonstrating a solid operational foundation.

As for the retail of sporting goods and wholesale business, operating revenue in 2025 decreased by NT$7.6 billion compared to the previous year. While online sales remained resilient, partially offsetting the decline in physical store foot traffic, overall sales momentum slowed further due to weak consumer confidence in major operating regions.

2. Income from operations

In 2025, the Company's consolidated gross profit was NT$58.1 billion, representing a 10.81% decrease from NT$65.2 billion in the previous year. Consequently, the consolidated gross profit margin decreased from 24.70% to 23.12%, primarily due to uneven capacity utilization within the manufacturing of shoes business, rising labor costs, and the ramp-up phase of new capacity, coupled with intensified discount competition across the industry in the retail of sporting goods and wholesale business.

Through the continued implementation of expense control measures, consolidated operating expenses in 2025 decreased by 5.40% from NT$49.2 billion in the previous year. However, due to the decline in consolidated operating revenue, economies of scale were not fully realized. As a result, consolidated income from operations was NT$11.6 billion in 2025, representing a decrease of 27.50% compared to the previous year.

3. Net income and Earnings per share

Despite ongoing efforts to enhance operational resilience, increasingly cautious market sentiment led to a year-on-year decrease of NT$3.9 billion in net income attributable to owners of the Company for 2025. Earnings per share were NT$4.10, representing a decline of NT$1.34 from NT$5.44 in the prior year.

Schedule 1: Consolidated Financial Statements

(In NT$ thousands, except earnings per share)

| Item \ Year | | 2025 Amount | 2025 Ratio | 2024 Amount | 2024 Ratio | +(-)% |
|---|---|---|---|---|---|---|
| Operating revenue | | 251,400,209 | 100% | 263,817,827 | 100% | (4.71%) |
| Gross profit | | 58,127,532 | 23% | 65,175,049 | 25% | (10.81%) |
| Income from operations | | 11,567,100 | 5% | 15,954,237 | 6% | (27.50%) |
| Income before income tax | | 22,069,883 | 9% | 29,725,734 | 11% | (25.75%) |
| Net income for the year | | 18,252,339 | 7% | 23,435,902 | 9% | (22.12%) |
| Net income attributable to | Owners of the Company | 12,068,247 | 5% | 16,035,591 | 6% | (24.74%) |
| | Non-controlling interests | 6,184,092 | 2% | 7,400,311 | 3% | (16.43%) |
| Earnings per share (Basic) | | 4.10 | | 5.44 | | |

Schedule 1-1: Separate Financial Statements

(In NT$ thousands, except earnings per share)

| Item \ Year | 2025 Amount | 2025 Ratio | 2024 Amount | 2024 Ratio | +(-)% |
|---|---|---|---|---|---|
| Operating revenue | 8,673,062 | 100% | 9,547,132 | 100% | (9.16%) |
| Gross profit | 4,965,266 | 57% | 5,121,818 | 54% | (3.06%) |
| Income from operations | 672,148 | 8% | 976,339 | 10% | (31.16%) |
| Income before income tax | 13,649,757 | 157% | 17,445,053 | 183% | (21.76%) |
| Net income for the year | 12,068,247 | 139% | 16,035,591 | 168% | (24.74%) |
| Earnings per share (Basic) | 4.10 | | 5.44 | | |

Schedule 2: Consolidated Revenue

(In NT$ thousands)

| Primary Business \ Year | 2025 Amount | 2025 Ratio | 2024 Amount | 2024 Ratio |
|---|---|---|---|---|
| Manufacturing of shoes | 175,917,312 | 70% | 180,733,596 | 69% |
| Retail of sporting goods and wholesale business | 74,585,958 | 30% | 82,157,958 | 31% |
| Others | 896,939 | - | 926,273 | - |
| Total | 251,400,209 | 100% | 263,817,827 | 100% |

4. Budget Implementation

The Company did not separately disclose financial forecasts for fiscal year 2025. Accordingly, there is no relevant budget implementation information available for comparison and disclosure.

B. Research and Development

In 2025, the Company's consolidated research and development expenses amounted to NT$4.7 billion, primarily invested in product development, technological innovation, digital transformation, and process optimization. By establishing dedicated development centers for major brand customers, the Company deeply participates in every stage from development to prototyping. Simultaneously, through the implementation of digital management systems, the Company enhances development efficiency and mass production momentum to co-create high-quality footwear with brand customers that leads market trends.

C. Corporate Sustainability

As a responsible corporate citizen, while striving to enhance business performance, the Company is committed to upholding its corporate governance culture, continually promoting environmental friendliness, and actively fulfilling social responsibilities. With the long-term goal of "creating a sustainable model" and balancing the interests of all stakeholders, the Company has actively implemented the following actions:

1. Promoting and upgrading green transition

To effectively manage environmental risks and maintain ecological balance, the Company has continued to optimize the production process and introduced pollution prevention facilities to reduce the impact on the environment, while gradually increasing the waste recycling and reuse rate to achieve efficient resource utilization and promote a circular economy. Meanwhile, in response to global de-carbonization and green energy trends, with 2019 as the base year, we have comprehensively promoted low-carbon production, expanded green energy applications, and implemented energy-saving measures. Furthermore, the Company has set a target to reduce greenhouse gas (GHG) emissions by 46.2% by 2030 compared to the base year. This target has been validated by the World Resources Institute (WRI) as aligned with the Science Based Targets initiative (SBTi) standards. These efforts demonstrate the Company’s firm commitment to sustainability and enhance its reputation among international markets and brand customers, ensuring that energy consumption aligns with long-term environmental goals.

2. Fostering a harmonious workplace environment

Committed to building a safe, friendly and equitable workplace, the Company identifies potential human rights and employee relations risks through interviews and grievance mechanisms, and endeavors to respond in a timely manner. Moreover, the Company has established effective two-way communication and problem-solving mechanisms, included employee seminars, employee harmony and disciplinary committees, and employee relations communication platforms, etc., to better understand employee concerns, identify management opportunities, and effectively prevent labor-management disputes. In 2026, the Company will continue to organize employee activities and community service events, encouraging participation to strengthen team cohesion and shared values. The Company will also maintain sound interactions with unions to promote collective growth and development, thereby fostering a positive corporate culture, laying a solid foundation for sustainable operations.

3. Deepening the development of a strong safety culture

The Company continues to promote a top-down safety culture and risk prevention management approach to ensure that all factories comply with safe production standards. In 2026, the Company will further enhance occupational hazard and fire prevention technologies, through accident investigation meetings, root causes will be analyzed and corresponding improvement measures implemented in parallel. At the same time, through cross-site experience sharing, the Company will align safety and health implementation standards at key factories to internalize these practices into daily operations. In addition, the Company will strengthen factory self-inspection capabilities based on daily monitoring results, and enhance employees’ safety awareness and execution through cross-departmental collaborations. These efforts will help identify and eliminate preventable risks, effectively avoiding accidents and continuously improving overall safety performance.

4. Enhanced compliance and risk management

The Company monitors daily operations through routine inspection mechanisms and annual audits, with follow-up tracking to ensure effective improvements and reduce the risk of major incidents. This ensures all factories strictly comply with the Group's code of conduct, local laws and regulations, brand customers' standards, and international regulations, further strengthening the partnership with brand customers. In 2026, the Company will continue to uphold the spirit and principles of the UN's "Universal Declaration of Human Rights" and "Guiding Principles on Business and Human Rights," as well as the ILO's "Declaration on Fundamental Principles and Rights at Work" to create a robust human rights environment and ensure employees' legal rights to freedom of association and collective bargaining are fully protected.

D. 2026 Business Plan

1. Operating Guidelines

Adhering to its core values of "Professionalism, Dedication, Innovation, and Service," and leveraging decades of industry experience and accumulated expertise, the Company has strengthened and established its leading market position. Moving forward, the Company will continue to focus on its two core businesses, manufacturing of shoes business and retail of sporting goods and wholesale business, while sequentially advancing the following initiatives:

- Manufacturing of Shoes Business

(1) Enhancing Production Capacity Flexibility

To fully leverage the manufacturing advantages of each location and respond swiftly to market demand, the Company will continue to advance its diversified production strategy. Through agile capacity allocation and continuous process improvement, the Company aims to enhance overall production efficiency and ensure supply stability. New manufacturing facilities in Central Java, Indonesia, successfully commenced operations in 2025. In 2026, the Company will further develop a more resilient global manufacturing footprint, strengthen capacity management at existing sites, and continue to advance the establishment of new facilities in India to support long-term operational growth.

(2) Providing Comprehensive Solutions

As a strategic partner to brand customers, the Company will drive process upgrades as a core engine, continuing to introduce advanced technologies, automation equipment, and intelligent manufacturing systems, while strengthening materials research and innovation capabilities. Through forward-looking investments, the Company aims to enhance operational efficiency from product development to mass production, precisely aligning with market trends to offer brand customers more competitive integrated footwear manufacturing services, further deepening long-term partnerships.

(3) Enhancing Data-Driven Decision-Making Capabilities

The Company will continue to pursue its digital transformation strategy, deepening the application of the SAP Enterprise Resource Planning (ERP) system to optimize production scheduling, resource allocation, and quality control. Leveraging digital tools such as Robotic Process Automation (RPA) and Digital report system (DRS), the Company will build a consistent and real-time data analytics platform. Supported by precise data, the Company aims to improve operational decision-making quality, gain forward-looking industry insights, and achieve strategic optimization and value growth.

(4) Developing a Supply Chain Ecosystem

To strengthen supply chain resilience and sustainability, the Company continues to refine manufacturing technologies and competitiveness at each production site, guided by the principles of localized supply and real-time response. Concurrently, through resource integration, knowledge sharing, and technical exchange, the Company deepens collaboration with upstream and downstream partners to leverage vertical integration synergies, striving to build a highly efficient and autonomous supply chain ecosystem.

- Retail of sporting goods and wholesale business

(1) Strategic Deployment of Physical Stores

For consumers who seek to discover new products and value personalized services, physical retail stores remain an indispensable sales channel. In 2026, the Company will continue to prioritize profitability and business quality, optimizing its offline store network with a focus on improving store traffic, conversion rates, repurchase rates, and in-season sales to enhance operational synergies. The Company will also continue to expand its self-owned " YYQUALITY," replicating its core business model of high value-for-money offerings and integrated multi-dimensional consumer experiences, staying closely attuned to market dynamics to strengthen overall competitiveness.

(2) Accelerating the Expansion of Digital Channels

In response to the rapid shift in consumer preferences, the Company is actively integrating digital channels into its sales network, leveraging the high traffic of major e-commerce platforms to effectively drive sales growth. The Company is also developing a " Pan-WeChat Ecosphere" as an extension of its physical stores to enhance operational profitability. Given the intensifying competition from emerging e-commerce models, the Company will accelerate its digitalization journey in 2026, deepening engagement with target consumer segments through differentiated and multi-faceted strategies to create a more comprehensive online-to-offline shopping experience.

(3) Strengthening Operational Growth Momentum

The Company will continue to deepen strategic cooperation with business partners, driving in-depth member engagement and growth through integrated membership programs. Simultaneously, the Company will strengthen inventory sharing initiatives to improve merchandise allocation and logistics efficiency, thereby optimizing inventory structures and accelerating sales turnover. Regarding digital strategy, the Company will continue to refine its SAP system, integrating business intelligence platforms, artificial intelligence (AI) applications, and optimized digital management tools to enhance retail efficiency, resource allocation, and decision-making effectiveness, aimed at establishing a comprehensive retail system.

2. Expected Sales Volume and Basis

In 2026, the Company will formulate its overall operating plans based on the characteristics of its principal business, taking into consideration factors including the macroeconomic environment, industry developments, and end-market demand, and will adjust such plans in response to changes in market conditions.

3.Prospects

Looking ahead to 2026, international institutions broadly anticipate the pace of global economic growth to converge. Various factors such as global trade trends, monetary policies of major economies, and climate change risks will continue to influence corporate capital expenditure and consumer confidence, adding uncertainty to the global economic outlook.

Despite frequent external challenges, the rising global health awareness and the increasing prevalence of active and leisure lifestyles underpin the development potential of relevant industries. The Company maintains a cautiously optimistic outlook on the long-term prospects of the sports industry in which it operates.

In the manufacturing of shoes business, the Company will continue to enhance capacity flexibility and diversification, allocate resources to digital transformation and intelligent manufacturing, and build a resilient and sustainable supply chain, striving to deliver comprehensive solutions across the value chain. In the retail of sporting goods and wholesale business, the Company will continue to implement its refined retail strategy, dynamically adjusting its physical and digital channel mix, launching innovative business models aligned with market trends, and deepening consumer engagement and interaction to further strengthen its operational capabilities.

The Company will continue to uphold the highest standards of corporate governance, emphasizing talent cultivation and organizational growth, refining risk management, and accelerating the development of digital infrastructure alongside its sustainability strategy. Through the continuous strengthening of its competitive advantages, the Company is committed to creating sustained and sound shared value for all stakeholders.

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Chairman of the Board: Wu, Pan-Tsu

President: Lu, Chin-Chu

# II. CORPORATE GOVERNANCE REPORT

## 2.1 Information of Directors, Presidents, Vice Presidents, Senior Managers, and Department Heads

A. Directors

1. Information of Directors

March 31, 2026; Unit: shares

| Title | Nationality or registration area | Name | Gender Age | Date of appointment | Tenure (years) | Date of first appointment | Shareholding upon appointment | | Current Shareholding | | Spouse and minor Shareholding | | Shareholding by nominee arrangement | | Education and/or experiences | Positions held concurrently in the Company and other companies | Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship | | | Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Ratio | Number of shares | Ratio | Number of shares | Ratio | Number of shares | Ratio | | | Title | Name | Relation | |
| Chairman | R.O.C. | Sheachang Enterprise Corporation | - | 2025.05.29 | 3 | 2003.10.03 | 4,413,010 | 0.15% | 4,413,010 | 0.15% | 0 | 0.00% | 0 | 0.00% | N/A | N/A | N/A | N/A | N/A | None |
| | R.O.C | Representative: Wu, Pan-Tsu | Male 70-79 | 2025.05.29 | 3 | 2020.07.10 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Director, Nan Shan Life Insurance Co., Limited;<br>Vice President, Corporate Banking Division, Taishin Bank;<br>Vice President, Business Department, BNP Paribas;<br>Vice President, Business Department, Chase Manhattan Bank;<br>President of Retail Department of the Company;<br>Chairman and Executive Director, Pou Sheng International (Holdings) Limited;<br>Banking and Insurance Department, Tamkang University | N/A | N/A | N/A | N/A | None |
| Director | R.O.C. | Tsai, Pei-Chun | Female 30-49 | 2025.05.29 | 3 | 2016.06.15 | 4,177,779 | 0.14% | 4,177,779 | 0.14% | 0 | 0.00% | 0 | 0.00% | Managing Director and Executive Director, Yue Yuen Industrial (Holdings) Limited;<br>Non-executive Director, Pou Sheng International (Holdings) Limited;<br>Director, Mega Financial Holding Co., Ltd.;<br>Economic and Finance Department, Wharton School of the University of Pennsylvania, USA | Note 2 | Director | Tsai, Min-Chieh | Sisters | None |

| Title | Nationality or registration area | Name | Gender Age | Date of appointment | Tenure (years) | Date of first appointment | Shareholding upon appointment | | Current Shareholding | | Spouse and minor Shareholding | | Shareholding by nominee arrangement | | Education and/or experiences | Positions held concurrently in the Company and other companies | Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship | | | Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Ratio | Number of shares | Ratio | Number of shares | Ratio | Number of shares | Ratio | | | Title | Name | Relation | |
| Director | R.O.C. | Tzong Ming Investments Co., Limited | - | 2025.05.29 | 3 | 2013.06.14 | 6,340,933 | 0.22% | 6,340,933 | 0.22% | 0 | 0.00% | 0 | 0.00% | N/A | N/A | N/A | N/A | N/A | None |
| | R.O.C. | Representative: Tsai, Min-Chieh | Female 30-49 | 2025.05.29 | 3 | 2013.06.14 | 3,471,485 | 0.12% | 3,471,485 | 0.12% | 0 | 0.00% | 0 | 0.00% | Director, Nan Shan Life Insurance Co., Limited; Financial Analytics, Bloomberg News (USA); Economic and Finance Department, Wharton School of the University of Pennsylvania, USA | Note 3 | Director | Tsai, Pei-Chun | Sisters | None |
| Director | R.O.C. | Ever Green Investments Corporation | - | 2025.05.29 | 3 | 2007.04.24 | 23,216,045 | 0.79% | 23,216,045 | 0.79% | 0 | 0.00% | 0 | 0.00% | N/A | N/A | N/A | N/A | N/A | None |
| | R.O.C. | Representative: Lu, Chin-Chu | Male 70-79 | 2025.05.29 | 3 | 2011.03.07 | 1,070,470 | 0.04% | 1,070,470 | 0.04% | 73,300 | 0.002% | 0 | 0.00% | President of the Company; Chairman and Executive Director, Yue Yuen Industrial (Holdings) Limited; Director, San Fang Chemical Industry Co., Limited; Director, Nan Pao Resins Chemical Co., Limited; Director, Evermore Chemical Industry Co., Limited; Master Degree in Business Administration, National Chung Hsing University | Note 4 | N/A | N/A | N/A | None |
| Director | R.O.C. | Chuan Mou Investments Co., Limited | - | 2025.05.29 | 3 | 2022.06.15 | 163,425,022 | 5.55% | 163,425,022 | 5.55% | 0 | 0.00% | 0 | 0.00% | N/A | N/A | N/A | N/A | N/A | None |
| | R.O.C. | Representative: Chan, Lu-Min | Male 70-79 | 2025.05.29 | 3 | 1992.08.08 | 366,452 | 0.01% | 366,452 | 0.01% | 0 | 0.00% | 0 | 0.00% | Executive Director, Yue Yuen Industrial (Holdings) Limited; Director, Nan Shan Life Insurance Co., Limited; Chairman and President of the Administration Management Department of the Company; Statistics Department, National Chung Hsing University | Note 5 | N/A | N/A | N/A | None |

| Title | Nationality or registration area | Name | Gender Age | Date of appointment | Tenure (years) | Date of first appointment | Shareholding upon appointment | | Current Shareholding | | Spouse and minor Shareholding | | Shareholding by nominee arrangement | | Education and/or experiences | Positions held concurrently in the Company and other companies | Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship | | | Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Ratio | Number of shares | Ratio | Number of shares | Ratio | Number of shares | Ratio | | | Title | Name | Relation | |
| Director | R.O.C. | Shun Tai Investments Co., Limited | - | 2025.05.29 | 3 | 2022.06.15 | 24,367,867 | 0.83% | 24,367,867 | 0.83% | 0 | 0.00% | 0 | 0.00% | N/A | N/A | N/A | N/A | N/A | None |
| | R.O.C. | Representative: Ho, Yue-Ming | Male 50-69 | 2025.05.29 | 3 | 2016.06.15 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Vice President of the Company;<br>Director, Nan Shan Life Insurance Co., Limited;<br>Vice President, HTC Corporation;<br>Master of Laws, National Taiwan University | Note 6 | N/A | N/A | N/A | None |
| Independent Director | R.O.C. | Hsu, Chu-Sheng | Male 50-69 | 2025.05.29 | 3 | 2022.06.15 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Adjunct professor, Leadership Program at National Taiwan University;<br>Independent Director, Alexander Marine Co., Ltd.;<br>Independent Director, Fubon Bank (China);<br>Adjunct professor, Institute of Technology Management at National Tsing Hua University;<br>General Manager, General Electric International Inc., Taiwan Branch (USA);<br>President, IBM Taiwan Corporation;<br>Independent Director, inergy Technology Inc.;<br>Master of Computer Science, Stevens Institute of Technology, USA | Note 7 | N/A | N/A | N/A | None |
| Independent Director | R.O.C. | Chang, Shih-Chieh | Male 50-69 | 2025.05.29 | 3 | 2022.06.15 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Professor, Department of Risk Management and Insurance, National Chengchi University;<br>Independent Director, KGI Financial Holding Co., Ltd.;<br>Independent Director, KGI Life Insurance Co., Ltd.;<br>Independent Director, Taiwan Life Insurance Co., Ltd.;<br>Independent Director, TLG Insurance Co., Ltd.;<br>Director, CTBC Business School;<br>Independent Director, | Note 8 | N/A | N/A | N/A | None |

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | CTBC Life Insurance Co., Ltd.;<br>Independent Director, CTBC Bank Co., Ltd.;<br>Independent Director, CTBC Financial Holding Co., Ltd.;<br>Member, Financial Supervisory Commission;<br>Non-member director, Securities Investment Trust & Consulting Association of the R.O.C.;<br>Member, Financial Ombudsman Institution;<br>Director, Taiwan Insurance Institute;<br>Director, Taiwan Insurance Guaranty Fund;<br>Chairman, Insurance Anti-Fraud Institute;<br>Member, Labor Funds Supervisory Committee, Ministry of Labor;<br>Chairman, Pan-Asia Risk and Insurance Management Association;<br>Chairman and Member, Risk Management Society of Taiwan;<br>CEO, EMBA, College of Commerce, National Chengchi University;<br>Consultant, Financial White Papers, Taiwan Financial Services Roundtable Co., Ltd.;<br>Consultant, Securities Investment Trust & Consulting Association of the R.O.C.;<br>Member, Financial Stability Board of Central Bank (R.O.C.);<br>Chairman, Risk Management Society of Taiwan;<br>Ph.D., Department of Statistics, University of Wisconsin-Madison, USA | | | | | |
| Independent Director | R.O.C. | Wu Wang, Pu-Yu | Female 50-69 | 2025.05.29 | 3 | 2025.05.29 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Manager of Credit Department/ Accounting Officer, Joint Credit Information Center;<br>CPA, Ingram & Wallis Corp. USA;<br>CPA, William C. Chalmers Corp. USA;<br>Independent Director, Cosmos Bank;<br>Master of Public Finance, National Chengchi University | N/A | N/A | N/A | N/A | None |

Note 1: Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company): None.

Note 2: Managing Director and Executive Director of Yue Yuen Industrial (Holdings) Limited; Non-executive Director of Pou Sheng International (Holdings) Limited; Director of Wealthplus Holdings Limited, Chih-Chun Co., Limited.

Note 3: Chairman of PC Holdings Limited; Director of PC Brothers Corporation, Chung Ming Investments Co., Limited, Tzong Ming Investments Co., Limited, Chih-Chun Co., Limited.

Note 4: President of the Company; Chairman of Windsor Entertainment Co., Limited; Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, San Fang Chemical Industry Co., Limited, Zhongao Multiplex Management Group Co., Limited; Representative of Yue Yuen Industrial Limited, Taiwan Branch; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 5: Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 6: Vice President of the Company; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited, Ruen Chen Investment Holding Co., Limited, Nan Shan Life Insurance Co., Limited, Zhongao Multiplex Management Group Co., Limited, Ka Te Footwear Material (Shishi) Limited, Hua Jian Industrial Holding Co., Limited, Ka Te Footwear Material (HK) Limited.

Note 7: Independent Director of Alexander Marine Co., Ltd., Fubon Bank (China).

Note 8: Independent Director of KGI Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd.

2. Major shareholders of the institutional shareholders

March 31, 2026

| Name of institutional shareholder | Major shareholders of the institutional shareholders | |
|---|---|---|
| | Shareholder | Ratio (%) |
| Chuan Mou Investments Co., Limited | Santarem Pte. Limited | 49.83 |
| | Shun Tai Investments Co., Limited | 30.02 |
| | Seawind Management Limited | 7.97 |
| | Ever Green Investments Corporation | 6.71 |
| | Yu Chi Investments Co., Limited | 3.27 |
| | Yu Jie Investments Co., Limited | 2.20 |
| Tzong Ming Investments Co., Limited | Taishin International Bank Trust Account by Huang, Shu-Man | 66.55 |
| | Tsai, Pei-Chun | 11.15 |
| | Tsai, Min-Chieh | 11.15 |
| | Tsai, I-Chen | 11.15 |
| Ever Green Investments Corporation | Santarem Pte. Limited | 71.74 |
| | Seawind Management Limited | 28.26 |
| Sheachang Enterprise Corporation | Taishin International Bank Trust Account by Huang, Shu-Man | 56.07 |
| | Tsai, Chi-Neng | 16.22 |
| | Tsai, Chi-Chien | 15.32 |
| | Tsai, Chi-Hu | 7.83 |
| | Tsai, Nai-Fung | 3.50 |
| | Lin, Li-Mei | 0.89 |
| | Hsieh, Shu-Chuan | 0.17 |
| Shun Tai Investments Co., Limited | Chuan Mou Investments Co., Limited | 36.14 |
| | Seawind Management Limited | 45.83 |
| | Goal Score Investments Limited | 18.03 |

3. Major shareholders of the Company's major institutional shareholders

March 31, 2026

| Name of institutional shareholder | Major shareholders of the institutional shareholder | |
|---|---|---|
| | Shareholder | Ratio (%) |
| Santarem Pte. Limited | Sitori Trading Limited | 100.00 |
| Seawind Management Limited | Prime Grill Investments Limited | 100.00 |
| Yu Chi Investments Co., Limited | Taishin International Bank Trust Account by Huang, Shu-Man | 0.20 |
| | Seawind Management Limited | 0.80 |
| | Goal Score Investments Limited | 99.00 |
| Yu Jie Investments Co., Limited | Seawind Management Limited | 1.67 |
| | Goal Score Investments Limited | 98.33 |
| Goal Score Investments Limited | Sitori Trading Limited | 100.00 |

4. Professional Qualification of Directors and Independence of Independent Directors

| Requirements / Name | Professional Qualification, Experiences (Note 1) | Independence of Independent Directors | Number of other public companies in which the person holds a concurrent position as an independent director |
|---|---|---|---|
| Sheachang Enterprise Corporation<br>Representative: Wu, Pan-Tsu | 1. Mr. Wu has about 40 years of financial experiences.<br>2. Mr. Wu was President of Retail Department of the Company, Chairman and Executive Director of Pou Sheng International (Holdings) Limited, Director of Nan Shan Life Insurance Co., Limited. | NA | 0 |
| Tsai, Pei-Chun | 1. Ms. Tsai has about 20 years of experiences in the manufacturing of shoes and retailing of sporting goods and brand licensing.<br>2. Managing Director and Executive Director of Yue Yuen Industrial (Holdings) Limited and Non-executive Director of Pou Sheng International (Holdings) Limited.<br>3. Ms. Tsai was Director of Mega Financial Holding Company Limited. | | 0 |
| Tzong Ming Investments Co., Limited<br>Representative: Tsai, Min-Chieh | 1. Ms. Tsai has about 20 years of financial experiences.<br>2. Ms. Tsai was Financial Analytics in Bloomberg News (USA) and Director of Nan Shan Life Insurance Co., Limited, | | 0 |
| Ever Green Investments Corporation<br>Representative: Lu, Chin-Chu | 1. Mr. Lu has about 40 years of experiences in the manufacturing of footwear and footwear materials production management.<br>2. President of the Company, Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited and Director of San Fang Chemical Industry Co., Limited.<br>3. Mr. Lu was Director of Nan Pao Resins Chemical Co., Limited and Evermore Chemical Industry Co., Limited. | | 0 |
| Chuan Mou Investments Co., Limited<br>Representative: Chan, Lu-Min | 1. Mr. Chan has about 40 years of finance and accounting management experiences.<br>2. Mr. Chan was President of the Administration Management Department of the Company, Chairman of the Board of Directors, Executive Director of Yue Yuen Industrial (Holdings) Limited and Director of Nan Shan Life Insurance Co., Limited. | | 0 |
| Shun Tai Investments Co., Limited<br>Representative: Ho, Yue-Ming | 1. Mr, Ho has about 30 years of legal experiences.<br>2. Vice President of Legal Department of the Company and Director of Nan Shan Life Insurance Co., Limited.<br>3. Mr. Ho was Vice President of HTC Corporation. | | 0 |

| Requirements / Name | Professional Qualification, Experiences (Note 1) | Independence of Independent Directors | Number of other public companies in which the person holds a concurrent position as an independent director |
|---|---|---|---|
| Hsu, Chu-Sheng | 1. Mr. Hsu has about 30 years experiences of business management, leadership of multinational corporation and organization change.<br>2.Adjunct professor of Leadership Program at National Taiwan University.<br>3. Independent Director of Alexander Marine Co., Ltd. and Fubon Bank (China).<br>4. Mr. Hsu was Adjunct professor of Leadership Program at Institute of Technology Management at National Tsing Hua University, General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation, Independent Director of inergy Technology Inc.. | 1. The Independent Directors satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Financial Supervisory Commission.<br>2. The Independent Directors (or held by the person under others' names) as well as his/her spouse do not hold any common shares of Pou Chen Corporation.<br>3.The Independent Directors received no compensation or benefits for providing commercial, legal, financial, accounting services or other services to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service" | 1 |
| Chang, Shih-Chieh | 1.Mr. Chang has about 20 years experiences of management of risk, financial and insurance.<br>2.Professor of Department of Risk Management and Insurance, National Chengchi University.<br>3. Independent Director of KGI Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd.<br>4.Mr. Chang was Independent Director of CTBC Financial Holding Co., Ltd., Member of Financial Supervisory Commission, Chairman of Insurance Anti-Fraud Institute and Member, Labor Funds Supervisory Committee, Ministry of Labor and Chairman of Risk Management Society of Taiwan. | | 2 |
| Wu Wang, Pu-Yu | 1.Ms. Wang has about 30 years experiences of financial, accounting and auditing, internal audit.<br>2.Owned a Taiwan and America CPA, Securities Analyst License.<br>3.She was Manager of Credit Department/Accounting Officer, Joint Credit Information Center; CPA, Ingram & Wallis Corp. USA; CPA, William C. Chalmers Corp. USA and Independent Director, Cosmos Bank. | | 0 |

(Note 1): The Directors and Independent Directors of the Company are not been a person of any conditions defined in Article 30 of the Company Law.

(Note 2): 1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law

2. Not serving concurrently as an independent director on more than three other Taiwanese public companies in total.

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

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

(2) Not a director or supervisor of the company or any of its affiliates.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3).

(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.

(6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company.

(7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent).

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company.

(9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or other services to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a"non-audit service which total compensation within the recent two years exceeds NTD500,000".

5. The Board of member's diversity policy and Independence

(1) Diversity policy of the Company's Board

Pursuant to the Board of Directors Diversity Policy, the Company's Board of Directors shall include at least one director of a different gender. It shall also ensure that the Board collectively possesses key professional expertise in corporate strategy, accounting and tax finance, law, administration, and manufacturing management. In May 2025, the Company re-elected the 25th Board of Directors, comprising nine directors (including three independent directors). Three directors are of different gender, comprise one-third of the Board. The directors' industry experiences and professional competencies are mutually complementary, enabling the Board to make decisions based on comprehensive and professional judgment. This effectively enhances corporate governance and improves the Company's management efficiency. Please refer to the table below for specific implementation details.

| Name | Gender | Age | | Education | Industrial Experiences | Academic Background | Specialty Fields |
|---|---|---|---|---|---|---|---|
| | | 30~49 | Over 50 | | | | |
| Wu, Pan-Tsu | Male | | V | Banking and Insurance Department, Tamkang University | V | | Finance and insurance |
| Tsai, Pei-Chun | Female | V | | Economic and Finance Department, Wharton School of the University of Pennsylvania, USA | V | | Finance, strategic planning and enterprise development |
| Tsai, Min-Chieh | Female | V | | Economic and Finance Department, Wharton School of the University of Pennsylvania, USA | V | | Finance |
| Lu, Chin-Chu | Male | | V | Master Degree in Business Administration, National Chung Hsing University | V | | Production management and business management |
| Chan, Lu-Min | Male | | V | Statistics Department, National Chung Hsing University | V | | Finance and accounting, business management and corporate governance |
| Ho, Yue-Ming | Male | | V | Master of Laws, National Taiwan University | V | | Legal and administrative management |
| Hsu, Chu-Sheng | Male | | V | Master of Computer Science, Stevens Institute of Technology, USA | V | V | Business management, leadership and organization change |
| Chang, Shih-Chieh | Male | | V | Ph.D., Department of Statistics, University of Wisconsin-Madison, USA | V | V | Management of risk, financial and insurance |
| Wu Wang, Pu-Yu | Female | | V | Public Finance, National Chengchi University | V | | Financial, accounting and auditing, internal audit |

(2) Independence of the Company's Board: The 25th term Board of Directors of the Company comprises nine directors, three of whom are independent directors (33%) as required by law. Spousal or familial relationship within the second degree of kinship does not exist among more than half of the company's directors. The term of all independent directors does not exceed nine years which conform to the requirement of the independence of the Board.

B. Information of Presidents, Vice Presidents, Senior Managers, and Department Heads

March 31, 2026; Unit: shares

| Title | Nationality | Name | Gender | Date of appointment | Current Shareholding | | Spouse and minor Shareholding | | Shareholding by nominee arrangement | | Main education and/or experiences | Positions held concurrently in other companies | Officer who is this person's spouse or relative(s) within the second degree of kinship | | | Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Ratio (%) | Number of shares | Ratio (%) | Number of shares | Ratio (%) | | | Title | Name | Relation | |
| President | R.O.C. | Lu, Chin-Chu | Male | 2006.07.27 | 1,070,470 | 0.04% | 73,300 | 0.002% | 0 | 0.00% | Chairman and Executive Director, Yue Yuen Industrial (Holdings) Limited;<br>Director, San Fang Chemical Industry Co., Limited;<br>Director, Nan Pao Resins Chemical Co., Limited;<br>Director, Evermore Chemical Industry Co., Limited;<br>Master Degree in Business Administration, National Chung Hsing University | Note 2 | N/A | N/A | N/A | None |
| Vice President | R.O.C. | Ho, Yue-Ming | Male | 2016.03.24 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Director, Nan Shan Life Insurance Co., Limited;<br>Vice President, HTC Corporation;<br>Master of Laws, National Taiwan University | Note 3 | N/A | N/A | N/A | None |
| Vice President | U.S.A. | Liu, Hong-Chih | Male | 2016.11.14 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Executive Director, Yue Yuen Industrial (Holdings) Limited;<br>Managing Director, China International Capital Corporation Limited;<br>Master of Business Administration Degree in Finance and Entrepreneurial Management, Wharton School of University of Pennsylvania, USA | Note 4 | N/A | N/A | N/A | None |
| Vice President | R.O.C. | Hu, Chia-Ho | Male | 2019.03.25 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Executive Director, Pou Sheng International (Holdings) Limited;<br>Executive Director, Yue Yuen Industrial (Holdings) Limited;<br>Master Degree of Science, University of Wisconsin, Madison, USA | Note 5 | N/A | N/A | N/A | None |
| Vice President | R.O.C. | Chiu, Hui-Yao | Male | 2019.03.25 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Chairman and Non-executive Director, Pou Sheng International (Holdings) Limited;<br>IT Director, RT-Mart;<br>Master Degree in Computer Science and Engineering Department, National Chiao Tung University | Note 6 | N/A | N/A | N/A | None |
| Vice President | R.O.C. | Shih, Chih-Hung | Male | 2020.11.13 | 0 | 0.00% | 40,000 | 0.001% | 0 | 0.00% | Executive Director and chief financial officer, Yue Yuen Industrial (Holdings) Limited;<br>Director, San Fang Chemical Industry Co., Limited;<br>Director, Evermore Chemical Industry Co., Limited;<br>Director, Nan Pao Resins Chemical Co., Limited;<br>Accounting Department, Chung Yuan Christian University | Note 7 | N/A | N/A | N/A | None |

| Title | Nationality | Name | Gender | Date of appointment | Current Shareholding | | Spouse and minor Shareholding | | Shareholding by nominee arrangement | | Main education and/or experiences | Positions held concurrently in other companies | Officer who is this person's spouse or relative(s) within the second degree of kinship | | | Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Ratio (%) | Number of shares | Ratio (%) | Number of shares | Ratio (%) | | | Title | Name | Relation | |
| Vice President | R.O.C. | Chou, Wei-Te | Male | 2025.05.14 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Executive Director, Yue Yuen Industrial (Holdings) Limited;<br>Financial Manager, Co-Wealth Medical Science & Biotechnology Inc.;<br>Master of Shipping & Transportation Management, National Taiwan Ocean University | Note 8 | N/A | N/A | N/A | None |
| Executive Senior Manager | R.O.C. | Yen, Chia-Wen | Female | 2023.08.14 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Senior Manager of Legal Department, HTC Corporation;<br>Master of Laws, National Chengchi University | Note 9 | N/A | N/A | N/A | None |
| Executive Senior Manager | R.O.C. | Johnson Tong | Male | 2024.04.15 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Business Operations Senior Manager, Pegasus Footwear Co.;<br>MBA, University of Oregon, USA | Note 10 | N/A | N/A | N/A | None |
| Executive Senior Manager | R.O.C. | Lin, Wang-Chyan | Male | 2024.04.15 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Head of HR Department, Pou Sheng International (Holdings) Limited;<br>Director, Nan Pao Resins Chemical Co., Limited;<br>Director, San Fang Chemical Industry Co., Limited;<br>Master of Philosophy, Tunghai University | Note 11 | N/A | N/A | N/A | None |
| Executive Senior Manager | R.O.C. | Huang, Wen-Chih | Male | 2025.11.13 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Vice President of security control room, Shin Kong Mitsukoshi Department Store;<br>PhD of Criminal Justice, Sam Houston State University | N/A | N/A | N/A | N/A | None |
| Financial Officer | R.O.C. | Yeh, Wen-Chung | Male | 2025.08.13 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | CFO, Tanvex BioPharma, Inc., Taiwan Branch;<br>Business Administration Department, Boston University | N/A | N/A | N/A | N/A | None |
| Accounting Officer | R.O.C. | Wu, Hui-Chi | Female | 2015.12.25 | 0 | 0.00% | 5,000 | 0.00% | 0 | 0.00% | Senior Manager of Accounting Department of the Company;<br>Master in Accounting, Golden Gate University, USA | Note 12 | N/A | N/A | N/A | None |
| Corporate Governance Officer | R.O.C. | Shen, Yu-Mei | Female | 2025.11.13 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Internal auditor Officer of the Company;<br>Accounting Department, National Cheng Kung University | N/A | N/A | N/A | N/A | None |

Note 1: Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company): None.

Note 2: Chairman of Windsor Entertainment Co., Limited; Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, San Fang Chemical Industry Co., Limited, Zhongao Multiplex Management Group Co., Limited; Representative of Yue Yuen Industrial Limited, Taiwan Branch; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 3: Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited, Ruen Chen Investment Holding Co., Limited, Nan Shan Life Insurance Co., Limited, Zhongao Multiplex Management Group Co., Limited, Ka Te Footwear Material (Shishi) Limited, Hua Jian Industrial Holding Co., Limited, Ka Te Footwear Material (HK) Limited.

Note 4: Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 5: Executive Director of Pou Sheng International (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 6: Chairman and Non-executive Director of Pou Sheng International (Holdings) Limited, Director of the subsidiaries of Pou Sheng International (Holdings) Limited

Note 7: Non-Executive Director of Prosperous Industrial (Holdings) Limited; Chairman of I-Tech. Sporting Enterprise Ltd., Dah Sheng Vietnam Co., Ltd., Dah-Chen Shoe Materials Ltd.; Director of San Fang Chemical Industry Co., Limited, Nan Pao Resins Chemical Co., Ltd., the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Ka Te Footwear Material (Shishi) Limited, Jiang Xi Hwa Ching Foam Limited, Zhongshan Poushun Paper Products Manufacturing Co., Limited, Dong Guan Yue Guan Paper Products Co., Limited, Yangzhou Baoyi Shoes Manufacturing Co., Ltd. Ka Yuen Rubber Factory Limited, Ka Yuen Trading Limited, Go Eastern Limited, Mostwell Limited, Ka Te Footwear Material (HK) Limited, Jumbo Power Enterprises Limited, Superb King Investments Limited, Rise Bloom International Limited, Prosperlink Limited, Prosper Day Limited, Pou Ming Paper Products Manufacturing Company Limited, Upsize Limited, Top Units Developments Limited, Time Swift Investments Limited, Mega Sky International Limited, Radiant Lion Limited, Active Creation Co., Ltd., Radiant Ally Holdings Limited; Representative of Radiant Lion Limited, Taiwan Branch(British Virgin Islands); Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, PT. Ka Yuen Indonesia, PT. DahSheng.

Note 8: Executive Director of Yue Yuen Industrial (Holdings) Limited, Eagle Nice (International) Holdings Limited; Chairman of Pou Shine Investments Co., Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Barits Development Corporation, Pou Yii Development Co., Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, Oftenrich Holdings Limited, Brilliant Ocean Limited, Venture Well Holdings Limited; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 9: Chairman of Yueju Global CO., LTD; Director of Venture Well Holdings Limited, the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 10: Executive Director of Eagle Nice (International) Holdings Limited; Director of Orisol Taiwan Limited, Windsor Entertainment Co., Limited, the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Oftenrich Holdings Limited, Victorious Investments Limited, Yu Chang Investments Limited, Sunny State Enterprises Limited, Richy Field Investments Limited, Easy Network Trading Limited, Trade Max Holdings Limited, Hsiang Fu Investment Limited, Bonitos Holdings Limited, Glory Advantage Holdings Limited, Brandblack INC., DaySun Consultants Limited; President Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited; Supervisor of Winchaise Co., Ltd.

Note 11: Director of Yangzhou Baoyi Shoes Manufacturing Co., Ltd., the subsidiaries of Yue Yuen Industrial (Holdings) Limited; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 12: Chairman of Pou Yuen Technology Co., Limited, Barits Development Corporation, Song Ming Investments Co., Limited, Pro Arch International Development Enterprise Inc., Pou Chin Development Co., Limited; Director of Windsor Entertainment Co., Limited, Global Biotech Inc., Jih-Yuan Venture & Investment Inc., Pan Asia Insurance Services Co., Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, Golden Brands Developments Limited; Supervisor of Pou Yii Development Co., Limited.

### 2.2 The remuneration paid to Directors, Presidents and Vice Presidents for the Most Recent Fiscal Year

A. Remuneration paid to Directors (including independent Directors)

(In NT$ thousands)

| Title | Name | Directors' Remuneration | | | | | | | | Total Remuneration and ratio of total remuneration (A+B+C+D) to Net Income (%)(Note 4) | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | | | Total Remuneration and ratio of total remuneration (A+B+C+D+E+F+G) to Net Income (%)(Note 4) | | Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Salary (A) | | Pension (B) (Note 1) | | Remuneration (C) (Note 2) | | Allowance (D) | | | | Salary, bonus and special fees etc. (E) | | Pension (F) (Note 1) | | Employee compensation (G) (Note 3) | | | | | | |
| | | | | | | | | | | | | | | | | The Company | | Companies in the consolidated financial statements | | | | |
| | | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | Amount of cash | Amount of stock | Amount of cash | Amount of stock | The Company | Companies in the consolidated financial statements | |
| Chairman | Sheachang Enterprise Corporation Representative: Wu, Pan-Tsu | 2,769 | 12,299 | 0 | 0 | 111,883 | 111,883 | 1,658 | 1,658 | 116,310<br>0.96% | 125,840<br>1.04% | 9,483 | 33,692 | 18,945 | 18,945 | 3,682 | 0 | 3,682 | 0 | 148,420<br>1.23% | 182,159<br>1.51% | 950 |
| Director | Tsai, Pei-Chun | | | | | | | | | | | | | | | | | | | | | |
| Director | Tzong Ming Investments Co., Limited Representative: Tsai, Min-Chieh | | | | | | | | | | | | | | | | | | | | | |
| Director | Ever Green Investments Corporation Representative: Lu, Chin-Chu | | | | | | | | | | | | | | | | | | | | | |
| Director | Chuan Mou Investments Co., Limited Representative: Chan, Lu-Min | | | | | | | | | | | | | | | | | | | | | |
| Director | Shun Tai Investments Co., Limited Representative: Ho, Yue-Ming | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Hsu, Chu-Sheng | 4,320 | 4,820 | 0 | 0 | 0 | 0 | 140 | 140 | 4,460<br>0.04% | 4,960<br>0.04% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,460<br>0.04% | 4,960<br>0.04% | 0 |
| Independent Director | Chang, Shih-Chieh | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Wu Wang, Pu-Yu (Note 5) | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Chen, Huan-Chung (Note 6) | | | | | | | | | | | | | | | | | | | | | |

1. Please describe the policy, system, standard and structures of remuneration payment for independent directors, and their association with the amount of remuneration payment according to their responsibilities, risks, and the time spent by independent directors, among other factors:
   The remuneration structure for independent directors of the Company involves monthly fixed remuneration payment and attendance and transportation allowances. The amount is determined by not only referring to board performance evaluation results, but also by following Article 16-1 of the Company's Articles of Incorporation, which states that the Remuneration Committee shall review each director's level of participation in and value of contribution to the Company's operations, take into account the general standards adopted by the industry, and propose suggestions to the Board of Directors for resolution.
2. Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g. acting as a non-employee consultant) rendered to the Company: Director, Chan, Lu-Min, NT$9 million.

| Range of Remuneration | Name of Directors | | | |
|---|---|---|---|---|
| | Aggregate amount of the preceding four remuneration items (A+B+C+D) | | Aggregate amount of the preceding seven remuneration items (A+B+C+D+E+F+G) | |
| | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements |
| Under NT$1,000,000 | Tsai, Min-Chieh, Lu, Chin-Chu, Chan, Lu-Min, Ho, Yue-Ming, Wu Wang, Pu-Yu, (Note 5) Chen, Huan-Chung (Note 6) | Tsai, Min-Chieh, Lu, Chin-Chu, Chan, Lu-Min, Ho, Yue-Ming, Wu Wang, Pu-Yu (Note 5) | Tsai, Min-Chieh, Wu Wang, Pu-Yu, (Note 5) Chen, Huan-Chung (Note 6) | Tsai, Min-Chieh, Wu Wang, Pu-Yu, (Note 5) |
| NT$ 1,000,000 (included)～ NT$ 2,000,000 (excluded) | Hsu, Chu-Sheng, Chang, Shih-Chieh | Chen, Huan-Chung, (Note 6) Hsu, Chu-Sheng, Chang, Shih-Chieh | Hsu, Chu-Sheng, Chang, Shih-Chieh | Chen, Huan-Chung, (Note 6) Hsu, Chu-Sheng, Chang, Shih-Chieh |
| NT$ 2,000,000 (included)～ NT$ 3,500,000 (excluded) | Tsai, Pei-Chun, Sheachang Enterprise Corporation, Tzong Ming Investments Co., Limited | Sheachang Enterprise Corporation, Tzong Ming Investments Co., Limited | Tsai, Pei-Chun, Sheachang Enterprise Corporation, Tzong Ming Investments Co., Limited | Sheachang Enterprise Corporation, Tzong Ming Investments Co., Limited |
| NT$ 3,500,000 (included)～ NT$ 5,000,000 (excluded) | Wu, Pan-Tsu | Wu, Pan-Tsu | Wu, Pan-Tsu, Ho, Yue-Ming | Wu, Pan-Tsu |
| NT$ 5,000,000 (included)～ NT$ 10,000,000 (excluded) | | | Lu, Chin-Chu | Ho, Yue-Ming |
| NT$ 10,000,000 (included)～ NT$ 15,000,000 (excluded) | Ever Green Investments Corporation, Shun Tai Investments Co., Limited | Tsai, Pei-Chun, Ever Green Investments Corporation Shun Tai Investments Co., Limited | Ever Green Investments Corporation, Shun Tai Investments Co., Limited | Tsai, Pei-Chun, Ever Green Investments Corporation Shun Tai Investments Co., Limited |
| NT$ 15,000,000 (included)～ NT$ 30,000,000 (excluded) | | | Chan, Lu-Min | Lu, Chin-Chu, Chan, Lu-Min |
| NT$ 30,000,000 (included)～ NT$ 50,000,000 (excluded) | | | | |
| NT$ 50,000,000 (included)～ NT$ 100,000,000 (excluded) | Chuan Mou Investments Co., Limited | Chuan Mou Investments Co., Limited | Chuan Mou Investments Co., Limited | Chuan Mou Investments Co., Limited |
| Over NT$ 100,000,000 (included) | | | | |
| Total | 15 persons | 15 persons | 15 persons | 15 persons |

Note 1: The amount of pension was actually paid by the Company and Companies in the consolidated financial statements in 2025.

Note 2: Resolved by the Board of Directors on March 12, 2026.

Note 3: As of the date of publication of the annual report, the 2025 amount of employee remuneration distribution has not yet been determined, and the proposed amount is tentatively estimated based on the actual distribution of 2024.

Note 4: The calculation is based on the net income of the Company's 2025 separate financial statements. (NT$ 12,068,247 thousand).

Note 5: Newly elected on 2025.05.29.

Note 6: Tenure expired on 2025.05.29.

B. Remuneration paid to Presidents and Vice Presidents

(In NT$ thousands)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary<br>(A)</th><th colspan="2">Pension (B)<br>(Note 1)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Compensation (D)<br>(Note 2)</th><th colspan="2">Total remuneration and ratio of total remuneration(A+B+C+D) to net income (%) (Note 3)</th><th rowspan="3">Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Amount of cash</th><th>Amount of stock</th><th>Amount of cash</th><th>Amount of stock</th></tr>
<tr><td>President</td><td>Lu, Chin-Chu</td><td rowspan="9">22,779</td><td rowspan="9">61,865</td><td rowspan="9">18,945</td><td rowspan="9">18,945</td><td rowspan="9">9,150</td><td rowspan="9">27,752</td><td rowspan="9">8,641</td><td rowspan="9">0</td><td rowspan="9">8,641</td><td rowspan="9">0</td><td rowspan="9">59,515<br>0.49%</td><td rowspan="9">117,203<br>0.97%</td><td rowspan="9">3,132</td></tr>
<tr><td>President of the Administration Management Department</td><td>Chan, Lu-Min<br>(Note 4)</td></tr>
<tr><td>Vice President</td><td>Ho, Yue-Ming</td></tr>
<tr><td>Vice President</td><td>Liu, Hong-Chih</td></tr>
<tr><td>Vice President</td><td>Hu, Chia-Ho</td></tr>
<tr><td>Vice President</td><td>Chiu, Hui-Yao</td></tr>
<tr><td>Vice President</td><td>Minston Chao</td></tr>
<tr><td>Vice President</td><td>Shih,Chih-Hung</td></tr>
<tr><td>Vice President</td><td>Lee, Qin-Xue<br>(Note 5)</td></tr>
</table>

| Range of Remuneration | Name of Presidents and Vice Presidents | |
|---|---|---|
| | The Company | Companies in the consolidated financial statements |
| Under NT$1,000,000 | | |
| NT$ 1,000,000 (included)～ NT$ 2,000,000 (excluded) | | |
| NT$ 2,000,000 (included)～ NT$ 3,500,000 (excluded) | Lee, Qin-Xue (Note 5) | |
| NT$ 3,500,000 (included)～ NT$ 5,000,000 (excluded) | Ho, Yue-Ming, Hu, Chia-Ho, Minston Chao, Shih, Chih-Hung | |
| NT$ 5,000,000 (included)～ NT$ 10,000,000 (excluded) | Lu, Chin-Chu, Liu, Hong-Chih, Chiu, Hui-Yao | Minston Chao, Lee, Qin-Xue (Note 5) |
| NT$ 10,000,000 (included)～ NT$ 15,000,000 (excluded) | | Ho, Yue-Ming, Hu, Chia-Ho, Shih, Chih-Hung |
| NT$ 15,000,000 (included)～ NT$ 30,000,000 (excluded) | Chan, Lu-Min (Note 4) | Chiu, Hui-Yao |
| NT$ 30,000,000 (included)～ NT$ 50,000,000 (excluded) | | Lu, Chin-Chu, Chan, Lu-Min (Note 4), Liu, Hong-Chih |
| NT$ 50,000,000 (included)～ NT$ 100,000,000 (excluded) | | |
| Over NT$ 100,000,000 (included) | | |
| Total | 9 persons | 9 persons |

Note 1: The amount of pension was actually paid by the Company and Companies in the consolidated financial statements in 2025.

Note 2: As of the date of publication of the annual report, the 2025 amount of employee remuneration distribution has not yet been determined, and the proposed amount is tentatively estimated based on the actual distribution of 2024.

Note 3: The calculation is based on the net income of the Company's 2025 separate financial statements. (NT$ 12,068,247 thousand).

Note 4: Retired as an officer on May 31, 2025.

Note 5: Resigned as an officer on October 31, 2025.

C. Distribution of employees' compensation paid to officers

(In NT$ thousands)

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Amount of stock</th><th>Amount of cash (Note1)</th><th>Total</th><th>Ratio of Total Amount to Net Income (%) (Note 2)</th></tr>
<tr><td rowspan="14">Officers</td><td>President</td><td>Lu, Chin-Chu</td><td rowspan="14">0</td><td rowspan="14">16,200</td><td rowspan="14">16,200</td><td rowspan="14">0.13</td></tr>
<tr><td>Vice President</td><td>Ho, Yue-Ming</td></tr>
<tr><td>Vice President</td><td>Liu, Hong-Chih</td></tr>
<tr><td>Vice President</td><td>Hu, Chia-Ho</td></tr>
<tr><td>Vice President</td><td>Chiu, Hui-Yao</td></tr>
<tr><td>Vice President</td><td>Shih,Chih-Hung</td></tr>
<tr><td>Vice President</td><td>Chou, Wei-Te (Note 3)</td></tr>
<tr><td>Executive Senior Manager</td><td>Yen, Chia-Wen</td></tr>
<tr><td>Executive Senior Manager</td><td>Johnson Tong</td></tr>
<tr><td>Executive Senior Manager</td><td>Lin, Wang-Chyan</td></tr>
<tr><td>Executive Senior Manager</td><td>Huang, Wen-Chih</td></tr>
<tr><td>Financial Officer</td><td>Yeh, Wen-Chung</td></tr>
<tr><td>Accounting Officer</td><td>Wu, Hui-Chi</td></tr>
<tr><td>Corporate Governance Officer</td><td>Shen, Yu-Mei</td></tr>
</table>

Note 1: As of the date of publication of the annual report, the 2025 amount of employee remuneration distribution has not yet been determined, and the proposed amount is tentatively estimated based on the actual distribution of 2024.

Note 2: The calculation is based on the net income of the Company's 2025 separate financial statements. (NT$ 12,068,247 thousand).

Note 3: Appointed as an officer at the Board of Directors' meeting on May 14, 2025, and been promoted as vice president on February 1, 2026.

D. Compare the ratio of total remuneration that the Company and Companies in the consolidated financial statements paid to Directors, Presidents and Vice Presidents to the net income for the past two fiscal years with a discussion of the remuneration policy, standards and composition of remuneration payment, procedures to determine the remuneration, and the connection between the remuneration payment and the Company's performance and future risks.

| Items / Title | Ratio of Total Amount to Net Income (%) | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements |
| Directors | 1.00% | 1.08% | 0.93% | 1.00% |
| Presidents and Vice Presidents | 0.49% | 0.97% | 0.43% | 0.92% |

The Company disburses remuneration to its Directors and Officers in accordance with Article 16-1 and 23 of the Articles of Incorporation (as noted in Note 1 and Note 2), with reference to the general standards adopted by the industry, the scope of authority, and the contributions to the Company's operational goals. The Company also takes into consideration the decision-making risks associated with the position, the potential for failing to meet operating goals, and the risk of non-compliance with policies and regulations when determining fair remuneration. Remuneration for Directors and officers reflects both the Company's overall operational performance and results from annual performance evaluations.

The director's remuneration structure of the Company comprises remuneration, director's remuneration based on annual profits, and attendance fees. Independent directors receive a fixed monthly remuneration and attendance fees but do not share in directors' remuneration distribution. The remuneration of individual directors is determined based on the decision-making risks they assume and performance evaluations. Distribution is then allocated according to the equity each director represents in the current term, along with the outcomes of performance evaluations. Performance evaluations criteria encompass supervising and supporting the Company's sustainable development goals, attendance at Board meeting and shareholders' meetings and director training.

The officer's remuneration structure of the Company comprises a fixed monthly salary, variable salaries (including performance bonuses, employees' compensation, year-end bonuses and other incentives), pensions calculated according to law, and employee benefits. The fixed monthly salary considers job content, responsibilities, decision-making risks, and industry market salary levels. Variable compensation is determined based on the Company's operational performance and whether officers have achieved key performance indicators. Key performance indicators are set based on short-, medium-, and long-term goals set for each officer's respective department. In addition to indicators related to job performance, ESG (Environmental, Social, and Governance) goals are also included. The environmental sustainability goals established for officers in 2025 include energy saving and carbon education and using green energy, resource recycling, waste management and the adoption of international standards and capacity building...etc. Social sustainability goals include employee safety and legal compliance management, employee relations, diversity and inclusion, social responsibility and international standards...etc. Goals related to governance include business unit operations and project management, improving financial and operational performance, strengthening governance and transparency...etc.

The remuneration of directors and officers of the Company is not only referring to past operational performance but also factors in strategic performance goals and distribution standards, structures, and system. Future risk factors are also taken into account to avoid behaviors that may exceed the Company's risk threshold in pursuit of remuneration. In addition, the Company's remuneration committee regularly evaluates the remuneration policy and system for directors and officers, and submits the recommendations to the board of directors for resolution.

Note 1: Article 16-1: The Company may pay compensation to Directors performing duties for the benefit of the Company regardless of the Company's profit performance. The board of Directors is authorized to determine, according to the general standards adopted by the industry, Directors' compensation based on the level and value of contributions to the Company's operations.

Note 2: Article 23: The Company shall appropriate 1 to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation and Directors' remuneration) for employees' compensation, of which no less than 10% of actual appropriate amount shall be allocated for the distribution to entry- level employees, and may appropriate no higher than 3% of the same profit as Directors' remuneration. Such employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions.

In the presence of accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' and Directors' remuneration in accordance with the ratios prescribed by the preceding paragraph.

### 2.3 Implementation of Corporate Governance

A. Operations of the Board of Directors

Nine meetings of the Board of Directors were held in 2025. The attendance status of the Directors is as follows:

| Title | Name | Attendance in person | Attendance by proxy | Attendance Rate (%) | Notes |
|---|---|---|---|---|---|
| Chairman | Sheachang Enterprise Corporation<br>Representative: Wu, Pan-Tsu | 9 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29; elected by the Board as the 25th Chairman. |
| Director | Tsai, Pei-Chun | 9 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29. |
| Director | Tzong Ming Investments Co., Limited<br>Representative: Tsai, Min-Chieh | 8 | 1 | 88.89 | Re-elected.<br>Appointed on 2025.05.29. |
| Director | Ever Green Investments Corporation<br>Representative: Lu, Chin-Chu | 9 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29. |
| Director | Chuan Mou Investments Co., Limited<br>Representative: Chan, Lu-Min | 9 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29. |
| Director | Shun Tai Investments Co., Limited<br>Representative: Ho, Yue-Ming | 9 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29. |
| Independent Director | Hsu, Chu-Sheng | 9 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29. |
| Independent Director | Chang, Shih-Chieh | 9 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29. |
| Independent Director | Wu Wang, Pu-Yu | 5 | 0 | 100.00 | Newly elected on 2025.05.29.<br>Shall attend five times. |
| Independent Director | Chen, Huan-Chung | 4 | 0 | 100.00 | Term expired on 2025.05.29.<br>Shall attend four times. |

Other matters to be specified:

1. Where any of the following circumstances occurs with respect to the operation of the Board of Directors, meeting dates, sessions, contents of resolutions, opinions of all independent directors, and actions taken by the Company in response to opinions of independent directors shall be noted.
   (1) Matters prescribed under Article 14-3 of the Securities and Exchange Act: The Company had established an Audit Committee which is not subject to Article 14-3 of the Securities and Exchange Act.
   (2) Except for the matters mentioned in the preceding paragraph, matters resolved by the Board of Directors, to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement：None.
2. For any recusal of Directors due to conflict of interests in certain proposals, name of the Director, contents of resolutions, reasons for the recusal and participation in the voting shall be noted：

| Meeting Dates | Contents of resolutions | Name of Directors | Reasons for the recusal | Participation in the voting shall be noted |
|---|---|---|---|---|
| 2025.01.16<br>19th meeting of the 24th Board of Directors | Discussed the 2024 annual bonus for the officers of the Company | Chan, Lu-Min, Lu, Chin-Chu, Ho, Yue-Ming | The Directors are stakeholders of this proposal. | Recused from discussion and voting of this proposal. |
| 2025.03.12<br>20th meeting of the 24th Board of Directors | Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries | Chan, Lu-Min, Tsai, Pei-Chun, Tsai, Min-Chieh, Lu, Chin-Chu, Ho, Yue-Ming | | |
| 2025.04.17<br>21st meeting of the 24th Board of Directors | Release the director of the Company from non-competition restrictions | Chan, Lu-Min, Tsai, Pei-Chun, Tsai, Min-Chieh, Lu, Chin-Chu, Ho, Yue-Ming, Hsu, Chu-Sheng | | |
| | Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries | Chan, Lu-Min | | |
| 2025.05.14<br>22nd meeting of the 24th Board of Directors | Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries | Chan, Lu-Min, Tsai, Pei-Chun, Tsai, Min-Chieh, Lu, Chin-Chu, Ho, Yue-Ming | | |
| 2025.05.29<br>1st meeting of the 25th Board of Directors | Appointed the 6th Remuneration Committee members | Hsu, Chu-Sheng, Chang, Shih-Chieh, Wu Wang, Pu-Yu | | |
| | Discussed to sign the contract with National Chengchi Univeristy about cooperation project and academic feedback mechanism | Chang, Shih-Chieh | | |

| Meeting Dates | Contents of resolutions | Name of Directors | Reasons for the recusal | Participation in the voting shall be noted |
|---|---|---|---|---|
| 2025.06.30<br>2nd meeting of the 25th Board of Directors | Discussed the remuneration for the Company's Chairman Mr. Wu, Pan-Tsu | Wu, Pan-Tsu | The Directors are stakeholders of this proposal. | Recused from discussion and voting of this proposal. |
| | Discussed the remuneration for the 25th Independent Directors | Hsu, Chu-Sheng, Chang, Shih-Chieh, Wu Wang, Pu-Yu | | |
| | Discussed the transportation allowances for the 25th Directors | Wu, Pan-Tsu, Tsai, Pei-Chun, Tsai, Min-Chieh (appointed Tsai, Pei-Chun as proxy to attend the meeting), Lu, Chin-Chu, Chan, Lu-Min, Ho, Yue-Ming | | |
| | Discussed the amount of the Company's 2024 distribution for directors' remuneration. | Wu, Pan-Tsu, Tsai, Pei-Chun, Tsai, Min-Chieh (appointed Tsai, Pei-Chun as proxy to attend the meeting), Lu, Chin-Chu, Chan, Lu-Min, Ho, Yue-Ming | | |
| | Discussed the retirement pension for the Company's officer. | Chan, Lu-Min | | |
| | Discussed to sign the advisory service contracts with the Company's Director | Chan, Lu-Min | | |
| 2025.08.13<br>3rd meeting of the 25th Board of Directors | Discussed to authorize a representative to sign the remuneration contract with the Company's Chairman. | Wu, Pan-Tsu | | |
| | Discussed to authorize a representative to sign the advisory service contracts with the Company's Director. | Chan, Lu-Min | | |
| | Appointed the 3rd Nomination Committee members. | Wu, Pan-Tsu, Chang, Shih-Chieh, Hsu, Chu-Sheng | | |
| | Discussed the 2024 employees' compensation for the Company's officers | Lu, Chin-Chu, Ho, Yue-Ming | | |
| | Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | Tsai, Pei-Chun, Tsai, Min-Chieh, Lu, Chin-Chu, Ho, Yue-Ming | | |
| 2025.11.13<br>4th meeting of the 25th Board of Directors | Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | Tsai, Pei-Chun, Tsai, Min-Chieh, Lu, Chin-Chu, Ho, Yue-Ming | | |
| 2025.12.19<br>5th meeting of the 25th Board of Directors | Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | Tsai, Pei-Chun, Tsai, Min-Chieh, Lu, Chin-Chu, Ho, Yue-Ming | | |

3. Listed and over-the-counter companies shall disclose the evaluation cycle and periods, scope, method, and content of evaluation and other information relevant to the self (peer) evaluation of board of directors:

| Evaluation Cycle | Evaluation Period | Scope of Evaluation | Evaluation Method | Content of Evaluation | Result | Remark |
|---|---|---|---|---|---|---|
| Implemented once every year | January 01, 2025 to December 31, 2025 | The Board | Internal Assessment of the Board | Degree of participation in the company's operations; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control. | Excellent | No suggested areas for improvement were identified, and the evaluation was submitted to the Board of Directors' meeting on March 12, 2026. The evaluation results will be used as a reference for the remuneration and nomination of Individual directors. |
| | | Individual Directors | Self-assessment by individual Board members | Alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship, communication and control; director's professionalism and continuing education; and internal control. | All 9 directors were rated as Excellent | |
| | | Remuneration Committee | Internal Assessment of the Remuneration Committee | Degree of participation in the company's operations; awareness of the duties of the committee; improvement in the quality of decision making by the committee; the composition of the committee and member appointment; and internal control. | Excellent | |
| | | Audit Committee | Internal Assessment of the Audit Committee | Degree of participation in the company's operations; awareness of the duties of the committee; improvement in the quality of decision making by the committee; the composition of the committee and member appointment; and internal control. | Excellent | |
| | | Nomination Committee | Internal Assessment of the Nomination Committee | Degree of participation in the company's operations; awareness of the duties of the committee; improvement in the quality of decision making by the committee; the composition of the committee and member appointment; and internal control. | Excellent | |

4. Goals to strengthen the functionality of the board of directors and assessment of implementation results in the current year and previous year:

(1) Continue to reinforce the structure of the board of directors:

a. To reinforce corporate governance and strengthen the functionality of the board of directors, the Company nominated and elected Directors with diversity as a core objective. Directors of different genders account for three seats on the Board, representing one-third of the total number of directors. All board members possess diverse professional backgrounds, such as corporate strategy, accounting and taxation, finance, law, administration, and production management, and are equipped with the knowledge, skills, and competencies required to perform their duties.

b. To strengthen the Board's governance structure and professional division of responsibilities, the Company established a Remuneration Committee in September 2011 to enhance the reasonableness of compensation for directors and executives and its linkage to performance. In June 2016, an Audit Committee was established to improve the quality of financial reporting, internal controls, and risk oversight; a Risk Management Steering Committee, composed of senior management, regularly reports on risk management to the Audit Committee. In November 2021, a Nomination Committee was established to enhance the composition, professional structure, and independence of the Board. In April 2026, a Sustainable Development Committee was established to oversee ESG strategies, promoting sustainable governance and long-term value creation.

(2) Maximize the effectiveness of board functions:

a. The Company purchases liability insurance for all directors so that directors are fully committed to performing their board duties to create maximum profit for the company and shareholders.

b. As of December 31, 2025, the Company's three independent directors have not served three terms in a row. To implement supervision, these independent directors attended all board meetings in 2025, achieving a 100% attendance rate.

c. The Company’s Board approved to appoint corporate governance officer in April 2019, who in charge of corporate governance.

d. The Company has established the Standard Operating Procedures for Handling Director Requests to assist director performance and improve board functionality.

e. The Company has established the Regulations Governing Evaluation of Board Performance and evaluates board performance at least once a year. Further amendments were approved in 2023, mandating an external independent professional institution or a panel of external expert and scholars conduct an assessment at least once every three years, which can improve governance effectiveness through regular evaluation and recommendations. The Company appointed EY Business Advisory Services Inc. (EY) to conduct the external performance evaluation of the Board of Directors in August, 2023 and report to the Board of Directors on December 21, 2023.

B. Operational status of the Audit Committee

The Audit Committee of the Company consists of three independent directors. The main function is to assist the Board of Directors in monitoring the Company's quality and integrity of accounting, auditing, financial reporting process and financial controls. Seven meetings of the Audit Committee were held in 2025, the attendance rates and deliberations of Audit Committee members are as follows:

| Title | Name | Professional Qualification, Experiences | Attendance in person | Attendance by proxy | Attendance Rate (%) | Notes |
|---|---|---|---|---|---|---|
| Independent Director Convener | Wu Wang, Pu-Yu | 1.Ms. Wang has about 30 years experiences of financial, accounting and auditing, internal audit.<br>2.Owned a Taiwan and America CPA, Securities Analyst License.<br>3.She was Manager of Credit Department/Accounting Officer, Joint Credit Information Center; CPA, Ingram & Wallis Corp. USA; CPA, William C. Chalmers Corp. USA and Independent Director, Cosmos Bank. | 4 | 0 | 100.00 | Newly elected on 2025.05.29. Shall attend four times. |
| Independent Director Convener | Chen, Huan-Chung | 1.Mr. Chen has about 30 years experiences of accounting, auditing, management of investment and financial analysis.<br>2.Owned a CPA and Securities Analyst License.<br>2.Independent Non-executive Director of Pou Sheng International (Holdings) Limited.<br>3.He was Vice President of E.Sun Bills Finance Corporation and is Partner of Wang Tong & Co., CPAs. | 3 | 0 | 100.00 | Tenure expired on 2025.05.29. shall attend three times. |
| Independent Director Member | Hsu, Chu-Sheng | 1. Mr. Hsu has about 30 years experiences of business management, leadership of multinational corporation and organization change.<br>2.Adjunct professor of Leadership Program at National Taiwan University.<br>3. Independent Director of Alexander Marine Co., Ltd. and Fubon Bank (China).<br>4. Mr. Hsu was Adjunct professor of Leadership Program at Institute of Technology Management at National Tsing Hua University, General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation, Independent Director of inergy Technology Inc.. | 7 | 0 | 100.00 | Re-elected. Appointed on 2025.05.29. |
| Independent Director Member | Chang, Shih-Chieh | 1.Mr. Chang has about 20 years experiences of management of risk, financial and insurance.<br>2.Professor of Department of Risk Management and Insurance, National Chengchi University.<br>3. Independent Director of KGI Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd.<br>4.Mr. Chang was Independent Director of CTBC Financial Holding Co., Ltd., Member of Financial Supervisory Commission, Chairman of Insurance Anti-Fraud Institute and Member, Labor Funds Supervisory Committee, Ministry of Labor and Chairman of Risk Management Society of Taiwan. | 7 | 0 | 100.00 | Re-elected. Appointed on 2025.05.29. |

Other matters to be specified:

1. Where any of the following circumstances occurs with respect to the operation of the Audit Committee, meeting dates, sessions, contents of resolutions, resolutions adopted by the Audit Committee, and actions taken by the Company in response to the opinion of the Audit Committee shall be noted.

(1) Matters prescribed under Article 14-5 of the Securities and Exchange Act:

| Meeting Dates | Sessions | Contents of resolutions | Do an independent director has a dissenting, qualified opinion or major suggestion | Resolutions adopted by the Audit Committee | Actions taken by the Company in response to the opinion of the Audit Committee |
|---|---|---|---|---|---|
| 2025.03.12 | 16th meeting of the 3rd audit committee | a. Discussed the Company's 2024 "Effectiveness Assessment of Internal Control System".<br>b. Discussed the Company's 2024 Business and Financial Reports.<br>c. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | None | Approved all resolutions. | Submitted to the Board of Directors for approval based on Audit Committee's suggestion |
| 2025.04.17 | 17th meeting of the 3rd audit committee | a. Discussed the amendments to the Company's "Internal Control System."<br>b. Discussed the Company's 2024 profit distribution plan.<br>c. Release the newly appointed Directors of the Company from non-competition restrictions.<br>d. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | | | |
| 2025.05.14 | 18th meeting of the 3rd audit committee | a. Discussed the Company's Financial Reports for the first quarter of 2025.<br>b. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | | | |
| 2025.06.30 | 1st meeting of the 4th audit committee | a. Discussed to sign the advisory service contracts with the Company's Director.<br>b. Discussed to sign the remuneration contract with the Company's Chairman. | | | |
| 2025.08.13 | 2nd meeting of the 4th audit committee | a. Discussed the Company's Financial Reports for the second quarter of 2025.<br>b. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | | | |
| 2025.11.13 | 3rd meeting of the 4th audit committee | a. Discussed the independence assessment and appointment of the Company's CPA and approved the CPA's remuneration.<br>b. Discussed the Company's Financial Reports for the third quarter of 2024.<br>c. Discussed the change of the Company's internal auditor officer.<br>d. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | | | |

| Meeting Dates | Sessions | Contents of resolutions | Do an independent director has a dissenting, qualified opinion or major suggestion | Resolutions adopted by the Audit Committee | Actions taken by the Company in response to the opinion of the Audit Committee |
|---|---|---|---|---|---|
| 2025.12.19 | 4th meeting of the 4th audit committee | a. Discussed the operational status of risk management.<br>b. Discussed the amendments to the Company's "Internal Control System" and "Internal Audit Systems."<br>c. Discussed the Company's Internal Audit Plan for 2026.<br>d. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. | None | Approved all resolutions. | Submitted to the Board of Directors for approval based on Audit Committee's suggestion. |

(2) Except for the matters in the preceding paragraph, matters not approved by the Audit Committee but approved by at least two thirds of all directors: None.

2. For any recusal of independent directors due to conflict of interests in certain proposals, names of independent directors, contents of resolutions, reasons for the recusal and participation in the voting shall be noted:

| Meeting Dates | Contents of resolutions | Names of independent directors | Reasons for the recusal | Participation in the voting shall be noted |
|---|---|---|---|---|
| 2025.04.17<br>17th meeting of the 3rd audit committee | Release the newly appointed Directors of the Company from non-competition restrictions. | Hsu, Chu-Sheng | The Directors are stakeholders of this proposal | Recused from discussion and voting of this proposal |

3. Descriptions of the communications between the independent directors, chief internal auditor, and certified public accountants (CPAs) (including significant matters, methods, and results of communication on the Company's finance and operations, etc.):

(1) The Company's Audit Committee which is entirely composed of independent directors shall convene a meeting at least once a quarter, and may call a meeting as needed.

(2) Communication between independent directors and Internal Auditor Officer:

a. The monthly audit report based on the audit plan shall be submitted to each independent director through email or in person by the end of the following month, to ensure the independent directors remain informed of information in a timely manner.

b. Annually, a comprehensive report on the effectiveness of the Company's internal control system and the audit plan for the upcoming year shall be submitted to the Audit Committee.

c. Occasionally conduct communication and provide instruction and response by telephone, email, or in person, for any material or exceptional matters, the Internal Auditor Officer shall have a direct channel to immediately report to the independent directors.

d. The Internal Auditor Officer shall have a direct communication channel to immediately report any material or exceptional matters to the independent directors. Additionally, the Company shall arrange periodic meetings between independent directors and the Internal Auditor Officer to ensure independent and objective communication.

(3) Communication between CPAs and independent directors:

a. The Company's CPAs shall provide quarterly reports to the Audit Committee on the results of audits or reviews of the financial statements, and shall fully communicate and exchange views with the independent directors on Key Audit Matters (KAMs).

b. For significant matters, including changes in financial or tax regulations or Audit Quality Indicators (AQIs), both parties shall maintain ongoing two-way communication through various channels such as telephone, email, or in-person meetings.

c. In the event of any matters that may have a material impact on the Company's financial position or operations, the independent directors may invite the Company's CPAs to present special reports or convene dedicated meetings anytime.

(4)A diversity of effective communication channels is provided for the Company's independent directors, Internal Auditor Officer, and CPAs. The communications between independent directors, Internal Auditor Officer, and CPAs in 2025 are listed below:

| Date | Communication Method | Party Communicated | Matters Communicated | Results |
|---|---|---|---|---|
| 2025.03.11 | Virtual Forum | CPAs | a. The audit scope and method for 2024 financial reports, including:<br>(a) Scope of the Reporting Entity, Organizational Changes, and Strategy.<br>(b). Significant accounting estimates, and significant events or transactions.<br>(c) Significant risks and key audit matters.<br>(d) The audit result of annual separate and consolidated financial report.<br>b. Promoted the Corporate Governance Regulation. | After thorough communication and discussion, independent directors had no further comments on the audit report of the annual financial statements. |
| | | Internal Auditor Officer | Evaluation Methods and Results of the Overall effectiveness of the Internal Control System for 2024. | Independent directors had no further comments on the explanations by the internal auditor officer regarding the amendment of the Company's annual self-assessment results of the overall internal control system. |
| 2025.03.12 | Audit Committee Meeting | Internal Auditor Officer | Explanation of effectiveness of the internal control system for 2024. | The Audit Committee approved the assessment of the effectiveness of the internal control system, which will submit it to the Board for resolution. |
| 2025.04.17 | Audit Committee Meeting | Internal Auditor Officer | Report the amendment of the Company's "Internal Control System". | The Audit Committee approved the amendment of the Company's "Internal Control System", which will submit it to the Board for resolution. |
| 2025.11.13 | Forum | CPAs | a. Explained the reviewing result of financial statements for third quarter of 2025, including:<br>(a) The review scope and method of the Group.<br>(b) Significant events or transaction contents.<br>b. The audit plan for 2025, including:<br>(a) The audit scope and method of the Group.<br>(b) Significant risks and key audit matters.<br>(c) Audit schedule arrangement.<br>c. Financial statement's presentation and disclosure influence by IFRS 18. | After thorough communication and discussion, independent directors had no further comments on the review report of the annual financial statements and the audit plan for 2025. |
| | | Internal audit team | a. Report the internal organization adjustment.<br>b. Report the execution of internal audit procedures.<br>c. Report the 2026 audit plan. | After thorough communication and discussion, the independent directors had no further comment, except to reminded the audit team pay attention about compliance with daily management of sustainable information and information security. |
| | Audit Committee Meeting | CPAs | The Company's CPAs explanation regarding audit quality indicators, independence, and suitability. | After thorough communication and discussion, the Audit Committee approved the assessment of the CPA's independence and suitability, and submitted it to the Board for resolution. |

| Date | Communication Method | Party Communicated | Matters Communicated | Results |
|---|---|---|---|---|
| 2025.12.19 | Virtual Forum | Internal Auditor Officer | a. Report the key points of the amendment of the Company's "Internal Control System" and "Internal Audit Systems.".<br>b. The internal audit plan for 2026. | After thorough communication and discussion, the Audit Committee approved the amendment of the Company's "Internal Control System", "Internal Audit Systems" and the internal audit plan for 2026, and submitted it to the Board for resolution. |

C. The Company’s implementation status of corporate governance and the discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons:

| Evaluation Item | Implementation status | | | Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| 1. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies? | V | | 1.The Company has enacted the “Corporate Governance Best Practice Principles” in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, and disclosed such rules on the Company’s website for established good corporate governance. | No Discrepancy. |
| 2. Shareholding Structure and Shareholders’ Rights<br>(1) Does the Company have internal operation procedures for handling shareholders’ suggestions, concerns, disputes and litigations, and implement based on the procedure? | V | | (1) To protect the shareholders’ rights, the Company has enacted the “Corporate Governance Best Practice Principles” for compliance. The Company has also established the position of spokesperson and the contact for investor relations, responsible for handling shareholder matters. The legal department will assist in handling the shareholders’ matters relating to legal issues. | No Discrepancy. |
| (2) Does the Company have knowledge of the identity of its major shareholders as well as the ultimate beneficial owners of those shares? | V | | (2) The Company files changes of shareholding on the monthly basis of major shareholders (the shareholders holding more than 10% of the Company’s total issued and outstanding shares) in compliance with relevant regulations. In addition, the list of its major shareholders as well as the ultimate beneficial owners of those shares is under control by paying attention to other important matters that may cause a change in the shares. | No Discrepancy. |
| (3) Has the Company established and implemented a risk management system and a firewall between itself and its affiliates? | V | | (3) The Company established and continues to implement a risk management system and a firewall between affiliates. The Company also established the “Rules Governing Financial and Business Matters among Related Parties,” set up a clearly internal control, decision making hierarchies and supervisory procedures to defined the related-party transactions, intercompany fund movements, asset management, concurrent positions, and information disclosure. Those measures are designed to prevent improper transfer of benefits and the risks of non-arm’s-length transactions, and to ensure the sound operation of the Group’s overall business and corporate governance. | No Discrepancy. |
| (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information? | V | | (4) The Company has enacted and compliance with “Procedures for Handling Material Inside Information” and “Management Procedures for the Prevention of Insider Trading”. The Company educates its directors, officers, employees and other person(s) who may receive the Company’s material inside information based on his/her identity, profession or controlling power from time to time about legal compliance, and that they shall perform their duties with the care of a good administrator and loyalty and in good faith in accordance with the material resolutions and shall sign the non-disclosure agreement. | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| 3. Composition and Responsibilities of the Board of Directors<br>(1) Has the Board adopted a diversity policy and specific management objectives, and have these been fully implemented? | V | | (1) The Company has stipulated in its "Corporate Governance Best Practice Principles" and "Rules for Election of Directors" that the composition of the board shall take diversity into consideration. An appropriate diversity policy shall be formulated based on the Company's business operations, operational dynamics, and development needs. The policy includes, but is not limited to, aspects such as gender, age, and educational background. For details on the implementation of the Board diversity policy, please refer to page 15. | No Discrepancy. |
| (2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee? | V | | (2) The Company not only established the Remuneration Committee, Audit Committee and the Nomination Committee. The Company established Sustainable Development Committee in April, 2025, to enhance the board's governance framework and the professional allocation of responsibilities. | No Discrepancy. |
| (3) Has the Company established rules and a methodology for evaluating the performance of its Board of Directors, conducted such evaluations on an annual basis, submitted the results to the Board of Directors and used them as a reference for individual director remuneration and re-nomination for re-election? | V | | (3) The Company has enacted the "Procedures for Evaluating the Board of Directors' Performance". The evaluation cycle, scope of evaluation, method and content please refer to page 30 | No Discrepancy. |
| (4) Does the Company regularly evaluate its external auditors' independence? | V | | (4) The Audit Committee annually evaluates the independence and competence of the Company's auditors. It requires the auditors to provide the Statement of Objectivity and Audit Quality Indicators (AQIs), and implements evaluations based on the independent assessment criteria with 5 main dimensions and 13 items of AQIs:<br>a. No direct or indirect significant financial stake in the Company.<br>b. No business relationship with the Company or its directors and officers that compromises independence.<br>c. Not serving as a director, officer of the Company or in any position significantly impacting audit work during the audit period.<br>d. No direct blood relation, direct marriage, or second degree of blood relation with the Company's directors or officers<br>e. Not accepting significant grants or gifts from the Company, its directors, officers or major shareholders.<br>It is confirmed that the auditors have no other financial interests or business relationship with the Company apart from the audit fees and tax case handling fees, nor do the auditor's family members violate the | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | independence principle. With reference to the AQIs published by the Financial Supervisory Commission, it is confirmed that the auditors and affiliated firms exceed the industry average in terms of audit experience and training hours. The firm will continue to promote audit innovation, including the adoption of innovative audit tools, the expansion of audit support center functions, and the development of a cloud-based audit platform. These initiatives are expected to enhance the efficiency, consistency, and quality of audit processes. The evaluation results last year was approved by the Audit Committee on November 13, 2025, and the evaluation of the auditors’ independence and competence was reported to and approved by the Board of Directors on the same date. | |
| 4. Does the Company have an adequate number of qualified corporate governance officers in place, and has it appointed a chief corporate governance officer responsible for corporate governance practices (including but not limited to providing necessary information for directors to perform their duties, assisting directors in complying with laws and regulations, organizing board meetings and shareholders meetings as required by law, processing company registration and changes in registration, and preparing minutes for board meetings and shareholders' meetings)? | V | | 4. The Company has deployed qualified and an appropriate number of corporate governance personnel and, appointed a Corporate Governance Officer in accordance with the competent authorities and the stock exchange. Who engaged to oversee and promote corporate governance-related affairs, the details of continuing education, training for Directors and officers please refer to pages 41~43.<br>Corporate governance-related matters include the following:<br>(1) To handle matters related to meetings of the Board of Directors and shareholders’ meetings in accordance with applicable laws and regulations.<br>(2) To prepare the minutes of the Board of Directors and shareholders’ meetings.<br>(3) To assist directors and independent directors with their onboarding and continuing education.<br>(4) To provide directors and independent directors with the information necessary for the performance of their duties.<br>(5) To assist directors and independent directors in complying with applicable laws and regulations.<br>(6) To handle other matters as stipulated in the Company’s Articles of Incorporation or relevant agreements. | No Discrepancy. |
| 5. Has the Company established a communication channel and created a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and does it properly respond to stakeholders’ concerns regarding corporate social responsibilities? | V | | 5. The Company has set up a stakeholder section on its website and publicly disclosed the contact email address (ir@pouchen.com). Designated personnel will be responsible for responding to stakeholders’ concerns and, depending on the scope and nature of the issues, will forward them to the appropriate authorities. The Company has also publicly disclosed contact information for each stakeholder group (investors, customers, employees, suppliers and | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | CSR-related matters) to ensure proper responses to stakeholders' concerns regarding material CSR issues. | |
| 6. Has the Company appointed a professional stock agency to handle matters related to its shareholders' meetings? | V | | 6. The Company has designated Yuanta Securities Co., Ltd. to act as its stock agency to handle shareholders' meetings and provide investors with communication channels to address shareholder affairs. | No Discrepancy. |
| 7. Information Disclosure<br>(1) Has the Company established a corporate website to disclose its financial and business information, as well as its corporate governance status? | V | | (1) The Company has established its website (https://www.pouchen.com) to disclose its financial, business and corporate governance information. Designated personnel are responsible for updating the content, and relevant information is also available on the MOPS website. | No Discrepancy. |
| (2) Does the Company have other information disclosure channels (e.g. building an English version website, appointing designated personnel responsible for information collection and disclosure, appointing spokespersons, or webcasting investor conferences)? | V | | (2) a. In order to enhance information transparency and strengthen communication and engagement channels with stakeholders, the Company has set up both Chinese and English versions of its website and assigned dedicated personnel to collect company information and disclose major matters.<br>b. The Company has appointed one spokesperson and one acting spokesperson to reinforce external communication channels.<br>c. The Company participated in five investor conferences in 2025 to present its operational overview and quarterly results. All relevant information was disclosed on the Company's website. | No Discrepancy. |
| (3) Does the Company publicly disclose its annual financial report within two months after the end of the fiscal year, and publicly disclose its financial reports for the first, second, and third quarters, as well as its monthly operational status ahead of the prescribed time limits? | | V | (3) The Company's annual and quarterly financial reports are submitted to the Audit Committee and the Board of Directors for approval within the prescribed time limits, and are disclosed and filed on the same day. The monthly operating conditions are also filed by the 10th day of the following month according to the regulations. | In accordance with the announcement timeline stipulated in Article 36 of the Securities and Exchange Act and the time required for audits conducted by subsidiaries' certified public accountants, it is currently not yet available to announce and file the Company's annual financial report by the end of February. |
| 8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights and directors' training, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors):<br>Yes, other important information to facilitate a better understanding of the company's implementation of ethical corporate management: | | | | |

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summaries</th></tr>
<tr><td colspan="5">

(1) Employee rights: The Company complies with the Labor Standard Act and the company's human resource rules and regulations to ensure the protection of employees' welfare and retirement systems.

(2) Employee care: The Company builds a relationship of mutual trust with employees by adopting an effective welfare system and useful education and training programs. For example, the Employee Welfare Committee offers employee benefits (e.g., birthdays, wedding, funeral, child birth, injuries/illness, and emergency aid), educational activities (e.g., health promotion activities, talks, and short-term courses), and recreational activities and entertainment (e.g., travel subsidy, family day, social club activities, and recreation activities). The Company also provides shuttle buses for employees to commute and rent parking lots for employees to park their vehicles. The Company also cooperates with reputable medical institutions in Central Taiwan to provide emergency aid inside the plant, trauma treatment, medical counseling, health examination, and health-related lectures. Occasionally, The Company cares about the employees’ health; doctors are hired to provide proper medical care to the company's employees.

(3) Investor relations: The Company has set up the position of spokesperson and contact person for investor relations, serving as a two-way communication channel between the Company and its investors to enhance the transparency and symmetry of information disclosure. In addition to disclosing the Company's financial, business and ESG information on the Market Observation Post System (MOPS) website and the Company's website, we also attend investor conferences and have set up an investor relations mailbox to maintain good interaction and communication with investors.

(4) Supplier relations: The Company's employees comply with code of ethical conduct. In addition to applying internal discipline in the workplace, the Company also asks its suppliers to sign a Supplier Integrity Agreement or provide an integrity declaration or system document, to focus on the stability and quality of the source of their supply, to conduct prudent evaluation before procurement, and to handle related matters by following the Company's operating regulations. Both parties will fulfill their duties and responsibilities as per agreement and work together to improve product quality. The Company is able to maintain a good stable relationship with its suppliers.

(5) Stakeholders’ rights: The Company endeavors to build diverse communication channels, provide sufficient information to its customers, shareholders, and stakeholders, collect issues that are of concern to stakeholders, and examine whether stakeholders are notified of activities organized by the company.

(6) Continuing education, training for Directors and officers:
The advanced training by the Directors and officers in the most recent fiscal year is as follows:

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">Date of training</th><th rowspan="2">Host by</th><th rowspan="2">Name of the course</th><th rowspan="2">Duration</th></tr>
<tr><th>From</th><th>To</th></tr>
<tr><td rowspan="3">Representative of juristic-person director (Chairman)</td><td rowspan="3">Wu, Pan-Tsu</td><td>2025.03.20</td><td>2025.03.20</td><td>Taiwan Academy of Banking and Finance</td><td>Corporate Governance</td><td>3</td></tr>
<tr><td>2025.08.13</td><td>2025.08.13</td><td>Taiwan Corporate Governance Association</td><td>Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues)</td><td>3</td></tr>
<tr><td>2025.08.22</td><td>2025.08.22</td><td>National Association of Industry and Commerce</td><td>2025 Taishin Net Zero Power Summit</td><td>3</td></tr>
<tr><td rowspan="2">Director</td><td rowspan="2">Tsai, Pei-Chun</td><td>2025.08.13</td><td>2025.08.13</td><td>Taiwan Corporate Governance Association</td><td>Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues)</td><td>3</td></tr>
<tr><td>2025.09.03</td><td>2025.09.03</td><td>Corporate Operating and Sustainable Development Association</td><td>NVIDIA’s Three-Trillion Miracle: A New Perspective on the Semiconductor Industry Revolution Behind Artificial Intelligence</td><td>3</td></tr>
</table>

</td></tr>
</table>

| Evaluation Item | Implementation status | | | Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |

| Title | Name | Date of training | | Host by | Name of the course | Duration |
|---|---|---|---|---|---|---|
| | | From | To | | | |
| Representative of juristic-person director | Tsai, Min-Chieh | 2025.08.13 | 2025.08.13 | Taiwan Corporate Governance Association | Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues) | 3 |
| | | 2025.09.03 | 2025.09.03 | Corporate Operating and Sustainable Development Association | NVIDIA's Three-Trillion Miracle: A New Perspective on the Semiconductor Industry Revolution Behind Artificial Intelligence | 3 |
| Representative of juristic-person director (President) | Lu, Chin-Chu | 2025.07.22 | 2025.07.22 | Taiwan Corporate Governance Association | Sustainability Promotion Seminar – Taichung Session | 3 |
| | | 2025.08.13 | 2025.08.13 | Taiwan Corporate Governance Association | Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues) | 3 |
| Representative of juristic-person director | Chan, Lu-Min | 2025.02.13 | 2025.02.13 | Corporate Operating and Sustainable Development Association | Legal Regulations and Case Analysis of Financial Statement Misrepresentation | 3 |
| | | 2025.08.13 | 2025.08.13 | Taiwan Corporate Governance Association | Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues) | 3 |
| Representative of juristic-person director (Vice President) | Ho, Yue-Ming | 2025.05.08 | 2025.05.08 | Taiwan Corporate Governance Association | Implementing Corporate Human Rights, Preventing Greenwashing, and Achieving Genuine Sustainability | 1 |
| | | 2025.08.13 | 2025.08.13 | Taiwan Corporate Governance Association | Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues) | 3 |
| | | 2025.08.28 | 2025.08.28 | Taiwan Corporate Governance Association | Corporate Anti-Fraud Case Awareness Campaign | 1 |
| | | 2025.09.25 | 2025.09.25 | Taiwan Insurance Institute | Anti-Money Laundering and Counter-Terrorism Financing Practices and Ethical Management in the Insurance Industry | 1.5 |
| | | 2025.12.11 | 2025.12.11 | Securities & Futures Institute | How to Read the Insurance Industry's First IFRS Financial Report | 3 |

| Evaluation Item | Implementation status: Yes | No | Summaries | Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|

| Title | Name | Date of training: From | Date of training: To | Host by | Name of the course | Duration |
|---|---|---|---|---|---|---|
| Independent Director | Hsu, Chu-Sheng | 2025.03.04 | 2025.03.04 | Taiwan Corporate Governance Association | NVIDIA's Three-Trillion Miracle: A New Perspective on the Semiconductor Industry Revolution Behind Artificial Intelligence | 3 |
| | | 2025.08.13 | 2025.08.13 | Taiwan Corporate Governance Association | Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues) | 3 |
| Independent Director | Chang, Shih-Chieh | 2025.03.13 | 2025.03.13 | Securities & Futures Institute | The Wafer Century Battle: TSMC's Leading Global Technologies and Business Opportunities | 3 |
| | | 2025.08.13 | 2025.08.13 | Taiwan Corporate Governance Association | Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues) | 3 |
| Independent Director | Wu Wang, Pu-Yu | 2025.08.13 | 2025.08.13 | Taiwan Corporate Governance Association | Review of the Sustainability Report and Potential Legal Liabilities (Including trends related to climate change issues) | 3 |
| | | 2025.09.17 | 2025.09.17 | Corporate Operating and Sustainable Development Association | Trump 2.0: Corporate Response Strategies for Global Tax Reform and Supply Chain Restructuring | 3 |
| Accounting Officer | Wu, Hui-Chi | 2025.09.22 | 2025.09.22 | Accounting Research and Development Foundation | Continuing Education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges | 12 |
| Corporate governance officer | Shen, Yu-Mei (Note) | 2025.12.03 | 2025.12.03 | Corporate Operating and Sustainable Development Association | Overview of Intellectual Property Rights, the Protection and AI-Related Issues | 3 |
| | | 2025.12.11 | 2025.12.11 | Corporate Operating and Sustainable Development Association | Corporate Governance and Securities Regulations-Corporate Governance Risks under Securities Regulations---A Prosecutor's Perspective | 3 |

Note: Tenure of less than one year.

(7) Implementation of risk management policies and risk assessment standards: The implementation of risk management policies and risk assessment standards please refer to pages 119-123.

(8) Customer relations policies and implementation status: The Company transacts with its customers by upholding the core values of "Professionalism, Dedication, Innovation, and Service." The Company understands customers' needs and provides affordable products and services that are of excellent quality. The Company has won customers' affirmation and hence maintained a strong relationship with its customers.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summaries</th></tr>
<tr><td colspan="5">(9) Liability insurance provided for directors: The Company has purchased liability insurance for all directors.<br>(10) Recusals of directors due to conflicts of interests: The Company has mandated in “Rules and Procedures of Board of Directors’ Meetings” that all directors shall comply with the principles of recusal from the discussion and resolution of proposals in which directors have conflicts of interest. In addition, the Company has elected three independent directors which achieved one-third of Board of Directors, who can propose professional, neutral advices on the company's business strategies. When discussing any proposal, the Board shall take into consideration the opinions of independent directors to effectively protect the interest of the Company. The Company has established the “Guidelines to the Management of Related Party Transactions” in the Internal Control System, to ensure that related parties of the Company can avoid conflicts of interest.</td></tr>
</table>

9. Please described improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement will be needed:

According to the result of the 11th Corporate Governance Evaluation announced by Taiwan Stock Exchange in April 2025, the Company was ranked within 6% to 20% of the listed companies.

The Company implemented the strengthening plan according to the result of the Corporate Governance Evaluation:

(1) The Annual General Meeting of Shareholders in 2025 and 2026 are scheduled to be held at the end of May, which enhanced the Company’s information transparency and protect shareholders’ rights and interest.

(2) In 2025, the Company will conduct a full re-election of the 25th Board of Directors, achieving the goal that at least one-third of board seats are held by either gender. This aims to enhance the diversity and inclusiveness of the Board, while continuing to promote corporate governance best practices and further strengthen the Company’s competitiveness and shareholder value.

(3) The 3rd Nominating Committee is convened and chaired by an independent director, more than half of its members are independent directors.

D. Composition, duties and operational status of the Remuneration Committee

1. Information of the members of the Remuneration Committee

| Title | Requirements / Name | Professional Qualification and Experiences | Independence | Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member | Note |
|---|---|---|---|---|---|
| Independent Director Convener | Hsu, Chu-Sheng | (1) Mr. Hsu has about 30 years experiences of business management, leadership of multinational corporation and organization change.<br>(2) Adjunct professor of Leadership Program at National Taiwan University.<br>(3) Independent Director of Alexander Marine Co., Ltd. and Fubon Bank (China).<br>(4) Mr. Hsu was Adjunct professor of Leadership Program at Institute of Technology Management at National Tsing Hua University, General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation, Independent Director of inergy Technology Inc.. | During the two years prior to their appointment and their service terms, the members of the Company's Remuneration Committee were not involved in any violations of the independence principle as required in Article 6 of 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, nor were they involved in any of the circumstances specified in Article 30 of the Company Act. | 1 | |
| Independent Director Member | Chang, Shih-Chieh | (1) Mr. Chang has about 20 years experiences of management of risk, financial and insurance.<br>(2) Professor of Department of Risk Management and Insurance, National Chengchi University.<br>(3) Independent Director of KGI Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd.<br>(4) Mr. Chang was Independent Director of CTBC Financial Holding Co., Ltd., Member of Financial Supervisory Commission, Chairman of Insurance Anti-Fraud Institute and Member, Labor Funds Supervisory Committee, Ministry of Labor and Chairman of Risk Management Society of Taiwan. | | 2 | |
| Independent Director Member | Wu Wang, Pu-Yu | (1) Ms. Wang has about 30 years experiences of financial, accounting and auditing, internal audit.<br>(2) Owned a Taiwan and America CPA, Securities Analyst License.<br>(3) She was Manager of Credit Department/Accounting Officer, Joint Credit Information Center; CPA, Ingram & Wallis Corp. USA; CPA, William C. Chalmers Corp. USA and Independent Director, Cosmos Bank. | | 0 | |

2. Operations of the Remuneration Committee

(1) There are three members in the Company's Remuneration Committee.

(2) The Company elected the 25th Board of Directors on May 29, 2025. Upon approval by the Board, all three independent directors were appointed as members of the 6th Remuneration Committee, with a term of office from May 29, 2025 to May 28, 2028. Seven meetings of the Remuneration Committee were held in 2025. The attendance and operational status are as follows:

| Title | Name | Attendance in person | Attendance by proxy | Attendance Rate (%) | Notes |
|---|---|---|---|---|---|
| Convener | Hsu, Chu-Sheng | 7 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29. |
| Member | Chang, Shih-Chieh | 7 | 0 | 100.00 | Re-elected.<br>Appointed on 2025.05.29. |
| Member | Wu Wang, Pu-Yu | 4 | 0 | 100.00 | Newly elected on 2025.05.29.<br>Shall attend four times. |
| Member | Chen, Huan-Chung | 3 | 0 | 100.00 | Tenure expired on 2025.05.29.<br>Shall attend three times. |

a. Discussion and resolutions adopted by the Remuneration Committee in 2025:

| Meeting Dates | Sessions | Contents of resolutions | Resolutions adopted by the Remuneration Committee | Actions taken by the Company in response to the opinion of the Remuneration Committee |
|---|---|---|---|---|
| 2025.01.16 | 12th meeting of the 5th Remuneration Committee | (a) Reviewed the retirement pension for the Company's officer.<br>(b) Reviewed the 2024 annual bonus for the Company's officers. | Approved all resolutions | Submitted to the Board of Directors for approval based on Remuneration Committee's suggestion |
| 2025.03.12 | 13th meeting of the 5th Remuneration Committee | (a) Reviewed the amount of the Company's 2024 distribution for directors' remuneration and employees' compensation. | | |
| 2025.05.14 | 14th meeting of the 5th Remuneration Committee | (a) Discussed the remuneration for the Company's new officers. | | |
| 2025.06.30 | 1st meeting of the 6th Remuneration Committee | (a) Discussed the remuneration for the Company's Chairman Mr. Wu, Pan-Tsu.<br>(b) Discussed the remuneration for the 25th Independent Directors.<br>(c) Discussed the transportation allowances for the 25th Directors.<br>(d) Discussed the amount of the Company's 2024 distribution for directors' remuneration.<br>(e) Review the retirement pension for the Company's officer.<br>(f) Review the salary adjustment for the Company's officers. | | |
| 2025.08.13 | 2nd meeting of the 6th Remuneration Committee | (a) Discussed the performance evaluations of the Company's directors and officers, and the policies, systems, standards, and structures regarding their remunerations.<br>(b) Discussed the remuneration for the Company's new officers.<br>(c) Reviewed the salary adjustment for the Company's officers.<br>(d) Discussed matters pertaining to rewards for officers of the Company.<br>(e) Discussed the 2024 employees' compensation for the Company's officers. | | |
| 2025.11.13 | 3rd meeting of the 6th Remuneration Committee | (a) Reviewed the 2025 salary adjustment for the Company's officers.<br>(b) Discussed the remuneration for the Company's new officers. | | |
| 2025.12.19 | 4th meeting of the 6th Remuneration Committee | (a) Reviewed the retirement pension for the Company's officer. | | |

b. Other matters to be specified:

(a) If the Board of Directors rejects or amends the suggestions submitted by the Remuneration committee, there shall be elaborated with the meeting dates, sessions, contents of resolutions, resolution adopted by the Board of Directors and actions taken by the Company in response to the Remuneration Committee's opinions (if the Board of Directors approved a remuneration plan better than that suggested by the Remuneration Committee, the reasons and the difference shall be elaborated): N/A.

(b) If any member has expressed opposition or reservation with respect to the resolution of the Remuneration Committee and there was a written record or written statement, there shall be elaborated with the meeting dates, sessions, contents of resolutions, the opinions of all members of the Remuneration Committee and actions taken in response to the member's opinions: N/A

E. Composition, duties and operational status of the Nomination Committee

1. Clarify the qualification and duties of the Nomination Committee: The Company appointed the members of the 3rd Nominating Committee on August 12, 2025. The term of the Committee is from August 12, 2025 to May 28, 2028. All members have years of experiences serving as directors of TWSE/TPEx listed companies, and satisfy the professional requirements of the Committee. Operating under the "Nomination Committee Charter", the Committee faithfully performs the following duties and responsibilities, submitting recommendations to the Board of Directors for discussion.
   (1) To establish the qualifications required for the members of the Board, and to identify, evaluate and nominate candidates for directors accordingly.
   (2) To establish and develop the organizational structure of the Board and each committee, and to conduct performance evaluations, and assess the independence of independent directors.
   (3) To establish and periodically review the director development plan and director succession plan.
2. Professional Qualification and operations of the Nomination Committee
   (1) Two meetings of the Nomination Committee were held in 2025. The professional qualification and attendance status is as follows:

| Title | Name | Professional Qualification and Experiences | Attendance in person | Attendance by proxy | Attendance Rate (%) | Note |
|---|---|---|---|---|---|---|
| Convener | Chang, Shih-Chieh | a. Mr. Chang has about 20 years experiences of management of risk, financial and insurance.<br>b. Professor of Department of Risk Management and Insurance, National Chengchi University.<br>c. Independent Director of KGI Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd.<br>d. Mr. Chang was Independent Director of CTBC Financial Holding Co., Ltd., Member of Financial Supervisory Commission, Chairman of Insurance Anti-Fraud Institute and Member, Labor Funds Supervisory Committee, Ministry of Labor and Chairman of Risk Management Society of Taiwan. | 1 | 0 | 100.00 | Newly elected on 2025.08.13.<br>Shall attend one time. |
| Member | Hsu, Chu-Sheng | a. Mr. Hsu has about 30 years experiences of business management, leadership of multinational corporation and organization change.<br>b. Adjunct professor of Leadership Program at National Taiwan University.<br>c. Independent Director of Alexander Marine Co., Ltd. and Fubon Bank (China).<br>d. Mr. Hsu was Adjunct professor of Leadership Program at Institute of Technology Management at National Tsing Hua University, General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation, Independent Director of inergy Technology Inc.. | 2 | 0 | 100.00 | Re-elected.<br>Shall attend two times. |
| Member | Wu, Pan-Tsu | a. Mr. Wu has about 40 years of financial experiences.<br>b. Mr. Wu was President of Retail Department of the Company, Chairman and Executive Director of Pou Sheng International (Holdings) Limited, Director of Nan Shan Life Insurance Co., Limited. | 1 | 0 | 100.00 | Newly elected on 2025.08.13.<br>Shall attend one time. |
| Convener | Chan, Lu-Min | a. Mr. Chan has about 40 years of finance and accounting management experience.<br>b. Mr. Chan was President of the Administration Management Department of the Company, Chairman of the Board of Directors, Executive Director of Yue Yuen Industrial (Holdings) Limited and Director of Nan Shan Life Insurance Co., Limited. | 1 | 0 | 100.00 | Tenure expired on 2025.05.29.<br>Shall attend one time. |

| Title | Name | Professional Qualification and Experiences | Attendance in person | Attendance by proxy | Attendance Rate (%) | Note |
|---|---|---|---|---|---|---|
| Member | Chen, Huan-Chung | a. Mr. Chen has about 30 years experiences of accounting, auditing, management of investment and financial analysis.<br>b. Owned a CPA and Securities Analyst License.<br>c. Independent Non-executive Director of Pou Sheng International (Holdings) Limited.<br>d. He was Vice President of E.Sun Bills Finance Corporation and is Partner of Wang Tong & Co., CPAs. | 1 | 0 | 100.00 | Tenure expired on 2025.05.29.<br>Shall attend one time. |

(2) Discussion and resolutions adopted by the Nomination Committee in 2025:

| Meeting Dates | Sessions | Contents of resolutions | Resolutions adopted by the Nomination Committee | Actions taken by the Company in response to the opinion of the Nomination Committee |
|---|---|---|---|---|
| 2025.03.12 | 5th meeting of the 2nd Nomination Committee | a. Discussed the Company's "Director development plan" for 2025.<br>b. Elected all Directors, including three independent Directors, of the Company.<br>c. Recommend the list of 25th director's candidates. | Approved all resolutions. | Submitted to the Board of Directors for approval based on Nomination Committee's suggestion |
| 2025.11.13 | 1st meeting of the 3rd Nomination Committee | a. Discussed the Company's selection criteria of Directors. | | |
| a. If the Board of Directors rejects or amends the suggestions submitted by the Nomination committee, there shall be elaborated with the meeting dates, sessions, contents of resolutions, resolution adopted by the Board of Directors and actions taken by the Company in response to the Nomination Committee's opinions (if the Board of Directors approved a remuneration plan better than that suggested by the Nomination Committee, the reasons and the difference shall be elaborated): N/A.<br>b. If any member has expressed opposition or reservation with respect to the resolution of the Nomination Committee and there was a written record or written statement, there shall be elaborated with the meeting dates, sessions, contents of resolutions, the opinions of all members of the Nomination Committee and actions taken in response to the member's opinions: N/A | | | | |

F. The Company's implementation status of sustainable development and the discrepancy with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons:

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| 1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? | V | | 1. The Company established its CSR Team in 1997, renamed it the Sustainable Development Team in 2010, and formally reorganized it as the Sustainable Development Department in 2020. In December 2022, the Board of Directors approved amendments to the Sustainable Development Best Practice Principles, designating the Sustainable Development Department as the dedicated unit responsible for promoting sustainability. The Department is responsible for formulating and implementing sustainability-related policies, systems, and management guidelines, as well as proposing and executing specific action plans, and reports to the Board of Directors regularly.<br>The Company established the "Sustainable Development Steering Committee" in December 2024. The Committee is composed of the highest-level executives from each business unit and functional division, who serve as members to ensure that the management and response to key sustainability issues are aligned with the Company's operational decision-making and effectively implemented in daily management. The head of the Sustainable Development Department serves as the project lead for driving sustainability initiatives and is responsible for executing group-wide sustainability strategies and resource allocation. The Department regularly reports to the Board of Directors on the progress of sustainability initiatives, major sustainability risks, and key issue developments, enabling the Board to oversee the overall status of sustainability governance and to provide guidance and supervision.<br>In March, May, August, and December of 2025, the Sustainable Development Steering Committee reports to the Board , which included: (1) progress and verification/planning of greenhouse gas inventories; (2) outcomes of the 2024 Sustainability Report; (3) progress on the implementation of IFRS Sustainability Disclosure Standards (with priority on S2 Climate-related Disclosures); (4) identification results of material topics for the 2025 Sustainability Report; and (5) external stakeholder engagement, including key issues of interest to media and investors such as zero deforestation, biodiversity, net-zero emissions, human rights due diligence, and labor rights. The Board of Directors reviews, deliberates and resolves the reports. It provides specific resolutions or recommendations for adjustment, guiding the management team to revise action plans as appropriate, thereby ensuring that sustainability strategies remain aligned with the Company's overall business objectives and long-term development direction. | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| 2. Does the Company conduct risk assessment of environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policy or strategy? | V | | 2.The Company formulated its risk management procedures in 2015, which were further revised into "Risk Management Policies and Procedures" in 2023 to enhance and clarify the organizational structure and responsibilities, risk management procedures, risk reporting and disclosure practices related to risk management. The revision also reflects a continued focus on developments in risk management practices among domestic and international enterprises. The Company regularly reviews and refines its risk management mechanisms to strengthen corporate governance and reasonably ensure the achievement of strategic objectives. Risk assessments primarily focus on the manufacturing of shoes business operated by the Company and its subsidiaries.<br>The Company identifies key environmental, social and governance risks based on the principle of materiality and communication with internal and external stakeholders, and subsequently develops appropriate risk management strategies and response measures.<br>The corresponding risk identification results and control measures for 2025 will publicly disclose in the 2025 sustainability report and published on the Company's website. | No Discrepancy. |
| 3. Environmental Issues<br>(1) Has the Company set an environmental management system designed to industry characteristics? | V | | (1) The Company has established environmental management guidelines based on ISO 14001 environmental management system and internal management standards for all factories to follow. It also encourages factories to undergo third-party assessments and verifications in accordance with ISO 14001:2015, Higg FEM, and other relevant standards, in order to promote a systematic management framework and strengthen the implementation of environmental protection practices. | No Discrepancy. |
| (2) Does the Company endeavor to utilize energy more efficiently and to use renewable materials with low environmental impact? | V | | (2) a. Given the increasing impact of global climate change on business operations and in response to the international trend toward net-zero emissions that is driving corporate energy transformation, the Company is actively implementing various measures to reduce energy consumption and improve energy efficiency, with specific actions as follows:<br>(a) Expanding the use of green energy: rooftop solar power generation, green power procurement, Renewable Energy Certificate (REC), and others forms of renewable energy.<br>(b) Enhancing energy efficiency: sourcing energy-efficient equipment, accelerating the replacement of low-efficiency machinery, implementing energy monitoring system, and establishing energy control mechanisms.<br>(c) Promoting themed energy-saving projects led by headquarter, business divisions or factory units. | No Discrepancy. |

| Evaluation Item | Implementation status: Yes | Implementation status: No | Implementation status: Summaries | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | | | (d) Developing an intelligent energy-saving knowledge management (KM) platform to support the sharing of energy-saving and carbon-reduction technologies, and to foster an energy-efficient organizational culture.<br>The Company also encourages its factories to adopt ISO 50001 energy management system. The system enables systematic energy management, improves energy efficiency, and reduces both operational costs and carbon emissions. In 2025, 9 factories have obtained third-party certification under the ISO 50001 standard.<br>b. In the use of raw materials, the Company strictly complies with international product regulations, brand customers' materials specifications, the Manufacturing Restricted Substance List (MRSL), and the Zero Discharge of Hazardous Chemicals, (ZDHC) framework. In addition, the Company uses materials that meet brand customers' requirements for environmental sustainability. The Company mitigates its environmental impact through using eco-friendly footwear materials, optimizing production process, reducing waste, and recycling and reusing waste. | |
| (3) Has the Company assessed the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them? | V | | (3) In line with the climate actions specified in the 17 sustainable development goals of the United Nations, the Company takes actions to ensure a sustainable production model in response to the operational risks and impacts caused by climate anomalies. In accordance with the Group's "Adaptation Strategy to Climate Change" and with reference to the four core pillars of Task Force on Climate-Related Financial Disclosures (TCFD) since 2022, we disclose relevant information on climate change and the risks and opportunities it brings, and formulate relevant adjustment and mitigation strategies. The implementation of Climate-related information please refer to pages 65~68.<br>Starting in 2025, in alignment with the Financial Supervisory Commission's roadmap for Taiwan's adoption of the IFRS Sustainability Disclosure Standards, and in accordance with the mandated adoption of IFRS S2 "Climate-related Disclosures," the Company is implementing a dedicated action plan in a phased manner and will ensure comprehensive disclosures. | No Discrepancy |
| (4) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for energy conservation and carbon | V | | (4) a. Greenhouse Gas (GHG) Emissions:<br>(a) Since 2016, the Company has conducted GHG emissions inventories for its manufacturing of shoes business in accordance with the ISO 14064-1:2006 standard. In 2022, the Company began transitioning to the ISO 14064-1:2018 standard and complies with the regulations and timelines set by each country. The Company engages third-party verification entities that meet local regulatory requirements and | No Discrepancy. |

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summaries</th></tr>
<tr><td>reduction, greenhouse gas reduction, water consumption reduction, or other waste management?</td><td></td><td></td><td>
obtains the corresponding statements of inspection.<br>
(b) Greenhouse Gas Emissions in the past two years (Location-based):<br>
Unit: tons of $CO_2^e$
<table>
<tr><th>Year</th><th>Category 1 (Scope 1)</th><th>Category 2 (Scope 2)</th><th>Total</th><th>Carbon Emission per Unit of Product $kgCO_2^e$/pair</th></tr>
<tr><td>2025</td><td>104,814.63</td><td>633,605.93</td><td>738,420.56</td><td>3.31</td></tr>
<tr><td>2024</td><td>71,034.65</td><td>617,756.90</td><td>688,791.55</td><td>2.55~4.03</td></tr>
</table>
Note: Category 1 and Category 2 GHG emissions are included in the calculation of carbon emissions per unit of product, while other indirect GHG emissions are excluded.<br>
In 2025, the total GHG emission amounted to 738,420.56 $tCO_2^e$. Category 1 emissions (direct GHG emissions, Scope 1) accounted for 104,814.63 $tCO_2^e$ (14.19%), while Category 2 emissions (indirect GHG emissions from imported energy, Scope 2) accounted for 633,605.93 $tCO_2^e$, (85.81%). Furthermore, the inventory results for Category 3 (other indirect emissions, Scope 3) are as follows:<br>
Unit: tons of $CO_2^e$
<table>
<tr><th>Category 3(Scope 3)</th><th>2025</th><th>Inventory Description</th></tr>
<tr><td>Purchased goods and services</td><td>-</td><td rowspan="15">In 2025, the Company conducted significance assessment in accordance with the ISO 14064-1 standard. The Scope 3 inventory items included「Fuel-and energy- related activities」,「Upstream transportation and distribution」and「Business travel」.</td></tr>
<tr><td>Capital goods</td><td>-</td></tr>
<tr><td>Fuel-and energy- related activities</td><td>1,647.77</td></tr>
<tr><td>Upstream transportation and distribution</td><td>19,126.94</td></tr>
<tr><td>Waste generated in operations</td><td>-</td></tr>
<tr><td>Business travel</td><td>771.18</td></tr>
<tr><td>Employee commuting</td><td>-</td></tr>
<tr><td>Upstream leased assets</td><td>-</td></tr>
<tr><td>Downstream transportation and distribution</td><td>-</td></tr>
<tr><td>Processing of sold products</td><td>-</td></tr>
<tr><td>Use of sold products</td><td>-</td></tr>
<tr><td>End-of-life treatment of sold products</td><td>-</td></tr>
<tr><td>Downstream leased assets</td><td>-</td></tr>
<tr><td>Franchises</td><td>-</td></tr>
<tr><td>Investments</td><td>-</td></tr>
</table>
(c) Target: In response to the international carbon reduction trend, the Company set a 5-year target in 2020 to achieve zero growth in carbon emissions by 2025. In 2021, the
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summaries</th></tr>
<tr><td></td><td></td><td></td><td>
Company furthermore adopted the 1.5°C scenario under the methodology of Science-Based Targets initiative (SBTi) and committed to reducing absolute GHG emissions by 46.2% in terms of Scope 1 and Scope 2 emissions from manufacturing of shoes business by 2030, with 2019 as the baseline year.<br>
(d) Measures: More than 80% of GHG emissions from the manufacturing of shoes business are attributed to electricity consumption. Therefore, the Company’s carbon reduction efforts primarily focus on reducing electricity-related emissions by expanding the use of green energy and improving energy efficiency, thereby lowering overall GHG emissions.<br>
(e) Achievement<br>
● In terms of expanding green energy usage, Rooftop Solar System (RTS) had been installed at 6 factories by 2025, generating a total of 9,961.85 MWh of solar energy annually, equivalent to a reduction of 6,201.89 $tCO_2^e$ in GHG emissions. In the meantime, the Company purchased Renewable Energy Certificates (RECs) totaling 306,394.64 MWh, offsetting 222,074.30 $tCO2^e$ of GHG emissions.<br>
● The Company implements energy management mainly through the procurement of energy-efficient equipment, air compressor system leakage control, and energy conservation projects. In 2025, these results resulted in energy savings of 6,773 MWh, equivalent to a reduction of 4,762.55 $tCO_2^e$ in GHG emissions.<br>
(f) Greenhouse Gas Emissions in the past two years (Market-based):<br>
Unit: tons of $CO_2^e$
<table>
<tr><th>Year</th><th>Category 1 (Scope 1)</th><th>Category 2 (Scope 2)</th><th>Total</th></tr>
<tr><td>2025</td><td>104,814.63</td><td>411,531.63</td><td>516,346.26</td></tr>
<tr><td>2024</td><td>71,034.65</td><td>483,385.18</td><td>554,419.83</td></tr>
</table>
b. Water resource management:<br>
(a) The primary source of water for the Company's footwear production bases is the local municipal water supply, with a small portion sourced from rivers and lakes. As needed, factories install clean water treatment facilities and reverse osmosis systems.<br>
(b) Water consumption in the past two years:
</td><td></td></tr>
</table>

| Evaluation Item | Implementation status | | | Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |

Unit: million liters

| Year | Water consumption | Unit product intensity (Liters/pair) | Water recycle rate |
|---|---|---|---|
| 2025 | 7,904.5 | 21.9 | 56.0% |
| 2024 | 8,266.9 | 22.8 | 53.6% |

Note1: Unit product intensity is estimated based on data from manufacturing base.

The total water consumption at the footwear production sites was approximately 7,904.5 million liters in 2025 and 8,266.9 million liters in 2024. Both the sourcing and consumption of water remained within the limits approved by local governments and has no significant impact on local water resources.

(c) The Company complies with local laws and regulations and actively seeks opportunities to recycle and reuse treated water. Through regular inspections of pipes for leakages and the promotion of water-saving measures, the Company has effectively increased the amount of waste water recycled. In 2025, the Company achieved an average recovery rate of 56.0% for its effluent discharge, making a slightly improvement compared with 2024.

c. Waste management:

(a) Total weight of waste in the past two years:

Unit: metric tons

| Year | Hazardous waste | Non-hazardous waste | Total |
|---|---|---|---|
| 2025 | 10,031.1 | 85,272.1 | 95,303.2 |
| 2024 | 8,411.2 | 76,441.1 | 84,852.3 |

The Company's footwear production sites disposed of approximately 95,303.2 metric tons of waste in 2025 and 84,852.3 metric tons in 2024. Furthermore, the intensity of hazardous and non-hazardous waste was approximately 0.04kg/pair and 0.37kg/pair in 2025, compared to 0.03kg/pair and 0.35kg/pair in 2024. The Company’s waste removal and disposal practices comply with relevant local laws and regulations.

The 2025 and 2024 waste management data have been verified by the third-party verification agency, SGS Taiwan Ltd., using the AA 1000ASv3 Type 2 High-Level assurance to confirm that the data complies with the GRI 306 "Waste" disclosure guidelines.

(b) In waste management, our primary focus is on legal removal and treatment to minimize adverse environmental impact. For industrial wastes, we have set a target of zero landfill and reduced incineration through the implementation of relevant action

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | plans. Our long-term objective is to reuse and recycle manufacturing waste, promoting a circular economy and ultimately striving toward an environmentally sustainable vision of zero waste.<br>(c) The Company continues to be committed to developing and implementing reuse technologies for direct process waste, covering nine types of materials: waste EVA, waste TPU, waste rubber, waste foam, waste scrap materials, waste paper, waste shoes, waste shoe uppers, and industrial waste. In 2025, the Company achieved a recycling rate of 34.8% for direct process waste, representing a decrease of 1.4% from 36.2% in 2024, primarily attributable to adjustments in the treatment structure at the Company's largest manufacturing base in Indonesia. The disposal flow of certain major waste streams (such as waste foam) was shifted from "Recycling" to "Incineration with Heat Recovery," resulting in slight fluctuations in the recycling rate. | |
| 4. Social Issues<br>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations, and internationally human rights conventions? | V | | (1) In accordance with the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at work, the FLA Workplace Code of Conduct, and local labor laws and regulations, the Company has established the Group's Code of Conduct (COC) and Sustainability Department serves as the responsible unit for managing human rights issues across the Group which dedicated to creating an environment that safeguards human rights and upholds the legitimate rights and interests of employees.<br>To implement its human rights policy and ensure its effectiveness, the Company is committed to fostering a supportive, friendly, and healthy working environment. The Company adheres to international human rights standards and initiatives and actively promotes human rights due diligence and management measures to fulfill its corporate commitment to human rights protection.<br>a. Human Rights Management and Due Diligence Outcomes<br>(a) Human Rights Due Diligence Process: Since 2022, the Company has formally implemented human rights due diligence and established a triennial review cycle. A systematic due diligence framework has been developed, consisting of five key stages:<br>• Risk identification: Collecting employee feedback, grievance cases, external trends, and stakeholder input to establish and prioritize a risk inventory.<br>• Response and mitigation: Adjusting policies, procedures, and management measures based on identified risks and developing improvement plans.<br>• Continuous improvement: Refining systems and processes based on monitoring | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | results and feedback, incorporating findings into the next risk assessment cycle, and designing mitigation and remediation measures.<br>• Effectiveness tracking: Conducting indicator monitoring and internal reviews, and continuously adjusting management practices.<br>• Communication and disclosure: Disclosing implementation results externally, conducting internal communication and training, and continuously collecting stakeholder feedback.<br>(b) Scope of Due Diligence and Identification of Material Human Rights Issues: In 2025, the Company conducted its latest human rights risk survey, covering all employees of wholly owned footwear factories within the Group, as well as stakeholders including customers, investors, labor unions, NGOs, and suppliers, with a total of 290 valid responses collected. A human rights risk matrix was established based on the frequency of occurrence and the severity of impact on the Company and employees. Through this process, the following material and non-material human rights issues were identified:<br>• Material human rights risk: Occupational health and safety<br>• Secondary human rights risks: Reasonable working hours, fair remuneration<br>(c) Mitigation and Remediation Measures for Human Rights Issues: For the identified risk areas, the Company has established robust management mechanisms, supported by both internal and external assessments, including SD-KPI internal reviews and Fair Labor Association (FLA) Social Compliance Index audits. The MAP platform is also used to track improvement actions, and in 2025, all 185 corrective actions from the previous year were completed and closed. Key mitigation and remediation measures include:<br>• Occupational health and safety (material risk): The Company continuously operates and improves occupational safety and health management systems, promotes a strong safety culture, and invests in equipment safety and working environment enhancements to ensure employee safety and well-being.<br>•Reasonable working hours (secondary risk): Working hour management systems are established in accordance with local regulations across operating sites. Employee attendance and overtime conditions are regularly reviewed to ensure compliance with legal limits and applicable special approvals. Overtime is strictly voluntary, based on employee request or consent, with the right to refuse overtime and to resign freely fully protected. For sites approved for extended working hours, internal monitoring mechanisms are in place to ensure employee health and workplace safety. | |

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | •Fair remuneration (secondary risk): The Company references the Global Living Wage Coalition (GLWC) and FLA standards and is committed to advancing fair compensation practices. In 2025, the Group proactively audited 60% of its footwear factories in Vietnam, Indonesia, and Cambodia through the FLA platform. The results showed 100% compliance with local minimum wage and fair wage standards.<br>(d) Supply Chain Human Rights Management and Due Diligence Outcomes:<br>• The Company applies the same human rights due diligence framework to both internal operations and suppliers. During the triennial human rights risk survey, suppliers are also included within the assessment scope.<br>• Integrity and legal compliance are the foundation of supplier relationships. All suppliers are required to comply with local laws and contractual obligations, with labor rights, occupational health and safety, and environmental compliance considered key evaluation criteria. Through supplier audits, partners are screened, regularly evaluated, and classified for follow-up improvement, thereby enhancing supply chain efficiency while identifying high-quality and competitive partners to create sustainable, mutually beneficial growth opportunities.<br>• In 2025, audit and follow-up reviews identified that common supplier deficiencies were primarily related to occupational health and safety within the social compliance dimension, followed by human rights-related issues, mainly involving documentation gaps and payroll and benefit calculation issues. No cases of child labor, discrimination, forced labor, or restriction of freedom of association were identified among audited suppliers. In addition, 61.86% of audited suppliers have engaged in collective bargaining discussions. The Company continues to monitor and support suppliers in implementing corrective actions following audits.<br>b. The Company complies with local regulations on wages and working hours. The Company does not, by any means, employ labor that is forced, imprisoned, or bound by illegal contracts, and forbids any discriminatory measures as well as conducts in relation to the acceptance of bribes from intermediaries. The Company also respects employees' freedom of association and right to collective bargaining, and recognizes legal union organizations initiated by employees. In line with the spirit of human rights advocated by international organizations and to effectively ending forced labor, we have signed the Commitment to Responsible Recruitment jointly established by the Fair Labor Association and the American Apparel & Footwear Association (AAFA). This commitment is aimed at daily | |

| Evaluation Item | Implementation status | | | Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | promotion and advocacy of human rights, which sets out that:<br>(a) No workers pay for their job;<br>(b) Workers receive a timely refund of fees and costs paid to obtain or maintain their job;<br>(c) Workers control of their travel documents and have full freedom of movement; and<br>(d) All workers are informed of the basic terms of their employment before leaving home.<br>c. The Company prioritizes the welfare of its employees and emphasizes human-centered management practices, including incentives and encouragement of positive behaviors. Harassment or abuse of employees in the workplace is strictly prohibited. The Company amended its Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace in 2017 and 2020, and further updated according to the Ministry of Labor’s Template in response to the amendment of the Gender Equality in Employment Act in March, 2024 and effective in January, 2025. The Company conducts annual reviews of the regulations to ensure compliance with the recommendations from the competent authority. To promote a friendly workplace, the policies clearly stipulate the establishment of complaint channels and the designation of specific personnel responsible for employee relations, ensuring promptly handling and responding to any violations found.<br>d. In 2025, employees filed 4,382 grievance consultation cases through designated channels, with 89.8% resolved within 10 working days. In total, 99.5% of the cases were closed within 2 months. Additionally, the Company proactively organized 449 employee seminars throughout 2025, with 18,410 attendees in total.<br>e. The Company adheres to local laws and regulations by purchasing required social or business insurance and providing employees with statutory benefits such as annual leave, maternity/paternity leave, and wedding leave. It also implements protective measures for pregnant and breastfeeding employees and offers scholarships and emergency financial assistance to support employees in need. Since 2016, the Company has established the "Scholarship Program for Employees’ Children” in Indonesia, beneficing 185 students and providing approximately US$5,000 in support in 2025. In Vietnam, the Company has long engaged in the “Hope Seed Scholarship” and the Scholarship for Employees’ Children since 2012 to support students’ schooling. In 2025, these initiatives reached 12,659 beneficiaries, with a total contribution of approximately US$191,000.<br>f. The Company identifies deficiencies in daily factory operations via routine inspection mechanisms coupled with annual audits. We track the progress of improvements to reduce | |

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | or eliminate the probability of major accidents, and to ensure that all factory operations conform to the Group's code of conduct, local laws and regulations, customer standards, and international regulations. | |
| (2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits) and are business performance or results appropriately reflected in employee salary/compensation? | V | | (2) The Company formulates reasonable salary and remuneration policies for each rank, allocates budgets in accordance with company standards, links employee performance appraisals, provides incentive rewards such as performance bonuses, employee remuneration, year-end bonuses, and ensures that salary planning is consistent with the organization's strategic objectives. | No Discrepancy. |
| (3) Does the Company provide a safe and healthy working environment, and conduct periodic safety and health education for its employees? | V | | (3) In compliance with the requirements of governments, customers, NGOs and other stakeholders, the Company operates effectively and keeps improving all safety and hygiene management measures. We promote a culture of safety within the Company and allocate resources to enhance equipment safety and the working environment, ensuring employees' safety and health.<br>a. The Company is committed to providing a safe and friendly workplace environment for employees. Since 2022, we have been gradually promoting and implementing safety culture activities through basic engineering, environmental safety and health (ESH) partners, and a top-down system, encouraging comprehensive employee participation in identifying hazards and devising improvement measures. Such effort will enhance the safety awareness of all employees in identifying hazards, and establish proactive safety habits.<br>b. In addition to regular employee health check-ups and hierarchical management in accordance with regulations, the Company also provides health examination items for employees working in factories in Mainland China and Myanmar that are superior to local regulations. In addition, the Company plans annual routine health promotion activities and holds large-scale sports events for employees every year to promote workplace health.<br>c. In addition to designating full-time safety and health management personnel in accordance with local laws and regulations, the Company has developed a pre-job training system for factory operators and maintenance staff working with high-risk production machines. This system requires them to study designated course materials for training. As of 2025, 22 types of high-risk machines have been included in the designated machinery models of | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | training courses. Currently, a total of 120,895 individuals have undergone training and passed the test, with a training completion rate of 100%.<br>d. In 2025, the ISO 45001 occupational safety and health management system was implemented in shoe production factories, with 78% of the total factories passing external verification.<br>e. In 2025, the Company experienced 93 occupational accidents, involving 93 employees, accounting for 0.039% of the total number of employees. In 2025, there were 20 fire incidents with no casualties. The relevant improvement measures are as follows:<br>(a) The Company has formulated and followed the "Procedures for Abnormal Accident Management," supplemented by the "Abnormal Incident Management System" to undertake systematic management, so as to ensure the effective implementation of accident notification and follow-ups.<br>(b) Through systematic data analysis, we conduct an occupational disaster risk matrix assessment, listing high-risk machine types, and implementing procurement source safety control and machinery rectification projects to create a safe work environment for employees.<br>(c) Since June 2020, the "Accident Investigation and Handling Mechanism" has been promoted, and discussion meetings have been duly held to rigorously implement accident investigation and report verification mechanism, identify the true cause, and delineate the division of authority and responsibility so that all parties involved can perform their duties.<br>(d) The Company uses the internal mailbox and the ESH committee to promote and discuss meeting information simultaneously. Furthermore, by implementing software and hardware improvement measures through disaster indicator analysis, we verify the progress and effectiveness of improvement via monthly and quarterly meetings. | |
| (4) Has the Company established effective career development training programs for its employees? | V | | (4) a. The training and development objectives are to carry on the Company's vision, operational goals and organizational needs, using systematic methods and tools to provide employees with comprehensive training to help employees continuously improve their professional and management skills, strengthen the corporate talent pool, enable employees to grow with the Company, become long-term partners in turn to create greater value for the company, achieve business goals, and facilitate devising future development plans. To strive for excellence, the Company's training program is introduced into the TTQS (Talent Quality-management System), and the effectiveness of training is | No Discrepancy. |

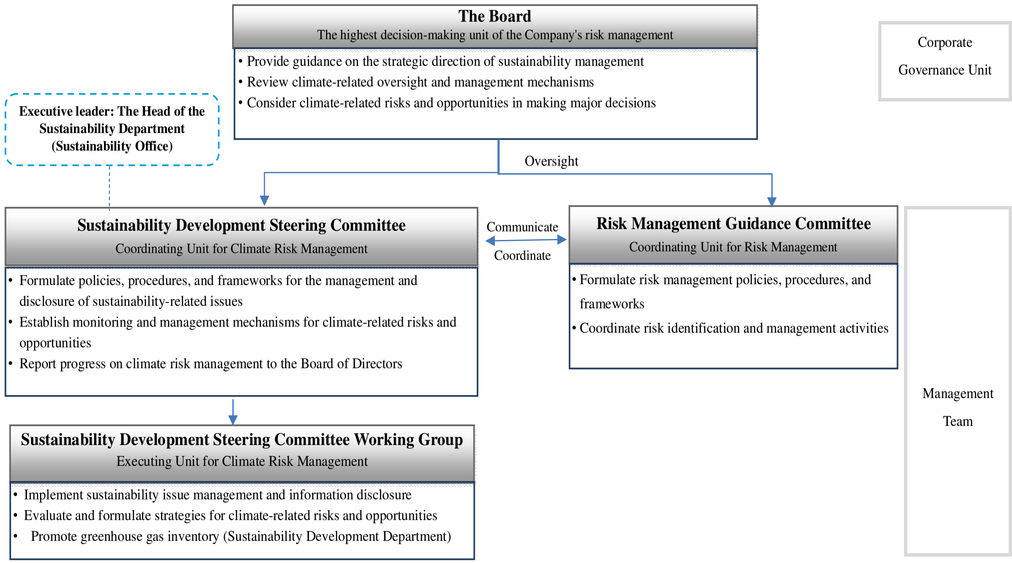
| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | self-checked by reference to international ISO standards. It was formally applied to the Ministry of Labor for evaluation, and was recognized with a gold medal in the Enterprise & Organization Edition in 2025.<br>b. The Company's annual training programs combines our mission, vision, business strategies and goals. We collect and understand the development focus and training requirements of each of our business department; continuously engage in innovation and introduce new technologies, concepts, and tools; encourage personal growth and organizational learning; offer diverse learning channels that encourage self-paced learning. Simultaneously, we also consider employees' personal development plans, the training system of each level of function, relevant laws and regulations, and other professional skills certification courses, and formulate the "Training Program Management Guidelines" to facilitate the operation.<br>To solidify job skills at various levels and implement the vision of lifelong learning, the Company plans a series of training programs at different stages according to its business strategy and core values. The Company constantly provide training for employees, from their employment to their expected retirement, to help them acquire the skills they need in performing their tasks and strengthening their capabilities for continued employment. By arranging training programs for employees, the Company expects to reach an internal consensus among employees so that they can recognize the organization value and furthermore contribute to achieve the best business performance for the Company.<br>(a) Course for New Employees: The Company provides training courses for new employees to accelerate their understanding and recognition of the Company.<br>(b) Core Competency Course: A series training course focusing on the Company's core functions to establish a common language within the Company.<br>(c) Management Course: Management courses for various management levels are planned according to the management functions and competencies.<br>(d) Professional Course: Professional training courses for various functional attributes based on work contents and professional requirements.<br>(e) Self-Development Course: A range of soft power courses such as language training courses and in-house lecturers are provided to encourage a diversified development of employees. | |
| (5) Does the Company comply with relevant laws and international | V | | (5) The Company strictly complies with local government laws, customer demands, and company regulations. We practice supplier management by | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and implement consumer protection and grievance policies? | | | a. Partnering suppliers are required to comply with the standards adopted by the customers (e.g., Restricted Substances List, RSL).<br>b. Partnering suppliers are expected to demonstrate supply chain transparency and data disclosure capabilities in response to the increasing global demands for ESG due diligence, product composition transparency, and carbon footprint disclosure. The Company continues to encourage suppliers to strengthen circular economy practices. Several suppliers have obtained or are in the process of adopting various management system certifications, including Bluesign, Higg, ISO 14001, ISO 14064, ISO 45001, ISO 50001, ISO 9001, LWG, Oeko-Tex, PAS 2050, SA 8000, and ZDHC. The Company further encourages the expansion of third-party certifications and enhanced transparency to reinforce the sustainability and compliance performance of its supply chain.<br>c. The Company has established and disclosed its "Customer Rights Policy and Complaint Procedures" on the Stakeholder section of its official website and provides a dedicated customer complaint mailbox. In addition to raising concerns through regular communication channels, customers may also submit feedback or complaints via the designated service mailbox at shoe.business@pouchen.com. All submissions are centrally managed, tracked, and addressed by responsible personnel to ensure effective and accessible communication channels. | |
| (6) Has the Company established supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation? | V | | (6) The Company has established a Supplier Management Policy requiring all suppliers to comply with local regulations and contractual commitments, as well as taking environmental compliance, health and safety and labor rights, as one of primary considerations. Through the supplier audit and selection mechanism, partner suppliers are selected and the overall performance will be evaluated, counseled, and tracked regularly to boost the supply chain efficiency. The Company has also formulated a "Supplier Code of Sustainable Conduct" in accordance with international standards and the Company's published Code of Conduct, Integrity Management Guidelines, Sustainable Development Best Practice Principles, Climate Change Adaptation Policy, and Supplier-Friendly Workplace Guidelines The Conduct covers four key aspects: responsible transactions and ethical management, environmental protection and climate action, human rights and labor rights, and health and safety, which serves as an important guideline for sustainable supply chain management. Stakeholders may access information on the Company's supplier management policies and related implementation results through the "Sustainability Section – Supply Chain Management" and the "Corporate Governance Section –major internal policies" available on the Company's website. | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| 5. Does the Company refer to internationally reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third-party assurance or verification for the reports above? | V | | 5. The Company has been publishing its "Sustainability Report" since 2014. The "2025 Sustainability Report" follows the GRI Universal Standards 2021 issued by the Global Reporting Initiative as the primary comprehensive disclosure framework. Additionally, the report references the Task Force on Climate-Related Financial Disclosures (TCFD) and the industry guidelines from the Sustainability Accounting Standards Board (SASB).<br>The 2025 report undergoes third-party verification by SGS Taiwan Ltd. at the AA 1000AS v3 type II high assurance level. It will be uploaded to the Market Observation Post System (MOPS) website and the Company's website in August, 2026. | No Discrepancy. |
| 6. If the Company has enacted its sustainable development best practice principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the operational status and discrepancy:<br>The Company has enacted the "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", implemented such rules accordingly, no discrepancy so far. | | | | |
| 7. Other important information to facilitate better understanding of the Company's implementation of Sustainable Development:<br>The Company has enacted the "Sustainable Development Best Practice Principles" and prepared the "Sustainability Report" to outline the status of its sustainable development initiatives. The report is uploaded annually to both the MOPS website and the Company's website. | | | | |

G. Implementation of climate- related information of TWSE/TPEx Listed Companies

| Item | Implementation |
|---|---|
| 1. Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities. | • In response to the sustainability and climate change–related regulations, as well as the increasing severity of extreme climate threats. The Company established the "Sustainable Development Steering Committee" in December 2024. The Committee is composed of the highest-level executives from each business unit and functional division, who serve as members to ensure that the management and response to key sustainability issues are aligned with the Company's operational decision-making and effectively implemented in daily management. The head of the Sustainable Development Department serves as the project lead for driving sustainability initiatives and is responsible for executing group-wide sustainability strategies and resource allocation. The Department regularly reports to the Board of Directors on the progress of sustainability initiatives, major sustainability risks, and key issue developments, enabling the Board to oversee the overall status of sustainability governance and to provide guidance and supervision. The sustainability governance framework is shown below. |




• In March, May, August, and December of 2025, the team reports to the Board , which included: (1) progress and verification/planning of greenhouse gas inventories; (2) outcomes of the 2024 Sustainability Report; (3) progress on the implementation of IFRS Sustainability Disclosure Standards (with priority on S2 Climate-related Disclosures); (4) identification results of material topics for the 2025 Sustainability Report; and (5) external stakeholder engagement, including key issues of interest to media and investors such as zero deforestation, biodiversity, net-zero emissions, human rights due diligence, and labor rights. The Board of Directors reviews, deliberates and resolves the reports. It provides specific resolutions or recommendations for adjustment, guiding the management team to revise action plans as appropriate, thereby ensuring that sustainability strategies remain aligned with the Company's overall business objectives and long-term development direction.

• The Company integrates sustainable goals into its business strategies, embedding climate-related work such as energy conservation, carbon reduction, ventilation and cooling, and disaster prevention into key performance indicators. We track and review implementation progress regularly, and undertake timely improvement measures as needed. These efforts will be incorporated into both department and personal performance appraisals, encouraging management to proactively pursue the Company's sustainability goals while achieving operational growth.

2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the Company (short, medium, and long term).

**Climate-related risks and opportunities that can be reasonably expected to affect the Company's Prospects, as well as their potential impact on the Company's business model and value chain:**

| Climate-related risks and opportunities | | | | Impact on Business Model | | Impact on Value Chain | |
|---|---|---|---|---|---|---|---|
| Type | | Describe | | Current | Expected | Current | Expected |
| Physical risks | Immediacy risk | Natural Environmental (Disasters) | The footwear industry is highly dependent on multinational supply chains and production bases, particularly concentrated in emerging markets in Southeast Asia and South Asia, which are exposed to higher climate risks. Consequently, natural disasters such as floods caused by heavy rainfall or typhoons, and extreme weather events driven by rising environmental temperatures may pose multiple tangible risks to the footwear industry. | No impact so far | May potentially cause business disruptions, supply chain interruptions, and other impacts. | No impact so far | May potentially cause supply chain interruptions. |
| Transformation risks | Policy and regulation | GHC Strategy | As climate issues intensify, governments and customers worldwide continue to tighten regulations and requirements on greenhouse gas management, placing pressure on plant expansion flexibility, compliance costs, and social trust. | Required to implement related inventory and reduction efforts in compliance with regulations and customer requirements | May increase compliance risks. It also may influence new plant investment decisions, business continuity, customer relationships, and ESG reputation, if the risks are not properly managed. | No impact so far | May potentially increase supply chain operating costs. |

| Climate-related risks and opportunities | | | Affected Value Chain Segment(s) Note | | | Impact of Potential Timeframe Note | | |
|---|---|---|---|---|---|---|---|---|
| Type | | Describe | Upstream | Midstream | Downstream | Short- term | Mid-term | Long-term |
| Physical risks | Immediacy risk | Natural Environmental (Disasters) | | ● | | ● | ● | ● |
| Transformation risks | Policy and regulation | GHC Strategy | | ● | | ● | ● | ● |

Note: (1) Value Chain and Timeframe: Considering local environmental regulations at the plant locations and the effects of climate risk mitigation engineering and construction measures, the main impact is expected to occur within the Company. Physical and transformation risks associated with extreme climate events are not confined to a specific timeframe, but rather represent ongoing risks that may arise at any time.
(2) Internally, within 1 year is defined as "short-term", 1-5 years as "medium-term", and above 5 years as "long-term".

**Response to Climate-Related Risks and Opportunities, and the Financial Impacts of Climate-Related Risks and Opportunities:**

| Type | Type of Risks/ Opportunities Issue | Climate Transition Plan (Mitigation and Adaptation Efforts) | Expected Financial Impact Items | Financial Impact in 2025 |
|---|---|---|---|---|
| Physical risks | Natural Environmental Disasters | Construct large retention ponds to improve plant drainage | Implement flood prevention engineering | During the current period, a total of 81 improvement projects were carried out across major production bases for the construction of large retention ponds to enhance plant drainage. These projects resulted in engineering costs and cash outflows of NT$258.458 million, accounting for 2.61% of cash flows from investing activities. |
| | | Implement ventilation improvements in the plant | Purchase negative pressure fans | During the current period, a total of 1,085 negative pressure fans were purchased at the major production bases to improve the factories environmental temperatures. This resulted in equipment procurement costs and cash outflows of NT$9,238 thousand, accounting for 0.09% of cash flows from investing activities. |
| | | | Implement ventilation improvement projects | During the current period, a total of 64 ventilation improvement projects were carried out at the major production bases. This resulted in engineering costs and cash outflows of NT$55,810 thousand, accounting for 0.56% of cash flows from investing activities. |
| Transformation risks | GHC Strategy | Increase the proportion of renewable energy usage | Procure rooftop solar renewable energy systems | The Company provides the factory rooftops while solar energy vendors invest in the installation of rooftop solar systems in China, Vietnam, Indonesia and so on. The Company purchases the rooftop solar electricity from the vendors based on usage. During the current period, a total of 9,961 MWh of renewable energy electricity was purchased, resulting in procurement costs and cash outflows of approximately NT$24,759 thousand, accounting for 0.01% of cash flows from operating activities. |
| | | | Procure renewable energy certificate | The Company purchased green electricity (with certificates) from local power companies and procured internationally recognized renewable energy certificates from third parties in China, Vietnam, Indonesia and so on. During the current period, a total of 306,395 MWh of renewable energy certificates were purchased, resulting in procurement costs and cash outflows of approximately NT$13,763 thousand, accounting for 0.01% of cash flows from operating activities. |
| Transformation risks | GHC Strategy | Continue to improve energy efficiency | Implement energy-saving projects | During the current period, the factories independently implemented a total of 51 energy-saving projects at the major production bases, resulting in improvement costs and cash outflows of NT$19,611 thousand, accounting for 0.20% of cash flows from investing activities. |
| | | | Implement procurement of energy-efficient source equipment | The Company has established procurement guidelines for restricted energy consuming equipment, incorporating energy efficiency requirements at the equipment replacement and new purchase stages to strengthen upstream management. However, procurement decisions for such equipment are still primarily based on production needs and operational planning. It is difficult to clearly distinguish the additional costs incurred specifically from enhanced energy efficiency controls. Therefore, during the current period, it is impossible to quantitatively assess the financial impact of these energy-efficient equipment procurement measures. |

3. Describe the financial impact of extreme weather events and transformative actions.

- The physical risks identified by the Company are primarily extreme weather events and increased average temperature, with potential impacts including business interruption, transportation disruption, water shortage, and increased temperature in the operating environment. Financial impacts include impact on revenue and increase in capital expenditure for preparedness and improvement to the operating environment.
- The transition risks identified by the Company primarily include enhanced carbon disclosure requirements, formulate the carbon pricing mechanisms, compulsory use of renewable energy, low carbon production, impacts on production, and impacts on the Company's image. These risks may have financial impacts, including lower revenue, higher operating costs, and increased capital expenditure as result of the transition.

4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.

**Climate risks assessment and management process:**

- The Company has begun evaluating the adoption of IFRS S2, with the Sustainability Development Steering Committee taking primary responsibility for its implementation started from 2025. Through a three-stage discussion process, interviews and communications were conducted with various departments to analyze the value chain and operations. Based on SASB standards and sustainability disclosure topics and metrics relevant to the footwear and retail sectors, climate-related risks and opportunities were preliminarily identified. Internal cross-departmental workshops were then held, during which members completed questionnaires on significant risks and opportunities within their respective business areas and provided feedback. Based on departmental responses, a total of 11 sustainability risks and 3 opportunities were identified. The Sustainability Development Steering Committee decided to prioritize climate risks in 2025, initially focusing on the risks of "natural environmental disasters (floods/high temperatures)" and "greenhouse gas management strategies" to conduct financial impact assessments.
- During the discussion process, the SSP1-2.6 and SSP5-8.5 scenarios were referenced, and cross-departmental discussions were conducted. Using each unit's professional expertise, the potential affected business entities, impacted regions and countries, relevant value chain segments, and possible timeframes of impact were assessed.

**Integration into the overall risk management system:**

- The Company began evaluating the adoption of IFRS S2 in 2025 to identify climate-related risks and opportunities. Risks and opportunities are assessed based on their financial impact and likelihood of occurrence, with significant climate risks and opportunities consolidated and appropriate response strategies formulated.
  Climate risk issues have been incorporated into the Company's overall risk management process. The Risk Management Steering Committee oversees the integration of climate risks into the Company's Enterprise Risk Management (ERM) framework, while the Sustainability Development Steering Committee is responsible for assessing and analyzing climate-related risks and opportunities, implementing climate-related strategies and action plans.

5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions,

- When assessing climate impacts, factors in different regions and different climate scenarios are considered, along with the use of climate risk assessment tools.
- Currently, for major production bases in Taiwan and Mainland China, Indonesia, Vietnam, risk assessments based on the SSP1-2.6 and SSP5-8.5 scenarios were carried out for the mid-century (2050) end of the century (2100). Risk items for scenario analysis include sea level rise/flood risk, predicated changes in average temperature, predicated changes in daily high temperature, predicated changes in daily rainfall, among others. The evaluation results of significant influence are as follows:

<table>
<tr>
<td>analysis factors, and major financial impacts used should be described.</td>
<td><u>In the SSP1-2.6 scenario:</u><br>• By the mid-century (2050), the production bases in Tiền Giang Province and Ho Chi Minh City in Vietnam may face the risk of sea level rise/flooding. Potential financial impact: Operational interruptions at production bases.<br>• By the end of the century (2100), the production bases in Tien Giang and Ho Chi Minh City in Vietnam may face the risk of sea level rise/flooding; daily rainfall at all production bases in Vietnam and Indonesia may increase by 10 to 20%; daily high temperature in Dongguan, Mainland China, may increase by over 1.5°C. Potential financial impact: Operational interruptions at production bases and increased capital expenditures to improve the working environment for employees.<br><u>In the SSP5-8.5 scenario:</u><br>• By the mid-century (2050), the production bases in Tiền Giang Province and Ho Chi Minh City in Vietnam may face the risk of sea level rise/flooding; daily rainfall at all production bases in Vietnam, Indonesia, and Dongguan, Mainland China may increase by 10 to 20%; daily high temperature at all production bases may increase by over 1.5°C; for production bases in Taiwan and Mainland China, the average temperature may rise by more than 1.5°C. Potential financial impact: Operational interruptions at production bases and increased capital expenditures to improve the working environment for employees.<br>• By the end of the century (2100), the production bases in Tien Giang and Ho Chi Minh City in Vietnam may face the risk of sea level rise/flooding; daily rainfall at all production bases may increase by 20 to 30%; daily high temperature and average high temperature at all production bases may increase by more than 3 to 5°C. Potential financial impact: Operational interruptions at production bases and increased capital expenditures to improve the working environment for employees.<br>• The assessment results will be taken into consideration for the flexible preparation of operating bases subsequently.</td>
</tr>
<tr>
<td>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</td>
<td>The Company has developed preliminary transformation plans to address the identified transformation risks and related opportunities. Specific actions include:
<table>
<tr><th>Type</th><th>Type of Risks/ Opportunities Issue</th><th>Specific actions of the transition plan</th></tr>
<tr><td rowspan="2">Physical Risk</td><td>Natural Environmental Disasters-Flood risk</td><td>Constructed the large retention ponds to enhance plant drainage：<br>The Company has raised the elevation of its production base and constructed large retention ponds to buffer surface runoff caused by heavy rainfall and short-term intense storms, preventing immediate impacts on neighboring areas. Drainage improvements have also been implemented at the factories, including enlarging and deepening drainage channels and increasing surface infiltration through measures such as permeable pavements or infiltration wells.</td></tr>
<tr><td>Natural Environmental Disasters- High temperature hazard risk</td><td>Implement ventilation improvements in the plant：<br>Factory design considers ventilation and cooling, the Company engaged external consultants to assess the climate environment. Based on window placement and heat dissipation methods, planned/adjusted to select either mechanical or natural ventilation systems. Ventilation equipment is procured, and ventilation improvement projects are implemented.</td></tr>
<tr><td rowspan="2">Transformation Risk</td><td rowspan="2">GHC Strategy</td><td>Increase the proportion of renewable energy usage：<br>The vendors invest in installing rooftop solar power systems, and the plants purchase solar electricity based on actual usage through selecting suitable plants. In addition, renewable energy certificates are procured across major production regions including Mainland China, Vietnam, Indonesia, and others, government-provided green electricity is procured in Mainland China, gradually increasing the share of renewable energy use. For related implementation results, please refer to Item 9-2 at below.</td></tr>
<tr><td>Continue to improve energy efficiency：<br>The procurement team collaborated with the sustainability department, manages energy efficiency at the source when purchasing equipment. In addition, each plant proactively implements annual energy-saving initiatives to continuously enhance energy efficiency. For related implementation results, please refer to Item 9-2 at below.</td></tr>
</table>
For the physical risk of “Natural Environmental Disasters,” the Company’s administrative centers at each location / engineering departments/ sustainability (SD) teams establish appropriate flood prevention and ventilation improvement measures and targets based on local climate conditions, plant status, and employee feedback on the working environment. Regarding the transition risk of “greenhouse gas management strategy,” the Company has set emission reduction targets for 2025 and 2030 to reduce greenhouse gas emissions. Expanding the use of renewable energy and improving energy efficiency are the main approaches adopted by the Group to drive reductions. For further details, please refer to Item 8 at below.</td>
</tr>
<tr>
<td>7. If internal carbon pricing is used as a planning tool, the bases for setting the price should be stated.</td>
<td>The Company has not yet to adopt an internal carbon pricing mechanism.</td>
</tr>
<tr>
<td>8. If climate-related targets have been set, the activities covered, the scopes of GHG emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits of RECs to be offset should be specified.</td>
<td>Phased Missions and Targets of GHG and Energy Management:<br>• 2021-2025: Achieve zero growth in carbon emissions for Scope 1 and Scope 2 emissions from footwear business by 2025, using 2019 as the baseline year.<br>• 2026-2030: Reduce absolute GHG emissions by 46.2% in Scope 1 and Scope 2 emissions from footwear business by 2030, using 2019 as the baseline year.<br>Quantity of Renewable Energy Certificates (REC):<br>In 2025, the total RECs purchased reached 306,394.64 MWh, offsetting 222,074.30 $tCO_2^e$ of GHG emissions.<br>Achievement of reduction target:<br>In terms of Scope 1 and Scope 2 GHG emissions from the footwear business, the market-based emissions in 2025 totaled approximately 516,300 $tCO2^e$, reflecting a decrease of 10% compared with 2019 baseline level of approximately 574,600 $tCO2^e$.</td>
</tr>
</table>

9.Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan

9-1Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

| Basic Information of the Company | Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEx Listed Companies. |
|---|---|
| ■Capital of NT$10 billion or more, iron and steel industry, or cement industry<br>□Capital of NT$ 5 billion or more but less than NT$10 billion.<br>□Capital of less than NT$5 billion. | ■Inventory for Parent Company only<br>■Assurance for Parent Company only<br>■Inventory for all consolidated entities<br>□Assurance for all consolidated entities |

| Scope | | Operating revenue (In NT$ thousands) | Scope 1 Direct Greenhouse Gas Emissions | | Scope 2 Indirect Greenhouse Gas Emissions from imported energy | | Assurance Body | Description of assurance status | Assurance opinion/conclusion |
|---|---|---|---|---|---|---|---|---|---|
| | | | Total Emissions($tCO_2^e$) | Intensity ($tCO_2^e$/NT$ million) | Total Emissions($tCO_2^e$) | Intensity ($tCO_2^e$/NT$ million) | | | |
| The Company | 2025 | 8,673 | 530.03 | 0.0611 | 7,049.15 | 0.813 | SGS | The complete verified information will be disclosed in the Sustainability Report. | |
| | 2024 | 9,547 | 611.11 | 0.064 | 7,749.08 | 0.812 | SGS | ISO 14064-3:2019/ Reasonable Assurance | Unqualified opinion |
| All subsidiaries in Consolidated financial report | 2025 | 242,727 | 110,486.89 | 0.455 | 748,985.45 | 3.086 | None | The data of some subsidiaries in the consolidated financial report have not yet been verified by a third party, and will be verified within the prescribed time frame in accordance with the law. | |
| | 2024 | 254,271 | 75,681.94 | 0.298 | 740,297.36 | 2.911 | | | |

9-2Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

**Greenhouse Gas Reduction Targets**

In order to establish an effective greenhouse gas reduction strategy, the Company has completed a comprehensive inventory of all Scope 1 (direct emissions) and Scope 2 (indirect emissions) greenhouse gas emissions based on consolidated financial reports, followed by an analysis of this data. The results indicate that the manufacturing of shoes business accounts for approximately 80%~90% (85% in 2025) of total emissions, making it the primary source of emissions. Therefore, the current greenhouse gas reduction targets are focused on this area of the business.

The Company has set a target for Scope 1 and Scope 2 emissions in 2025 to not exceed the levels recorded in the baseline year of 2019, striving toward the goal of zero emissions growth.

**Greenhouse Gas Reduction Strategies**

More than 80% of greenhouse gas emissions from the footwear manufacturing process originate from electricity consumption. To achieve its carbon reduction target, the Company will prioritize reducing emissions from electricity use by implementing comprehensive reduction plans that focus on expanding green energy usage and improving energy efficiency.

**Specific Action Plan**

☑ Expanding green energy usage
- As of the end of 2025, the Company has completed the installation of rooftop solar systems (RTS) at six plants in mainland China, Indonesia, and Vietnam, with a total installed capacity of 10.42 MWh. In 2026, several plants are still evaluating solar power installation plans, continuing to expand the use of renewable energy.
- The Company has actively purchased Renewable Energy Certificates (RECs) in mainland China, Indonesia, Vietnam and Cambodia. By the end of 2024, we have purchased a total of 306,394.64 MWh worth of REC. In 2026 we plan to further increase the proportion of certificates procured based on actual manufacturing needs, continuing to reduce carbon emissions.

☑ Improve energy efficiency
- Through strengthened management of equipment sourcing and procurement and the promotion of energy-saving projects, the Company has achieved early results in energy management. As of the end of 2025, we have saved a total of 6,773 MWh of electricity. In 2026, we will continue to adopt high-efficiency equipment and actively promote various energy-saving measures to further improve energy efficiency and reduce waste and emissions in the manufacturing process.

The Company will continue to improve its greenhouse gas reduction strategy and make steady progress toward carbon reduction targets by implementing systematic energy management and expanding green energy initiatives, laying a solid foundation for sustainable operations.

H. The Company's implementation status of ethical corporate management and the discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons.

| Evaluation Item | Implementation status | | | Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| 1. Enacting ethical corporate management policies and plans<br>(1) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment by the Board of Directors and Management to implement the policies? | V | | (1) The Company has enacted "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Corporate Management and Conduct Guidelines", "Corporate Governance Best Practice Principles", "Code of Ethical Conduct", "Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct" and relevant management guidelines, expressly setting forth the ethical corporate management policies, measures and commitment by the Board of Directors and the Management to execute such management policies. | No Discrepancy. |
| (2) Does the Company have mechanisms in place 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 operation? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? | V | | (2) The Company has set relevant conduct to follow in Procedures for Ethical Corporate Management and Conduct Guidelines. In addition to raising the Company's personnel's moral standards and strengthening their self-restraint, the Company requires the major suppliers to execute "Honest Transaction Agreement" or provide the Company with honesty declaration or honesty mechanism related documents. Besides, to ensure performance of ethical corporate management, the Company establishes effective accounting system and internal control system. Internal auditors annually require all operating locations of the Company (including Taiwan, Mainland China, Vietnam, Indonesia, Cambodia, Myanmar, and Bangladesh) and their respective units to conduct self-assessments of the internal control system (contain ethics and integrity, as well as anti-corruption and anti-bribery measures). These assessments review the effectiveness of the design and implementation of relevant policies and procedures, the frequency and scope of education, training, and communication on the code of ethical conduct and integrity management, as well as performance evaluation and reward and disciplinary mechanisms. In addition, the audit function includes routine audits, investigations of complaints, consultations, or whistleblower reports. Special audits are conducted for situations involving higher risks of unethical conduct, and the results are reported to the Board of Directors. | No Discrepancy. |
| (3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, | V | | (3) a. The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" expressly prescribes the plans to prevent unethical conducts, including the operating procedures, conduct guidelines and education training.<br>b. In the event of any unethical conduct by the Company's employee, which is proven true after | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| punishment for violation, rules of appeal, and the commitment to implement the policies and also review regularly to revise the policies? | | | investigation, such event will be handled in accordance with relevant laws, the Company's 'Working Rules" and "Incentive and Disciplinary Regulations". Where the employee objects to the accused violation and disciplinary decision, such employee may file a complaint according to the "Working Rules" and "Management Rules of Employee Complaints". | |
| 2. Implementing ethical corporate management<br>(1) Does the company evaluate business partners' ethical records and include ethics related clauses in business contracts? | V | | (1) Before entering into a business relationship with any third party, the Company will consider the legality and reputation of such third party to avoid dealing with the counterparty who has unethical records. The Company requires the trading partner to execute "Honest Transaction Agreement". The terms include: the conditions of the contract termination or repeal when the business breaches ethics related clauses during business activities, | No Discrepancy. |
| (2) Does the Company establish a dedicated unit supervised by the Board, to be in charge of corporate integrity, report its integrity policy and unethical conduct prevention solutions as well as supervision implementation status to the Board of Directors on a regular basis? | V | | (2) The Company has established an Ethical Corporate Management Promotion Team under the Board of Directors to strengthen the management of ethical corporate practices. The team is responsible for formulating and overseeing the implementation of policies on ethical corporate management, including anti-corruption and anti-bribery measures, and reports to the Board of Directors at least once annually. The team's work results in 2025 are as follows:<br>a. All Taiwanese employees, non-Taiwanese managers and above within the Group, as well as all office staff and store managers and above at Pou Sheng International (Holdings) Limited, the Company's Hong Kong-listed subsidiary, have signed the "Undertakings of Ethics and Integrity" and "Confidentiality Commitment". The completion rate is 100%.<br>b. Ongoing promotion of ethical business conduct: In 2025, a total of 8,491 participants took part in integrity awareness activities, amounting to approximately 3,796 hours of training. | No Discrepancy. |
| (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? | V | | (3) The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" and "Ethical Conduct Standards" have expressly provided the policies to prevent conflict of interests. In addition to proactive investigation, the Company also established diversity complaint channels on the internal and external websites to deal with possible violation of laws or moral standards, and the disciplinary action will be made according to the severity and specifics of the incident.<br>● The immediate supervisor of the employing unit.<br>● The Human Resources Department or Sustainable Development Department staff responsible for employee relations at each facility.<br>● Factory-level grievance mailboxes or hotlines, directly managed by the Human Resources or | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| | | | Sustainable Development Department.<br>● Written reports: Documents can be mailed or delivered to the Company's General Administration Department.<br>● Headquarters email: HQ@pouchen.com<br>● Employee grievance email: care4u@pouchen.com<br>● Employee grievance hotline: 04-24615678 #7230<br>● The Company's website: https://website.pouchen.com/integrityadmin/index.php/zh/ | |
| (4) Has the Company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Does the internal audit unit establish applicable audit plans based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions or engage a CPA to carry out the audit? | V | | (4) To realize ethical corporate management, the Company has established an effective accounting system and internal control system. The internal auditor regularly reviews the implementation status and prepares audit reports for submission to the Board of Directors. Internal auditors annually require all operating locations of the Company (including Taiwan, Mainland China, Vietnam, Indonesia, Cambodia, Myanmar, and Bangladesh) and their respective units to conduct self-assessments of the internal control system (contain ethics and integrity, as well as anti-corruption and anti-bribery measures). These assessments review the effectiveness of the design and implementation of relevant policies and procedures, the frequency and scope of education, training, and communication on the code of ethical conduct and integrity management, as well as performance evaluation and reward and disciplinary mechanisms. In addition, the audit function includes routine audits, investigations of complaints, consultations, or whistleblower reports. Special audits are conducted for situations involving higher risks of unethical conduct, and the results are reported to the Board of Directors. | No Discrepancy. |
| (5) Does the company regularly hold internal and external educational trainings on operational integrity? | V | | (5) To implement ethical corporate management policies, the Company's Legal Department conducts integrity education, communication, and training through all Taiwan-based employees as well as mid- to senior-level managers in overseas regions (G7 rank Assistant Manager level and above, including both local and expatriate staff). All participants are required to sign an "Integrity, Ethics, and Legal Compliance Undertaking" to reinforce and institutionalize the Group's principles and standards of ethical corporate management. | No Discrepancy. |
| 3. Operational status of the Company's complaint mechanism<br>(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible personnel to handle the complaint received? | V | | (1) The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" and "Ethical Conduct Standards" have expressly provided the policies to prevent conflict of interests. In addition to proactive investigation, the Company also established diversity complaint channels on the internal and external websites to deal with possible violation of laws or moral standards, and the disciplinary action will be made according to the severity and specifics of the incident. | No Discrepancy. |

| Evaluation Item | Implementation status | | | Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |
| (2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases? | V | | (2) The Company has established the "Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct" to govern reporting procedures, subsequent review and corrective actions, and related confidentiality mechanisms. Documentation of the receipt, investigation process, and investigation results of reported cases shall be prepared and properly retained. If a reported case is truly verified, the Company shall immediately require the reported party to cease the relevant conduct and impose appropriate disciplinary actions, and, where necessary, seek damages in accordance with legal procedures. The Company shall also instruct the relevant units to review internal control systems and operating procedures and propose corrective measures. The responsible unit shall further report the reported case, included handling, and subsequent review and corrective actions to the Board of Directors. | No Discrepancy. |
| (3) Does the Company provide proper whistleblower protection? | V | | (3) The Company will keep the complainant's identity confidential and take appropriate measures to protect the complainant from any improper treatment resulting from the report. The Company is committed to safeguarding the safety of whistleblowers; where the whistleblower is an employee, the Company shall ensure that he or she is not subject to any adverse or inappropriate action due to the reporting. All personnel handling reported cases are required to strictly maintain the confidentiality of the whistleblower's identity and the content of the report. Any violation of the foregoing requirements shall be subject to internal disciplinary actions commensurate with the severity of the offense. | No Discrepancy. |
| 4. Enhancing information disclosure<br>Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and the MOPS website? | V | | IV. The Company's "Ethical Corporate Management Best Practice Principles" and corporate governance-related information have been disclosed on the Company's website (https://www.pouchen.com). | No Discrepancy. |
| 5. If the Company has enacted its ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the operational status and discrepancy:<br>The Company has enacted and implemented the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Corporate Management and Conduct Guidelines", "Corporate Governance Best Practice Principles", "Code of Ethical Conduct", "Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct" and relevant management guidelines with no discrepancies identified to date.<br>6. Other important information to facilitate the understanding of the Company's implementation of ethical corporate management:<br>(1) As a preliminary condition to perform the ethical corporate management, the Company complies with the "Company Act", the "Securities and Exchange Act", the "Business Entity Accounting Act", the "Political Donations Act", the "Anti-Corruption Act", the "Government Procurement Act", the "Act on Recusal of Public Servants Due to Conflict of Interest", | | | | |

| Evaluation Item | Implementation status | | | Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons |
|---|---|---|---|---|
| | Yes | No | Summaries | |

relevant regulations governing TWSE listed companies or other related laws governing business acts.

(2) The Company's "Management Procedures for the Operation of Board of Directors' Meeting" has provided the conflict of interest system for directors. For the proposal proposed in the Board of Directors' meeting, the director with personal interest or the juristic-person shareholder's interest therein, which may harm the Company's interest, may state his/her opinions and reply to enquiries, shall not participate in the discussion and resolution, shall recuse himself/herself from the discussion and resolution, and shall not vote on behalf of other director as his/her proxy.

(3) The Company's "Procedures for Handling Material Inside Information" has expressly provided that its Directors, officers and employees shall not disclose the material inside information he/she knows to third parties, shall not make enquiries or collect undisclosed material inside information of the Company which is unrelated to his/her personal duties from the one who is informed of such material inside information, and shall not disclose to third parties the undisclosed material inside information he/she obtains other than during the course of performing his/her duties.

(4) Information on insider trading prevention issued by the competent authority is provided (in print or by email) to directors and managers within two months of their appointment and at least once a year. Employees are required to attend online courses on ethical awareness; these courses cover case studies of insider trading and introduce what are insider trading, and the legal responsibilities and disciplinary actions associated with insider training.

(5) In order to implement the Company's corporate governance unit's awareness and compliance with the prohibition of insider trading, the Company conducted insider trading prevention briefing for all directors and other insiders in January, April, July and October of 2025. In addition, since 2022, Article 10 of the "Corporate Governance Code of Practice" has been added and implemented: the Company's insiders are prohibited from trading the Company's stock from the day they become aware of the Company's financial reports or related performance, including (but not limited to) during the 30-day closed period before the announcement of annual financial report and 15-day closed period before the announcement of quarterly financial reports.

(6) In 2025, the Company did not have any material incidents involving violations of ethical corporate management principles, corporate social responsibility, internal control systems, or other non-compliance with corporate governance principles.

(7) The Company expanded awareness and online training on ethical management in 2025, the results are as follows:

| Item | Type of training | Content | Attendance |
|---|---|---|---|
| Group personnel training | Online and physical training | Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, Honest Transactions and Protection of Group Interests, Outsourcing Compliance Requirements, Prohibition of Insider Trading, Confidentiality Obligations | A total of 4,970 attendees |
| Group personnel training | Online training | Awareness on the Group code of conduct and core values | A total of 3,521 attendees |

I Other important information to facilitate the understanding of the Company's implementation of corporate governance:
The Company has established its Articles of Incorporation, Corporate Governance Best Practice Principles, Regulations Governing Procedure for Board of Directors Meetings, and organizational regulations for its functional committees, among other related regulations. It continues to strengthen its corporate governance practices and discloses the following information on the Company's website (https://www.pouchen.com/)

1. Profiles of individual board members and their responsibilities, and the board diversity policy and its implementation.
2. Information on board members and succession planning for the management team.
3. Composition of functional committees.
4. Corporate governance-related regulations.
5. Meeting notice, meeting handbook and supplementary information, annual report and meeting minutes.

J. Internal control system implementation status
The Company has disclosed the Statement of Internal Control System on the Market Observation Post System (MOPS) in 2026.3.12. For the main contents, please visit the MOPS website (https://mops.twse.com.tw), select "Individual Company", then navigate to "Internal Control Statement Announcement" under the "Corporate Governance" section. Enter the Company's stock code or name (9904 or Pou Chen) and specify the desired year for inquiry.

K. The Company is required to hire an accountant to audit the Company's internal control system and disclose the audit report made by accountants: N/A.

L. Important resolutions of shareholders meeting and board meeting in the most recent year and during the current fiscal year up to the Publication date of this Annual Report:

1. Material resolutions of 2025 annual general shareholders' meeting and the implementation status thereof:

| Date | The type of meeting | Material resolutions | Implementation status |
|---|---|---|---|
| 2025.05.29 | Annual general shareholders' meeting | Ratification:<br>(1) The 2024 Business Report, Financial Statements and profit distribution plan. | Distribute cash dividends at NT$1.7 per share.<br>The ex-dividend record date was July 10, 2025, and the cash dividends had been distributed on July 25, 2025. |
| | | Discussion:<br>(1) Discussion on the amendments to the Company's "Articles of Incorporation". | It has been disclosed on the Company's website, and the Company is now operating in accordance with the amended "Articles of Incorporation". |

2.Material resolutions passed at the Board of directors' meetings in 2025 and up to the publication date of this annual report:

| Date | Term | Material resolutions |
|---|---|---|
| 2025.01.16 | 19th meeting of the 24th Board of Directors | (1) Approved the retirement pension for the Company's officer.<br>(2) Approved the 2024 annual bonus for the officers of the Company. |
| 2025.03.12 | 20th meeting of the 24th Board of Directors | (1) Approved the amount of the Company's 2024 distribution for directors' remuneration and employees' compensation.<br>(2) Approved the Company's 2024 "Effectiveness Assessment of Internal Control System" and "Statement of Internal Control System".<br>(3) Approved the Company's 2024 Business and Financial Reports.<br>(4) Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions.<br>(5) Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.<br>(6) Approved the Company's "Director development plan" for 2025.<br>(7) Approved the Election of all Directors, including three independent Directors, of the Company.<br>(8) Approved and verified the list of 25th director's candidates.<br>(9) Approved the relevant matters regarding convening the Company's 2025 annual general shareholders' meeting. |

| Date | Term | Material resolutions |
|---|---|---|
| 2025.04.17 | 21st meeting of the 24th Board of Directors | (1) Approved the definition of the scope for the Company's entry-level employees.<br>(2) Approved the amendments to the Company's "Internal Control System."<br>(3) Approved the amendments to the Company's "Articles of Incorporation".<br>(4) Approved the Company's 2024 profit distribution plan.<br>(5) Approved the 2024 profit distribution of cash dividends.<br>(6) Approved to release the newly appointed Directors of the Company from non-competition restrictions.<br>(7) Approved to release the officers of the Company from non-competition restrictions.<br>(8) Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions.<br>(9) Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. |
| 2025.05.14 | 22nd meeting of the 24th Board of Directors | (1) Approved the proposal to appoint new officers.<br>(2) Approved the remuneration for the Company's new officers.<br>(3) Approved the Company's Financial Reports for the first quarter of 2025.<br>(4) Approved to release the officer of the Company from non-competition restrictions.<br>(5) Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions.<br>(6) Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. |
| 2025.05.29 | 1st meeting of the 25th Board of Directors | (1) Completed the Chairman election of the 25th Board of Directors.<br>(2) Approved the appointment of the 6th Remuneration Committee members.<br>(3) Approved to sign the contract with National Chengchi Univeristy about cooperation project and academic feedback mechanism. |
| 2025.06.30 | 2nd meeting of the 25th Board of Directors | (1) Approved the remuneration for the Company's Chairman Mr. Wu, Pan-Tsu.<br>(2) Approved to sign the remuneration contract with the Company's Chairman.<br>(3) Approved the remuneration for the 25th Independent Directors.<br>(4) Approved the transportation allowances for the 25th Directors.<br>(5) Approved the amount of the Company's 2024 distribution for directors' remuneration.<br>(6) Approved the retirement pension for the Company's officer.<br>(7) Approved to sign the advisory service contracts with the Company's Director.<br>(8) Approved the salary adjustment for the Company's officers. |
| 2025.08.13 | 3rd meeting of the 25th Board of Directors | (1) Approved the Company's 2024 Sustainability report.<br>(2) Approved the Company's Financial Reports for the second quarter of 2025.<br>(3) Approved to authorize a representative to sign the remuneration contract with the Company's Chairman.<br>(4) Approved to authorize a representative to sign the advisory service contracts with the Company's Director.<br>(5) Approved of the performance evaluations of the Company's directors and officers, and the policies, systems, standards, and structures regarding their remunerations.<br>(6) Approved the appointment of the 3rd Nomination Committee members.<br>(7) Approved the proposal to appoint new officers.<br>(8) Approved the remuneration for the Company's new officers.<br>(9) Approved the salary adjustment for the Company's officers.<br>(10) Approved matters pertaining to rewards for officers of the Company.<br>(11) Approved the 2024 employees' compensation for the Company's officers.<br>(12) Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions.<br>(13) Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. |

| Date | Term | Material resolutions |
|---|---|---|
| 2025.11.13 | 4th meeting of the 25th Board of Directors | (1) Approved the Company's Financial Reports for the third quarter of 2025.<br>(2) Approved to revise Company's 2024 Sustainability report.<br>(3) Approved the Company's selection criteria of Directors.<br>(4) Approved the independence assessment and appointment of the Company's CPA and approved the CPA's remuneration.<br>(5) Approved the 2025 salary adjustment for the Company's officers.<br>(6) Approved the change of the Company's internal auditor officer.<br>(7) Approved the change of the Company's corporate governance officer.<br>(8) Approved the proposal to appoint new officers.<br>(9) Approved the remuneration for the Company's new officers.<br>(10) Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions.<br>(11) Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.<br>(12) Release the officer of the Company from non-competition restrictions. |
| 2025.12.19 | 5th meeting of the 25th Board of Directors | (1) Approved the Company's 2026 Business Plan.<br>(2) Approved the amendments to the Company's "Internal Control System" and "Internal Audit Systems."<br>(3) Approved the Company's Internal Audit Plan for 2026.<br>(4) Approved the change of the Company's financial officer and acting spokesperson.<br>(5) Approved the retirement pension for the Company's officer.<br>(6) Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions.<br>(7) Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. |
| 2026.02.05 | 6th meeting of the 25th Board of Directors | (1) Approved the salary adjustment for the Company's officers.<br>(2) Approved the 2025 annual bonus for the officers of the Company.<br>(3) Approved the retirement pension adjustment for the Company's officer. |
| 2026.03.12 | 7th meeting of the 25th Board of Directors | (1) Approved the amount of the Company's 2025 distribution for directors' remuneration and employees' compensation.<br>(2) Approved the Company's 2025 "Effectiveness Assessment of Internal Control. System" and "Statement of Internal Control System".<br>(3) Approved the Company's 2025 Business and Financial Reports.<br>(4) Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions.<br>(5) Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.<br>(6) Approved the Company's "Director development plan".<br>(7) Approved the relevant matters regarding convening the Company's 2026 annual general shareholders' meeting. |
| 2026.04.15 | 8th meeting of the 25th Board of Directors | (1) Approved the Company's 2025 profit distribution plan.<br>(2) Approved the 2025 profit distribution of cash dividends.<br>(3) Approved the proposal to enact the Company's "Sustainable Development Committee Charter."<br>(4) Approved to appoint the members of the first Sustainable Development Committee.<br>(5) Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions.<br>(6) Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. |

M. In recent fiscal year and up to the Publication date of this Annual Report, major contents of the record or written statements made by any director dissenting to important resolutions adopted by the Board of Directors: N/A.

**2.4 Information Regarding the Company's Professional Fees for the Certified Public Accountant**

A. Information regarding the Company's professional fees for the Certified Public Accountant

(In NT$ thousands)

| Accounting firm | Name of the CPA | CPA's audit period | Audit fees | Non-Audit Fees | Sum | Note |
|---|---|---|---|---|---|---|
| Deloitte &Touche | Wu, Ker-Chang | Financial reports for the first, second, and third Quarters of 2025, as well as the annual financial report | 11,180 | 5,725 | 16,905 | |
| | Shyu, Wen-Yea | | | | | |

B. Please verify the contents of non-audit fees: Global minimum tax advisory service fees, IFRS Sustainability Disclosure Standards implementation project service fees, transfer pricing, master file service fees, and verification fees for the direct deduction method of business tax.

C. The facts of changing the CPA Firm and the CPA fee paid in the year of change decreased from the preceding year: N/A.

D. Decrease of CPA fee by more than 10% compared with that in the preceding year: N/A.

**2.5 Information Regarding the change of Certified Public Accountant**

A. Previous CPA

<table>
<tr><td>Date of change</td><td colspan="4">January 2026</td></tr>
<tr><td>Reasons for change and remark</td><td colspan="4">CPA Wu, Ker-Chang and CPA Shyu, Wen-Yea at Deloitte & Touche were changed to CPA Huang, Yi-Min and CPA Wu, Ker-Chang due to internal adjustments of the accounting firm.</td></tr>
<tr><td rowspan="3">Termination initiated by client or accountant declined to accept the appointment</td><td colspan="2">Parties / Scenario</td><td>CPAs</td><td>Client</td></tr>
<tr><td colspan="2">Termination initiated</td><td>V</td><td></td></tr>
<tr><td colspan="2">CPA declined to accept (continue) the appointment</td><td></td><td></td></tr>
<tr><td>Audit opinions other than unqualified opinions issued in the past two years and reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Opinions different from those of issuer</td><td rowspan="4">Yes</td><td>Accounting principle or practice</td><td colspan="2"></td></tr>
<tr><td>Disclosure of financial statements</td><td colspan="2"></td></tr>
<tr><td>Audit scope or steps</td><td colspan="2"></td></tr>
<tr><td>Others</td><td colspan="2"></td></tr>
<tr><td colspan="2">None</td><td colspan="2">V</td></tr>
<tr><td colspan="2">Explanation</td><td colspan="2"></td></tr>
<tr><td>Other disclosures<br>(Disclosures Specified in Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)</td><td colspan="4">None</td></tr>
</table>

B. Succeeding CPA

| | |
|---|---|
| Name of accounting firm | Deloitte & Touche |
| Name of accountant | CPA Huang, Yi-Min and CPA Wu, Ker-Chang |
| Date of appointment | Approved by the Board of Directors in November 2025. |
| Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results | N/A |
| Written opinions of succeeding CPA different from those of previous CPA | N/A |

C. Reply of previous CPA to matters provided in Items 1 & 2-3, Subparagraph 6, Article 10 of the Regulation Governing Information to be published in Annual Reports of Public Companies: N/A

**2.6 The Company's Chairman, Presidents, or any Officer in charge of Financial or Accounting Affairs has served with Its Certified Public Accountant Firm or Its Affiliated Enterprises for the most recent fiscal year:** N/A

**2.7 Transfer of Equity Interests and/or Pledge of or Changes in Equity Interests by Directors, Officers or Major Shareholders with a Stake of More than 10 Percent for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report**

Unit: shares

| Title | Name | Year 2025 | | Until April 15 of the year 2026 | |
|---|---|---|---|---|---|
| | | Increase/Decrease of the shareholding | Increase/Decrease of the shares under pledge | Increase/Decrease of the shareholding | Increase/Decrease of the shares under pledge |
| Chairman of the Board | Sheachang Enterprise Corporation | 0 | 0 | 0 | 0 |
| | Representative: Wu, Pan-Tsu | 0 | 0 | 0 | 0 |
| Director | Tsai, Pei-Chun | 0 | 0 | 0 | 0 |
| Director | Tzong Ming Investments Co., Limited | 0 | 0 | 0 | 0 |
| | Representative: Tsai, Min-Chieh | 0 | 0 | 0 | 0 |
| Director | Ever Green Investments Corporation | 0 | 0 | 0 | 0 |
| | Representative: Lu, Chin-Chu (President) | 0 | 0 | 0 | 0 |
| Director | Chuan Mou Investments Co., Limited | 0 | 0 | 0 | 0 |
| | Representative: Chan, Lu-Min (Note 1) | 0 | 0 | 0 | 0 |
| Director | Shun Tai Investments Co., Limited | 0 | 0 | 0 | 0 |
| | Representative: Ho, Yue-Ming (Vice President) | 0 | 0 | 0 | 0 |
| Independent Director | Hsu, Chu-Sheng | 0 | 0 | 0 | 0 |
| Independent Director | Chang, Shih-Chieh | 0 | 0 | 0 | 0 |
| Independent Director | Wu Wang, Pu-Yu (Note 2) | 0 | 0 | 0 | 0 |
| Independent Director | Chen, Huan-Chung (Note 3) | 0 | 0 | - | - |
| Vice President | Liu, Hong-Chih | 0 | 0 | 0 | 0 |
| Vice President | Hu, Chia-Ho | 0 | 0 | 0 | 0 |
| Vice President | Chiu, Hui-Yao | 0 | 0 | 0 | 0 |
| Vice President | Minston Chao (Note 4) | 0 | 0 | - | - |

| Title | Name | Year 2025 | | Until April 15 of the year 2026 | |
|---|---|---|---|---|---|
| | | Increase/Decrease of the shareholding | Increase/Decrease of the shares under pledge | Increase/Decrease of the shareholding | Increase/Decrease of the shares under pledge |
| Vice President | Shih, Chih-Hung | 0 | 0 | 0 | 0 |
| Vice President | Lee, Qin-Xue (Note 5) | 0 | 0 | - | - |
| Vice President | Chou, Wei-Te (Note 6) | 0 | 0 | 0 | 0 |
| Executive Senior Manager | Yen, Chia-Wen | 0 | 0 | 0 | 0 |
| Executive Senior Manager | Johnson Tong | 0 | 0 | 0 | 0 |
| Executive Senior Manager | Lin, Wang-Chyan | 0 | 0 | 0 | 0 |
| Executive Senior Manager | Chen, Chia Hung (Note 7) | 0 | 0 | - | - |
| Executive Senior Manager | Huang, Wen-Chih (Note 8) | 0 | 0 | 0 | 0 |
| Financial officer | Yeh, Wen-Chung (Note 9) | 0 | 0 | 0 | 0 |
| Financial officer | Chang, Yea-Fen (Note 10) | 0 | 0 | - | - |
| Accounting officer | Wu, Hui-Chi | 0 | 0 | 0 | 0 |
| Corporate governance officer | Shen, Yu-Mei (Note 8) | 0 | 0 | 0 | 0 |
| Corporate governance officer | Huang, Chao-Fen (Note 11) | 0 | 0 | - | - |

Note 1: Retired as president of the Administration Management Department on May 31, 2025.
Note 2: Newly elected as an independent director on May 29, 2025.
Note 3: Tenure expired on May 29, 2025.
Note 4: Resigned as an officer on February 28, 2026.
Note 5: Resigned as an officer on October 31, 2025.
Note 6: Appointed as an officer at the Board of Directors' meeting on May 14, 2025.
Note 7: Resigned as an officer on September 19, 2025.
Note 8: Appointed as an officer at the Board of Directors' meeting on November 13, 2025.
Note 9: Appointed as an officer at the Board of Directors' meeting on August 13, 2025.
Note 10: Resigned as an officer on December 31, 2025.
Note 11: Resigned as an officer on November 13, 2025.

**2.8 Relationship among the Top Ten Shareholders**

March 31, 2026 (Unit: Shares)

| Name | Shares held by him/her/itself | | Shares held by the spouse or underage children | | Shareholding by nominee arrangement | | Name and relationship between the Company's top ten shareholders, or spouses or relatives within the second degree of kinship | | Notes |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Ratio (%) | Number of shares | Ratio (%) | Number of shares | Ratio (%) | Name | Relations | |
| PC Holdings Limited | 213,270,710 | 7.24 | 0 | - | 0 | - | N/A | - | - |
| Chairman: Tsai, Min-Chieh | 3,471,485 | 0.12 | 0 | - | 0 | - | Huang, Shu-Man | Mother and daughter | - |
| Chuan Mou Investments Co., Limited | 163,425,022 | 5.55 | 0 | - | 0 | - | N/A. | - | - |
| Chairman: Lee, A-Chuan | 175,000 | 0.01 | 0 | - | 0 | - | N/A | - | - |
| HSBC Bank (Taiwan) Limited in custody for Denali SP Investment Account of Direct Market Access Fund SPC | 135,600,000 | 4.60 | 0 | - | 0 | - | N/A | - | - |
| Yuanta Taiwan Dividend Plus ETF | 115,702,177 | 3.93 | 0 | - | 0 | - | N/A | - | - |
| Taishin International Bank Trust Account by Huang, Shu-Man | 101,951,385 | 3.46 | 0 | - | 0 | - | N/A | - | - |
| Hua Nan Bank in custody for Yuanta Taiwan Value High Dividend ETF | 63,751,000 | 2.16 | 0 | - | 0 | - | N/A | - | - |
| Capital Securities Corporation in custody for Unicorn Securities Company Limited | 54,826,516 | 1.86 | 0 | - | 0 | - | N/A | - | - |
| Sales department of Standard Chartered Bank (Taiwan) Limited in custody for Furstentum Liechtenstein bank | 50,302,174 | 1.71 | 0 | - | 0 | - | N/A | - | - |
| Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Volatility ETF | 47,097,000 | 1.60 | 0 | - | 0 | - | N/A | - | - |
| Huang, Shu-Man | 42,827,420 | 1.45 | 0 | - | 0 | - | Tsai, Min-Chieh | Mother and daughter | - |

**2.9 The number of Shares and the Consolidated Shareholding Percentage of an Enterprise held by the Company, the Company's Directors and officers and the Enterprises Controlled by the Company directly or indirectly**

March 31, 2026 (Unit: Shares)

| Affiliated Company | Ownership by the Company | | Ownership by Directors, Officers or the enterprises controlled by the Company directly or indirectly | | Total Ownership | |
|---|---|---|---|---|---|---|
| | Number of shares | Ratio (%) | Number of shares | Ratio (%) | Number of shares | Ratio (%) |
| Wealthplus Holdings Limited | 9,222,000 | 100.00 | 0 | - | 9,222,000 | 100.00 |
| Win Fortune Investments Limited | 100,000 | 100.00 | 0 | - | 100,000 | 100.00 |
| Windsor Entertainment Co., Limited | 7,100,000 | 100.00 | 0 | - | 7,100,000 | 100.00 |
| Pou Shine Investments Co., Limited | 133,094,460 | 100.00 | 0 | - | 133,094,460 | 100.00 |
| Pan Asia Insurance Services Co., Limited | Note | 100.00 | Note | - | Note | 100.00 |
| Barits Development Corporation | 388,316,812 | 99.49 | 498,948 | 0.13 | 388,815,760 | 99.62 |
| Pou Yuen Technology Co., Limited | 30,456,252 | 97.82 | 619,220 | 1.99 | 31,075,472 | 99.81 |
| Pro Arch International Development Enterprise Inc. | 20,000,000 | 100.00 | 0 | - | 20,000,000 | 100.00 |
| Pou Yii Development Co., Limited | 8,973,810 | 15.00 | 44,869,050 | 75.00 | 53,842,860 | 90.00 |
| Wang Yi Construction Co., Limited | 195,375 | 7.82 | 2,243,750 | 89.75 | 2,439,125 | 97.57 |
| Ruen Chen Investment Holding Co., Limited | 7,288,500,000 | 20.00 | 0 | - | 7,288,500,000 | 20.00 |
| Nan Shan Life Insurance Co., Ltd. | 10,634 | - | 27,259,435 | 0.19 | 27,270,069 | 0.19 |

Note: the company is a limited company.

# III. CAPITAL OVERVIEW

## 3.1 Capital and Shares

A. Share Capital

1. Sources of Share Capital

Unit: NT$/Shares

| Year/ Month | Issued Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital injection by assets other than cash | Other |
| 1992.05 | 10 | 150,000,000 | 1,500,000,000 | 133,116,000 | 1,331,160,000 | — | — | — |
| 1993.12 | 10 | 185,000,000 | 1,850,000,000 | 159,975,200 | 1,599,752,000 | Note 1 | — | — |
| 1994.08 | 10 | 185,000,000 | 1,850,000,000 | 183,971,480 | 1,839,714,800 | Note 2 | — | — |
| 1995.06 | 10 | 378,000,000 | 3,780,000,000 | 220,765,776 | 2,207,657,760 | Note 3 | — | — |
| 1996.09 | 10 | 378,000,000 | 3,780,000,000 | 264,918,931 | 2,649,189,310 | Note 4 | — | — |
| 1997.06 | 10 | 496,500,000 (including convertible corporate bonds of 50 million shares) | 4,965,000,000 (including convertible corporate bonds of NT$ 500 million) | 357,640,556 | 3,576,405,560 | Note 5 | — | — |
| 1998.02 | 10 | 496,500,000 (including convertible corporate bonds of 50 million shares) | 4,965,000,000 (including convertible corporate bonds of NT$ 500 million) | 378,972,570 | 3,789,725,700 | Note 6 | — | — |
| 1998.05 | 10 | 1,133,500,000 (including convertible corporate bonds of 200 million shares) | 11,335,000,000 (including convertible corporate bonds of NT$2 billion) | 568,458,855 | 5,684,588,550 | Note 7 | — | — |
| 1998.06 | 80 | 1,133,500,000 (including convertible corporate bonds of 200 million shares) | 11,335,000,000 (including convertible corporate bonds of NT$2 billion) | 607,930,915 | 6,079,309,150 | Note 8 | — | — |
| 1999.07 | 10 | 1,133,500,000 (including convertible corporate bonds of 200 million shares) | 11,335,000,000 (including convertible corporate bonds of NT$2 billion) | 851,103,280 | 8,511,032,800 | Note 9 | — | — |
| 2000.01 | conversion price 67.05 | 1,133,500,000 (including convertible corporate bonds of 200 million shares) | 11,335,000,000 (including convertible corporate bonds of NT$2 billion) | 856,421,995 | 8,564,219,950 | Note 10 | — | — |
| 2000.05 | conversion price 67.05 | 1,133,500,000 (including convertible corporate bonds of 200 million shares) | 11,335,000,000 (including convertible corporate bonds of NT$2 billion) | 875,762,784 | 8,757,627,840 | Note 11 | — | — |
| 2000.07 | 10 | 2,303,500,000 (including convertible corporate bonds of 200 million shares) | 23,035,000,000 (including convertible corporate bonds of NT$2 billion) | 1,229,174,619 | 12,291,746,190 | Note 12 | — | — |
| 2001.07 | 10 | 2,303,500,000 (including convertible corporate bonds of 200 million shares) | 23,035,000,000 (including convertible corporate bonds of NT$2 billion) | 1,352,092,080 | 13,520,920,800 | Note 13 | — | — |
| 2002.07 | 10 | 2,303,500,000 (including convertible corporate bonds of 200 million shares, employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 23,035,000,000 (including convertible corporate bonds of NT$2 billion, employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$2.5 billion) | 1,632,582,229 | 16,325,822,290 | Note 14 | — | — |

| Year/ Month | Issued Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital injection by assets other than cash | Other |
| 2003.07 | 10 | 3,028,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 30,280,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 1,884,799,453 | 18,847,994,530 | Note 15 | — | — |
| 2004.07 | 10 | 3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,089,733,386 | 20,897,333,860 | Note 16 | — | — |
| 2004.10 | 10 | 3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,093,362,386 | 20,933,623,860 | Note 17 | — | — |
| 2005.01 | 10 | 3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,093,673,386 | 20,936,733,860 | Note 18 | — | — |
| 2005.04 | 10 | 3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,094,816,386 | 20,948,163,860 | Note 19 | — | — |
| 2005.07 | 10 | 3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,095,583,386 | 20,955,833,860 | Note 20 | — | — |
| 2005.07 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,304,788,816 | 23,047,888,160 | Note 21 | — | — |

| Year/ Month | Issued Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital injection by assets other than cash | Other |
| 2005.10 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,305,430,816 | 23,054,308,160 | Note 22 | – | – |
| 2006.02 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,305,792,816 | 23,057,928,160 | Note 23 | – | – |
| 2006.04 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share option or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,307,207,816 | 23,072,078,160 | Note 24 | – | – |
| 2006.07 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,307,985,816 | 23,079,858,160 | Note 25 | – | – |
| 2006.09 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,435,012,336 | 24,350,123,360 | Note 26 | – | – |
| 2006.10 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,438,056,336 | 24,380,563,360 | Note 27 | – | – |
| 2007.01 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,442,685,746 | 24,426,857,460 | Note 28 | – | – |

| Year/ Month | Issued Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital injection by assets other than cash | Other |
| 2007.05 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,445,245,915 | 24,452,459,150 | Note 29 | — | — |
| 2007.07 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,447,329,695 | 24,473,296,950 | Note 30 | — | — |
| 2007.08 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,511,101,130 | 25,111,011,300 | Note 31 | — | — |
| 2007.10 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,511,559,987 | 25,115,599,870 | Note 32 | — | — |
| 2008.01 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,511,853,987 | 25,118,539,870 | Note 33 | — | — |
| 2008.04 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,513,606,987 | 25,136,069,870 | Note 34 | — | — |
| 2008.07 | 10 | 3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares) | 38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion) | 2,514,528,987 | 25,145,289,870 | Note 35 | — | — |

| Year/ Month | Issued Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital injection by assets other than cash | Other |
| 2008.08 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,788,960,495 | 27,889,604,950 | Note 36 | — | — |
| 2008.10 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,789,925,495 | 27,899,254,950 | Note 37 | — | — |
| 2009.01 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,740,005,495 | 27,400,054,950 | Note 38 | — | — |
| 2009.04 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,712,567,495 | 27,125,674,950 | Note 39 | — | — |
| 2009.05 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,705,567,495 | 27,055,674,950 | Note 40 | — | — |
| 2009.08 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,842,785,728 | 28,427,857,280 | Note 41 | — | — |
| 2010.01 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,843,084,728 | 28,430,847,280 | Note 42 | — | — |

| Year/ Month | Issued Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital injection by assets other than cash | Other |
| 2010.04 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,843,109,728 | 28,431,097,280 | Note 43 | – | – |
| 2010.08 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,899,105,922 | 28,991,059,220 | Note 44 | – | – |
| 2010.10 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,899,755,922 | 28,997,559,220 | Note 45 | – | – |
| 2011.04 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,900,061,922 | 29,000,619,220 | Note 46 | – | – |
| 2011.07 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,900,435,922 | 29,004,359,220 | Note 47 | – | – |
| 2011.10 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,908,638,922 | 29,086,389,220 | Note 48 | – | – |
| 2012.01 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,924,146,922 | 29,241,469,220 | Note 49 | – | – |

| Year/ Month | Issued Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital injection by assets other than cash | Other |
| 2012.05 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,940,283,922 | 29,402,839,220 | Note 50 | — | — |
| 2012.07 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,941,665,922 | 29,416,659,220 | Note 51 | — | — |
| 2012.10 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,943,184,922 | 29,431,849,220 | Note 52 | — | — |
| 2013.04 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,943,780,104 | 29,437,801,040 | Note 53 | — | — |
| 2013.07 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,944,137,213 | 29,441,372,130 | Note 54 | — | — |
| 2015.10 | 10 | 4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares) | 45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$ 3 billion) | 2,946,787,213 | 29,467,872,130 | Note 55 | — | — |

Note 1: Approval for capital increase in the amount of NT$ 268,592,000 based on earnings (including employee bonus NT$2,360,000): The 03 August 1993 Taiwan-Finance-Securities Letter, No. 29888.

Note 2: Approval for capital increase in the amount of NT$ 239,962,800 based on earnings: The 29 August 1994 Taiwan-Finance-Securities Letter, No. 32085.

Note 3: Approval for capital increase in the amount of NT$ 367,942,960 based on earnings: The 29 June 1995 Taiwan-Finance-Securities Letter, No. 37682.

Note 4: Approval for capital increase in the amount of NT$ 441,531,550 based on earnings: The 17 September 1996

Taiwan-Finance-Securities Letter, No. 56736.

Note 5: Approval for capital increase in the amount of NT$ 927,216,250 based on earnings: The 24 May 1997 Taiwan-Finance-Securities Letter, No. 41551.

Note 6: Approval for capital increase in the amount of NT$ 213,320,140 based on earnings: The 25 November 1997 Taiwan-Finance-Securities Letter, No. 81051.

Note 7: Approval for capital increase in the amount of NT$ 1,894,862,850 based on earnings: 07 May 1998 Taiwan-Finance-Securities Letter, No. 38354.

Note 8: Approval for capital increase in the amount of NT$ 394,720,600 based on earnings: 02 June 1998 Taiwan-Finance-Securities Letter, No. 37461.

Note 9: Approval for capital increase in the amount of NT$ 1,823,792,740 based on earnings: The 05 July 1999 Taiwan-Finance-Securities Letter, No. 61108.；capital increase in the amount of NT$ 607,930,910 based on capital reserve.

Note 10: Approval for the issuance of 5,318,715 (NT$ 53,187,150) new shares based on convertible corporate bonds: The 19 January 2000 Economics-Business Letter, No. 08910076.

Note 11: Approval for the issuance of 19,340,789 (NT$ 193,407,890) new shares based on convertible corporate bonds: The 12 May 2000 Economics-Business Letter, No. 089114934.

Note 12: Approval for capital increase in the amount of NT$ 2,658,355,570 (including employee bonus NT$ 31,067,220) based on earnings: The 15 July 2000 Taiwan-Finance-Securities Letter, No. 60739；capital increase in the amount of NT$ 875,762,780 based on capital reserve.

Note 13: Approval for capital increase in the amount of NT$ 1,229,174,610 based on capital reserve: The 20 July 2001 Taiwan-Finance-Securities Letter, No. 147283.

Note 14: Approval for capital increase in the amount of NT$ 1,452,809,410 (including employee bonus NT$ 100,717,330) based on earnings: The 05 July 2002 Taiwan-Finance-Securities Letter, No. 910137022；capital increase in the amount of NT$1,352,092,080 based on capital reserve.

Note 15: Approval for capital increase in the amount of NT$ 2,522,172,240 (including employee bonus NT$ 73,298,900) based on earnings: The 04 July 2003 Taiwan-Finance-Securities Letter, No. 0920129891.

Note 16: Approval for capital increase in the amount of NT$ 2,049,339,330 (including employee bonus NT$ 164,539,880) based on earnings: The 22 July 2004 Financial-Supervisory-Securities Letter, No. 0930132871.

Note 17: Approval for issuance of 3,629,000 (NT$ 36,290,000) new shares based on employee share options: The 20 October 2004 Economic-Authorized-Business Letter, No. 0930119770.

Note 18: Approval for issuance of 311,000 (NT$ 3,110,000) new shares based on employee share options: The 24 January 2005 Economic-Authorized-Business Letter, No. 09401010910.

Note 19: Approval for issuance of 1,143,000 (NT$ 11,430,000) new shares based on employee share options: The 19 April 2005 Economic-Authorized-Business Letter, No. 09401066360.

Note 20: Approval for issuance of 767,000 (NT$7,670,000) new shares based on employee share options: The 21 July 2005 Economic-Authorized-Business Letter, No. 09401138550.

Note 21: Approval for capital increase in the amount of NT$ 2,092,054,300 (including employee bonus NT$ 42,396,910) based on earnings: The 22 July 2005 Financial-Supervisory-Securities Letter, No. 0940129791.

Note 22: Approval for issuance of 642,000 (NT$ 6,420,000) new shares based on employee share options: The 28 October 2005 Economic-Authorized-Business Letter, No. 09401216290.

Note 23: Approval for issuance of 362,000 (NT$ 3,620,000) news shares based on employee share options: The 8 February 2006 Economic-Authorized-Business Letter, No. 09501022210.

Note 24: Approval for issuance of 1,415,000 (NT$ 14,150,000) new shares based on employee share options: The 21 April 2006 Economic-Authorized-Business Letter, No. 09501071090.

Note 25: Approval for issuance of 778,000 (NT$ 7,780,000) new shares based on employee share options: The 24 July 2006 Economic-Authorized-Business Letter, No. 09501156300.

Note 26: Approval for capital increase in the amount of NT$ 1,270,265,200 based on earnings: The 21 September 2006 Economic-Authorized-Business Letter, No. 09501211980.

Note 27: Approval for issuance of 3,044,000 (NT$ 30,440,000) new shares based on employee share options: The 20 October 2006 Economic-Authorized-Business Letter, No. 09501237370.

Note 28: Approval for issuance of 2,441,000 (NT$ 24,410,000) new shares based on employee share options and issuance of 2,188,410 (NT$ 21,884,100) new shares based on convertible corporate bonds: The 23 January 2007 Economic-Authorized-Business Letter, No. 09601017360.

Note 29: Approval for issuance of 2,087,000 (NT$ 20,870,000) new shares based on employee share options and issuance of 473,169 (NT$ 4,731,690) new shares based on convertible corporate bonds: The 10 May 2007 Economic-Authorized-Business Letter, No. 09601101980.

Note 30: Approval for issuance of 1,930,000 (NT$ 19,300,000) new shares based on employee share options and issuance of 153,780 (NT$ 1,537,800) new shares based on convertible corporate bonds: The 25 July 2007 Economic-Authorized-Business Letter, No. 09601173570.

Note 31: Approval for capital increase in the amount of NT$ 637,714,350 (including employee bonus NT$151,505,170) based on earnings: The 06 August 2007 Economic-Authorized-Business Letter, No. 09601187590.

Note 32: Approval for issuance of 273,000 (NT$ 2,730,000) new shares based on employee share options and issuance of

185,857 (NT$ 1,858,570) new shares based on convertible corporate bonds: The 19 October 2007 Economic-Authorized-Business Letter, No. 09601257130.

Note 33: Approval for issuance of 294,000 (NT$ 2,940,000) new shares based on employee share options: The 17 January 2008 Economic-Authorized-Business Letter, No. 09701012630.

Note 34: Approval for issuance of 1,753,000 (NT$ 17,530,000) new shares based on employee share options: The 17 April 2008 Economic-Authorized-Business Letter, No. 09701092370.

Note 35: Approval for issuance of 922,000 (NT$ 9,220,000) new shares based on employee share options: The 31 July 2008 Economic-Authorized-Business Letter, No. 09701187370.

Note 36: Approval for capital increase in the amount of NT$2,744,315,080 (including employee bonus NT$273,216,100) based on earnings: The 21 August 2008 Economic-Authorized-Business Letter, No. 09701210880.

Note 37: Approval for issuance of 965,000 (NT$ 9,650,000) new shares based on employee share options: The 23 October 2008 Economic-Authorized-Business Letter, No. 09701265620.

Note 38: Approval for issuance of 80,000 (NT$ 800,000) new shares based on employee share options and cancellation of 50,000,000 (NT$ 500,000,000) treasury shares: The 16 January 2009 Economic-Authorized-Business Letter, No. 09801011170.

Note 39: Approval for issuance of 62,000 (NT$ 620,000) new shares based on employee share options and cancellation of 27,500,000 (NT$ 275,000,000) treasury shares: The 14 April 2009 Economic-Authorized-Business Letter, No. 09801074100.

Note 40: Approval for cancellation of 7,000,000 (NT$ 70,000,000) treasury shares: The 19 May 2009 Economic-Authorized-Business Letter, No. 0981098500.

Note 41: Approval for capital increase by the issuance of 137,218,233 (NT$ 1,372,182,330) new shares based on undistributed earnings and employee bonus: The 19 August 2009 Economic-Authorized-Business Letter, No. 09801187410.

Note 42: Approval for capital increase by the issuance of 299,000 (NT$ 2,990,000) new shares based on employee bonus: The 22 January 2010 Economic-Authorized-Business Letter, No. 09901012630.

Note 43: Approval for issuance of 25,000 (NT$ 250,000) new shares based on employee share options: The 20 April 2010 Economic-Authorized-Business Letter, No. 09901078520.

Note 44: Approval for capital increase by the issuance of 55,996,194 (NT$ 559,961,940) new shares based on undistributed earnings: The 11 August 2010 Economic-Authorized-Business Letter, No. 09901177910.

Note 45: Approval for issuance of 650,000 (NT$ 6,500,000) new shares based on employee share options: The 21 October 2010 Economic-Authorized-Business Letter, No. 09901237790.

Note 46: Approval for issuance of 306,000 (NT$ 3,060,000) new shares based on employee share options: The 18 April 2011 Economic-Authorized-Business Letter, No. 10001075180.

Note 47: Approval for issuance of 374,000 (NT$ 3,740,000) new shares based on employee share options: The 15 July 2011 Economic-Authorized-Business Letter, No. 1000116580.

Note 48: Approval for issuance of 8,203,000 (NT$82,030,000) new shares based on employee share options: The 26 October 2011 Economic-Authorized-Business Letter, No. 10001246280.

Note 49: Approval for issuance of 15,508,000 (NT$ 155,080,000) new shares based on employee share options: The 18 January 2012 Economic-Authorized-Business Letter, No. 10101011620.

Note 50: Approval for issuance of 16,137,000 (NT$ 161,370,000) new shares based on employee share options: The 01 May 2012 Economic-Authorized-Business Letter, No. 10101077780.

Note 51: Approval for issuance of 1,382,000 (NT$ 13,820,000) new shares based on employee share options: The 17 July 2012 Economic-Authorized-Business Letter, No. 10101145420.

Note 52: Approval for issuance of 1,519,000 (NT$ 15,190,000) new shares based on employee share options: The 26 October 2012 Economic-Authorized-Business Letter, No. 10101214180.

Note 53: Approval for issuance of 595,182 (NT$5,951,820) new shares based on employee share options: The 22 April 2013 Economic-Authorized-Business Letter, No. 10201074260.

Note 54: Approval for issuance of 357,109 (NT$3,571,090) new shares based on employee share options: The 29 July 2013 Economic-Authorized-Business Letter, No. 10201144050.

Note 55: Approval for issuance of 2,650,000 (NT$26,500,000) new shares based on employee share options: The 21 October 2015 Economic-Authorized-Business Letter, No. 10401221220.

2.Type of Shares:

March 31, 2026; Unit: shares

| Type of shares | Authorized Capital | | | Notes |
|---|---|---|---|---|
| | Issued and outstanding shares | Unissued shares | Total | |
| Common shares | 2,946,787,213 | 1,553,212,787 | 4,500,000,000 | TWSE listed shares |

3. Information for Shelf Registration: N/A.

B. List of major shareholders

March 31, 2026

| Shares / Name of major shareholders | Number of shares held (shares) | Ratio (%) |
|---|---|---|
| PC Holdings Limited | 213,270,710 | 7.24 |
| Chuan Mou Investments Co., Limited | 163,425,022 | 5.55 |
| HSBC Bank (Taiwan) Limited in custody for Denali SP Investment Account of Direct Market Access Fund SPC | 135,600,000 | 4.60 |
| Yuanta Taiwan Dividend Plus ETF | 115,702,177 | 3.93 |
| Taishin International Bank Trust Account by Huang, Shu-Man | 101,951,385 | 3.46 |
| Hua Nan Bank in custody for Yuanta Taiwan Value High Dividend ETF | 63,751,000 | 2.16 |
| Capital Securities Corporation in custody for Unicorn Securities Company Limited | 54,826,516 | 1.86 |
| Sales department of Standard Chartered Bank (Taiwan) Limited in custody for Furstentum Liechtenstein bank | 50,302,174 | 1.71 |
| Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Volatility ETF | 47,097,000 | 1.60 |
| Huang, Shu-Man | 42,827,420 | 1.45 |

C. The Company's dividend policy and implementation

1. Dividend policy:

Profits may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The ratio of distribution shall be not less than 30% of the net income for each fiscal year, and a portion for cash dividend shall be not less than 30% of total distribution. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profits.

2. Distribution of dividends to be resolved at the Board of Directors' meeting:

The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision at the shareholders' meeting in accordance with Article 23-1 of the Company's "Articles of Incorporation".

The board of directors has resolved to distribute 2025 earnings in cash dividends of NT$1.3 per share on April 15, 2026, and reported to the shareholders meeting on May 29, 2026.

D. The impact of the issuance of bonus shares proposed in the present shareholders' meeting upon the Company's business performance and earnings per share (EPS):

The Company has no plan for the free allotment of shares for this fiscal year. This item does not apply.

E. Employees' compensation, and Directors' remuneration

1. The percentage or scope of Employees' compensation, and Directors' remuneration as set forth under the Articles of Incorporation:

   The Company shall appropriate 1% to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation, and Directors' remuneration) for employees' compensation, of which no less than 10% of actual appropriate amount shall be allocated for the distribution to entry-level employees, and may appropriate no higher than 3% of the same profit as Directors' remuneration. Such Employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions.

2. The basis of estimated Employees' compensation, and Directors' remuneration in this fiscal period, the calculation basis of the compensation for employees in the form of stock, and the accounting policy of addressing any discrepancy between the amount of actual allocation and the estimated amount:

   The amount of Employees' compensation and Directors' remuneration is estimated based on past experiences and amount to be distributed will be estimated and recognized as expenses in current financial report. In the event of significant change to the distributed amount (i.e., the change of the amount reaches the threshold to restate a financial report under Article 6 of the "Securities and Exchange Act Enforcement Rules", which is the amount exceeding NT$10,000,000 and reaching 1% of the net operating revenue) determined by the board of Directors after issuance of such financial report, the expenses recognized for that year (the year when the employee compensation is recognized as expenses) shall be adjusted accordingly. If the change does not meet the threshold of significant change, such change may be addressed as changes in accounting estimates, and be recognized in the following year. If the amount is also changed in the following year, such change shall be addressed as changes in accounting estimates on the date of the board of Directors' meeting, and be recognized in the following year.

3.Information of distribution of remuneration adopted by the board of Directors' meeting:

(1) The Company's board of Directors has resolved on March 12, 2026 to distribute the profit in 2025 (the profit refers to the amount of pre-tax profit before distribution of Employees' compensation, and Directors' remuneration) as employees' compensation and directors' remuneration; the addressing of the discrepancy between the resolved amount and the estimated amount recognized as expenses as follows:

(in NT$ thousands)

| | Employees' compensation | Remuneration for Directors | Status of addressing the discrepancy |
|---|---|---|---|
| Estimated amount in the year the remuneration is recognized as expenses (A) | 223,767 | 111,883 | No discrepancy |
| Amount resolved at the Board of Directors' Meeting (B) | 223,767 | 111,883 | |
| Discrepancy (B)-(A) | 0 | 0 | |

(2) The amount of Employees' compensation distributed in the form of shares and its percentage among the aggregate amount of after-tax net income in the separated financial report and the amount of Employees' compensation:

The Company's board of Directors has resolved on March 12, 2026 to distribute the 2025 employees' compensation and directors' remuneration by cash, therefore not applicable.

4. The remuneration actually distributed to employees and directors in the preceding year (including number, amount and price of shares distributed); if there is discrepancy between the distributed remuneration and the remuneration proposed to be distributed, the amount and reason of the discrepancy and the status of addressing such discrepancy:

The Company's distribution of remuneration to the employees and directors with the profit in 2024 (the profit refers to the amount of pre-tax profit before distribution of Employees' compensation, and Directors' remuneration), and addressing of the discrepancy between the actually distributed amount and the estimated amount recognized as expenses as follows:

(in NT$ thousands)

| | Employees' compensation | Remuneration for Directors | Status of addressing the discrepancy |
|---|---|---|---|
| Estimated amount in the year the remuneration is recognized as expenses (A) | 285,984 | 142,992 | No discrepancy |
| Amount actually distributed (B) | 285,984 | 142,992 | |
| Discrepancy (B)-(A) | 0 | 0 | |

F. Shares repurchased by the Company: N/A.

**3.2 Issuance of Corporate Bonds:** N/A.

**3.3 Issuance of Preferred Shares:** N/A.

**3.4 Issuance of Overseas Depository Receipts:** N/A.

**3.5 Issuance of Employee Share Options:** N/A.

**3.6 Issuance of New Restricted Employee Shares:** N/A.

**3.7 Status of New Share Issuance in Connection with Mergers and Acquisitions:** N/A.

**3.8 Implementation of Capital Utilization Plan:** Up to the previous quarter of publication date of this annual report, the Company has not had any incomplete public offerings or private placements of securities, so there has no pending capital utilization plan or completed capital utilization plan whose benefit has not yet materialized.

# IV. OPERATIONAL HIGHLIGHTS

## 4.1 Business Activities

A. Scope of Business

1. Main Business

(1) Manufacturing of shoes business

The Company is an original equipment manufacturer (OEM) and original design manufacturer (ODM) of footwear products, serving international brands such as Nike, adidas, Asics, New Balance, and Salomon. The Company primarily focuses on athletic shoes and also engages in the manufacturing of footwear components.

(2) Retail of sporting goods and wholesale business

The Company operates retail of sporting goods and wholesale business across the Greater China region. With an independent and comprehensive sales network spanning online and offline channels,, the Company acts as an authorized distributor and retailer for multiple well-known sports and leisure brands, offering footwear, apparel, and accessories through diversified sales channels.

(3) Other business

The Company is also engaged in real estate development and the operation of tourist hotel to maximize corporate value.

2. Revenue by Business

(In NT$ thousands)

| Year / Primary business | 2025 | | 2024 | |
|---|---|---|---|---|
| | Revenue | Ratio | Revenue | Ratio |
| Manufacturing of shoes | 175,917,312 | 70% | 180,733,596 | 69% |
| Retail of sporting goods and wholesale | 74,585,958 | 30% | 82,157,958 | 31% |
| Others | 896,939 | - | 926,273 | - |
| Total | 251,400,209 | 100% | 263,817,827 | 100% |

3. Current Products and Services

The Company's current products include athletic shoes, outdoor shoes, casual shoes, sports sandals, and footwear components. The Company is also involved in retail of sporting goods and wholesale business, brand licensing, real estate development, and hotel operation.

4. New Product and Service for Development

The Company will continue investing in the development of advanced manufacturing processes, innovative materials and technologies, and promote the adoption and application of digital systems. At the same time, we will deepen our partnerships with our brand customers, and work together to jointly develop innovative high-quality footwear products that align with sustainability trends and meet diverse market demand. The Company will also enhance the speed and flexibility of its manufacturing processes to provide more value-added services to brand customers. The following are our future research and development directions:

(1) Improve equipment modularization and interface standardization, and develop automated equipment and manufacturing processes, allowing us to provide our brand customers with integrated manufacturing solutions tailored for their diverse requirements.

(2) Continue engaging in industry-academia collaborations, advancing 3D printing technologies and innovative designs capabilities. These efforts will be integrated with new innovative technologies such as simulated design analysis in order to better address the customized needs of each brand customer.

(3) Continue to actively collect, analyze, and manage data through digitalized manufacturing processes, progressing towards smart manufacturing.

(4) Develop innovative applications of smart and artificial intelligence technologies to enhance efficiency across the shoe manufacturing process.

(5) In line with global sustainability and environmental protection trends, we will expand the application of green technologies and the development of fully recyclable materials, and continue to make our production process greener by improving product recyclability and optimizing energy use, environmental monitoring, and carbon emissions management systems. We will also accelerate the adoption of these initiatives across our plants, reducing our overall carbon footprint and moving towards net zero carbon emissions.

(6) Continue to develop and adopt equipment with high safety standards, creating a workplace environment which prioritizes worker health and safety.

B. Industry Overview

1. Current Status and Developments of the Industry:

(1) Global Footwear Market

From a manufacturing perspective, the development of the footwear industry is driven by multiple factors, including labor supply, land resources, industrial clusters, natural capital, and market demand. As the business environment evolves, the global center of footwear production has shifted from its early roots in Europe toward Asia. Based on data from the World Footwear Yearbook 2025, approximately 23.9 billion pairs of footwear were produced globally in 2024, representing a 6.9% increase compared to the previous year. Among all regions, Asia recorded the most significant growth, with an annual increase of 8%, raising its share of global production to 88%. At the country level, mainland China continued to lead with a market share of 54.3%, while India and Vietnam ranked second and third, accounting for 12.5% and 6.5% of global production, respectively. Asia also dominated the industry as a consumer market, with its share of global footwear consumption rising to 55.5% and still showing strong growth potential. A closer look at individual markets reveals that mainland China remained the largest footwear consumer, holding an 18.6% share, supported by its large population and expanding middle class. India followed with a 13.3% share, benefiting from demographic dividends, while the United States ranked third at 9.8%, reflecting its relatively high per capita consumption level.

(2) Global Athletic Footwear Market

Statistical data from Sporting Goods Intelligence indicates that the global branded athletic footwear market continued to expand in 2024, surpassing US$100 billion, although its growth momentum has gradually moderated. The market remains highly concentrated, with the top five brands accounting for more than two-thirds of total market share. Compared to smaller brands, leading companies continue to demonstrate more stable long-term performance, underscoring the critical role of brand equity in shaping consumer behavior. In response, major brands are actively enhancing their brand value through precise marketing strategies and optimized resource allocation, strengthening consumer identification with the brand and loyalty, and thereby stimulating purchasing intent. On the production side, most brands adopt a specialized division-of-labor model, outsourcing manufacturing to professional footwear producers. At present, global athletic footwear production is primarily concentrated in Southeast Asian countries such as Vietnam and Indonesia. Taiwan was a key global hub for footwear manufacturing but has transformed alongside the industry's offshore shift. It now serves as a center for raw material management and procurement supporting overseas production, while also functioning as a development hub that integrates R&D resources and drives innovation and industrial upgrading. In addition, Taiwan has evolved into an integrated platform providing comprehensive solutions across the entire footwear industry value chain.

(3) Mainland China's Sporting Goods Market

The Company's retail of sporting goods and wholesale business are primarily based in mainland China. With rising living standards, increasing health awareness, and continued policy support, the sports industry in mainland China has maintained a high single-digit compound annual growth rate (CAGR) over the past five years, highlighting its role as an key driver of economic growth. According to statistical data jointly released by the National Bureau of Statistics of China and the General Administration of Sport of China, the total scale (total output) of the sports industry reached RMB 3.8 trillion in 2024, while value added amounted to RMB 1.6 trillion, accounting for 1.19% of Gross

Domestic Product (GDP), an increase of 0.04 percentage points from the previous year. In terms of industry structure, the sports services sector accounted for 72.0% of total value added, a decrease of 0.7 percentage points from the previous year. Nevertheless, as it encompasses sporting goods retail, education and training, and fitness and leisure activities, it continues to serve as the core pillar of the industry due to its broad market base and high level of public participation. The manufacturing of sporting goods and related products accounted for 26.5% of total value added, an increase of 0.8 percentage points year-on-year, mainly benefiting from recovering market demand. Meanwhile, the construction of sports venues and facilities accounted for 1.5%, a slight decrease of 0.1 percentage points compared to the previous year.

2. Relevance of upstream, midstream and downstream segments of the industry supply chain

(1) Manufacturing of shoes business

Upstream: Textile/Leather/Plastics/Petroleum/Rubber

Midstream: Footwear Manufacturers

Downstream: Brand Companies

The footwear industry's upstream, midstream, and downstream sectors typically operate independently while maintaining high interdependence. The upstream sector consists of material suppliers that produce various raw materials and components for use in different shoe models. The midstream sector comprises footwear manufacturers responsible for product development and mass production. The downstream segment consists of brand companies, which typically adopt an outsourced manufacturing model and distribute their products to end consumers through retail channels.

As the price of raw materials makes up the bulk of footwear manufacturing costs, the Company has long been actively engaged in vertical integration of upstream materials. Apart from petrochemical materials, our production scope covers leather, molds, insoles, adhesives, and paper boxes/cartons, allowing us to not only supply our own factories but also sell to other manufacturers. This close integration between the upstream and midstream sectors allows us to effectively control the supply of shoe materials while strengthening our competitive niche. Additionally, the Company continues to improve production technologies, optimize operating processes, and strengthen R&D capabilities. We have established exclusive R&D centers for our major brand customers, maintaining deep collaboration from product development to the prototyping stage. By providing these comprehensive solutions, we have become a long-term strategic partner of many brand owners. These advantages have allowed the Company to successfully integrate the industry’s value chain, creating a complete supply chain system to establish a solid and irreplaceable competitive edge.

(2) Retail of sporting goods and wholesale business

Upstream: Brand Companies/Sporting Goods Manufacturers/Sporting Goods wholesalers

Midstream: Sporting Goods Retailers

Downstream: Consumers

Sporting goods retailers operate within the midstream segment of the distribution industry. They serve as a critical link between upstream brands, sporting goods manufacturers, and wholesalers by establishing comprehensive sales networks, and directly serving downstream consumers. This enables products to effectively penetrate target markets and expand market share. Upstream companies can thus focus on product design, R&D, and production, ensuring quality control and timely delivery. Meanwhile, downstream consumers benefit from diverse channels to select required items and enjoy service experience. This division of labor effectively facilitates the operation and development of the industry.

In the face of a rapidly changing business environment, the Company continuously monitors market trends, gains in-depth insights into consumer trends, and dynamically adjusts its operational strategies and resource allocation to respond to diverse market demands. The Company is also committed to business model innovation, promoting the integration of online and offline resources to build a seamless retail ecosystem that encompasses all channels. With the expansion of digital technology applications, the Company has implemented data analytics tools to support operational management and strategic planning, thereby optimizing its product portfolio and service offerings. Combined with business intelligence systems to monitor real-time sales data, the Company adopts flexible procurement and precise inventory management, striving to comprehensively improve operational efficiency and management effectiveness.

3. Product Development Trends

(1) Digital innovation to intensify smart manufacturing

Traditionally, the footwear industry has been considered labor-intensive, as its complex processes are difficult to standardize and have largely relied on manual operations. However, with rising labor costs, the maturation of digital technologies, and increasingly rapid product cycles, the industry faces growing demands for production efficiency, quality control, and delivery flexibility. These factors have accelerated the adoption of automation and intelligent technologies, making digital transformation the core driver of industry development.

Driven by market demand, brand companies, footwear manufacturers, and suppliers of machinery and materials are actively optimizing processes and integrating technologies across the value chain. By consolidating industry knowledge and key data, they enhance information transparency and decision-making efficiency. The combination of automated equipment and high-performance materials further strengthens process stability and product quality. In addition, the adoption of artificial intelligence and digital management tools enables the creation of dynamically interconnected systems, gradually building agile and flexible production models.

In today's globally competitive business environment, smart manufacturing is redefining business models and value flows. It not only shortens product development cycles and enhances supply chain collaboration but also drives technological innovation and industrial upgrading. At the same time, by integrating digital information from production to retail, it significantly improves flexibility in operational planning and decision-making, supporting structural adjustments and long-term industry development.

(2) Product diversification

The primary function of sports shoes is to prevent sports injuries and enhance athletic performance. New product lines are continuously being introduced, incorporating advanced materials and manufacturing processes with the latest sports technologies. In addition to offering a diverse range of exterior designs, these shoes provide specialized features that support athletes in pushing their limits. For example, Nike's high-performance running shoes feature a high-rebound foam midsole and a full-length carbon fiber plate, combined with a lower heel-to-toe drop and lightweight design, to meet the functional requirements of competitive running.

At the same time, sustainability concepts are increasingly integrated into the product development strategies of sports brands, with companies striving to balance functional performance and environmental impact. For example, Asics' running series enhances professional performance while reducing carbon emissions through optimized manufacturing, and uses midsole materials derived from natural, renewable resources, reflecting a commitment to resource circularity and transparent sustainability. In addition, the adidas Originals cross-brand collections blend retro sports elements into everyday fashion, showcasing diverse design styles and athletic aesthetics.

Through integrating functional materials, sports technologies, sustainable concepts, and cross-industry collaborations, sports footwear has evolved to exhibit a rich variety of styles, creating new added value. Due to rapidly changing consumer needs, innovation remains the core driving force of market competition and continues to unlock new potential and opportunities within the athletic shoes sector.

(3) Precision marketing that focuses on consumer demand

As the market becomes increasingly segmented and consumer preferences grow more diverse, the retail industry faces a more complex competitive environment. To accurately identify target customer groups, retail technologies such as data collection, analytics, digital marketing, and electronic payments have become essential tools. When combined with innovative business models, these technologies are widely applied in demand forecasting, inventory management, and customer engagement, effectively improving market reach and profoundly reshaping how products and services are transacted as well as their economic value.

Driven by digital transformation, consumer behavior is rapidly shifting from physical stores to online platforms, prompting retailers to accelerate their omnichannel strategies. By integrating products, services, content, and information, retailers can track consumer journeys and implement targeted marketing strategies, achieving cross-platform integration and multi-scenario operations. This enables continuous engagement with consumers at every touchpoint, delivering a consistent and personalized shopping experience.

The combined forces of data-driven insights, channel integration, and technological innovation are transforming the retail landscape. The industry is shifting from a product-centric sales model to a consumer-centric service approach. By iterating quality and investing in creativity across content, formats, and experiences, retailers strive to create comprehensive shopping journeys for diverse customer segments, further meeting their needs and gaining consumer recognition.

4. Competition

The Company is a professional manufacturer of branded athletic, outdoor, and casual footwear, serving major international brands. To meet the stringent standards of global customers regarding quality, cost, delivery, and service, the Company continually invests in technological innovation and process optimization to provide efficient and flexible manufacturing services. With a strong emphasis on sustainable development, the Company incorporates sustainability into its overall operational strategy. By leveraging a diversified production network and extensive factory management experience, it continuously refines its supply chain system while actively implementing environmental protection and social responsibility, thereby consolidating its competitive advantage and leadership position in the footwear industry.

Furthermore, the Company's retail of sporting goods and wholesale business span the Greater China region. Benefiting from rising health awareness, the growing popularity of sports, and the market dividends from a large population base, the region has attracted many participants, intensifying competition. Drawing on its long-standing scale of physical networks and online channel expansion, the Company maintains close partnerships with several leading brands. By adhering to a consumer-centric approach and offering premium product portfolios with seamless shopping experience, the Company has established a core competitive niche in the retail of sporting goods and wholesale sector.

C. Research and Development (R&D) Overview

1. R&D Expenses

The Company's R&D expenses in 2025 was NT$4,730,056 thousand.

2. Technology and Product Innovation Achievements

The Company continued to refine its core footwear manufacturing equipment, modularized production lines, and flexible production processes to elevate the production capacities of its factories and support its progress toward the vision of net zero carbon emissions. In 2025, the Company achieved the following accomplishments:

(1) Continued to refine and modularize automated equipment and processes, enabling adjustments to production models based on varying requirements and enhancing flexible production capacity.

(2) Actively developed and introduced new technologies and materials, including 3D printing, supercritical technology, and environmentally friendly materials, in order to shorten production cycles and strengthen energy efficiency and carbon reduction performance.

(3) Continued to advance the digitalization of equipment by integrating factory-side data with production equipment maintenance systems, improving operational efficiency and safety while progressing toward smart manufacturing.

(4) Established comprehensive digital systems for factory energy management and environmental monitoring, enabling the effective achievement of sustainability, energy conservation, and carbon reduction goals.

D. Short-term and Long-term Business Development Plans

1. Short-term Business Development Plans

■ Manufacturing of shoes business

(1) To diversify production bases to flexibly adjust production capacity allocation.

(2) To provide value-added and innovative services to foster deeper cooperation with brand customers.

(3) To promote digital transformation and establish a sustainable business model.

(4) To strengthen supply flexibility and optimize overall operational efficiency.

■ Retail of sporting goods and wholesale business

(1) To upgrade sales efficiency by accurately understanding market demand.

(2) To accelerate the development of online services to create a seamless shopping experience.

2. Long-term Business Development Plans

■ Manufacturing of shoes business

(1) To maintain excellence in product quality, innovative services, and comprehensive solutions to enhance our industry-leading position.

(2) To continue to invest in talent development, innovative R&D, and smart manufacturing to generate sustainable value.

■ Retail of sporting goods and wholesale business

(1) To establish an end-to-end sales-to-manufacturing operating model.

(2) To integrate distribution channels, membership programs, and value added services to incorporate sports into daily life.

## 4.2 Market and Sales Overview

A. Market Analysis

1. Sales of Products (Services) by region

(In NT$ thousands)

| Year / Geographical Information | 2025 | | 2024 | |
|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio |
| Asia | 136,357,951 | 54% | 153,750,286 | 58% |
| America | 50,053,566 | 20% | 49,525,374 | 19% |
| Europe | 47,737,328 | 19% | 45,908,086 | 17% |
| Others | 17,251,364 | 7% | 14,634,081 | 6% |
| Total | 251,400,209 | 100% | 263,817,827 | 100% |

2. Market Share

The Company maintains a diversified portfolio of brand customers and production bases, and is the world’s largest manufacturer of branded athletic, outdoor, and casual footwear. In 2025, the Company produced and shipped a total of 252.2 million pairs of shoes. Of the total shipments, mainland China, Indonesia and Vietnam accounted for 9%, 54% and 32% respectively, while other regions including Cambodia, Bangladesh, and Myanmar collectively accounted for 5%. The Company is also one of the leading retailers and wholesalers of sporting goods in the Greater China region. As of December 31, 2025, it operated 3,310 directly-operated stores and continues to advance its digital channel development strategy, actively promoting the integration and synergy of its online and offline retail networks.

3. Market Forecast and Growth Potential

(1) Global Footwear and Sporting Goods Market

Footwear products fall within the category of essential consumer goods, with market demand primarily supported by population growth. Demand also expands alongside rising income levels, evolving consumption patterns, and changing fashion trends, driving steady growth in the overall market size. According to forecasts by Statista, global footwear market revenue is expected to reach approximately US$550 billion in 2026, with an annual growth rate of around 6.0%. The compound annual growth rate (CAGR) from 2026 to 2030 is projected at 5.41%, indicating sustained and stable industry development. As consumers place increasing emphasis on health and fitness, related spending continues to rise. According to the Sporting Goods 2025 report jointly published by the World Federation of the Sporting Goods Industry and McKinsey & Company, although the global sporting goods market faced challenges in 2024, it still recorded 6% year-on-year growth and achieved a CAGR of 7% between 2021 and 2024. While this represents a slight moderation compared to the pre-pandemic growth rate of approximately 8%, the overall trend remains positive. Due to regional variations, the market is projected to grow at a CAGR of around 6% from 2024 to 2029, with total global sales expected to reach US$548 billion by 2029, demonstrating strong growth resilience and sustained momentum in the industry.

(2) Mainland China's Sporting Goods Market

Mainland China first introduced the Opinions on Accelerating the Development of the Sports Industry and Promoting Sports Consumption in 2014, setting a target for the total scale of the sports industry to reach RMB 5 trillion by 2025. Since then, a series of policy measures have been successively implemented, including the Opinions on Promoting National Fitness and Sports Consumption to Drive High-Quality Development of the Sports Industry in 2019, the 14th Five-Year Plan for Sport Development in 2021, the Work Plan on Sports to Stabilize the Economy and Boost Consumption in 2022, the Action Plan for Promoting the Construction of Outdoor Sports Facilities and Improving Services (2023-2025) in 2023, and the 2024 Key Work Points for Mass Sports in 2024. These policies provide clear guidance for industry development and have facilitated a gradual shift from investment-driven growth to consumption-led expansion. In 2025, the government further introduced the Opinions on Releasing the Potential of Sports Consumption and Promoting the High-Quality Development of the Sports Industry, accelerating the establishment of a modern sports industry system and continuously expanding sports-related consumption. This initiative aims to strengthen the overall capacity and competitiveness of the industry, with a target of increasing the total scale of the sports industry to over RMB 7 trillion by 2030, positioning it as a key pillar of economic growth. This demonstrates the industry's continued expansion and clear growth momentum.

4. Competitive Advantages, Favorable and Unfavorable Factors of Development Objectives and Countermeasures

(1) Competitive Advantages and Favorable Factors

a. Strengthen core competitive advantages

The Company continues to enhance its five core competitive advantages of speed, flexibility, innovation, quality, and sustainability to provide the most value-added total solutions in the face of a constantly changing external environment.

(a) Speed: By introducing automated equipment and leveraging digital management system, the Company is able to monitor production in real time and increase efficiency to shorten product delivery time, and quickly respond to market demand.

(b) Flexibility: The Company will continue to develop advanced technologies, modularize existing production lines, and adopt a more flexible and agile production model to cope with the fast-changing procurement strategies of its brand customers.

(c) Innovation: The Company invests considerable resources into material development, process improvement and digital refinement each year to provide consumers with innovative and competitive products and services.

(d) Quality: The Company is committed to providing customers with stable and consistently high quality through a comprehensive quality control strategy.

(e) Sustainability: Operating within the framework of corporate sustainability and in compliance with laws and regulations, the Company, actively pursues sustainable development, considers the interests of stakeholders, and systematically promotes a positive cycle of growth and prosperity.

b. Expand end-to-end services

The Company specializes in the manufacturing of branded athletic, outdoor, and casual footwear, while also operating retail of sporting goods and wholesale business in the Greater China region, maintaining a long-standing leading position in the market. Over the years, the Company has provided unique strategic value to its partners by satisfying their diverse needs. In the future, we will continue to leverage big data analytics at the retail end, and combine these insights with our competitive manufacturing advantages to create comprehensive and customized solutions. The

Company aims to generate synergies, enhance decision-making efficiency, and deliver more differentiated value-added services, fostering a win-win situation with our partners.

(2) Unfavorable Factors and Countermeasures

a. The impact of accelerated industry change

The sports industry is undergoing rapid transformation. With the advent of the digital era, new technologies will be more widely applied in product development and shoemaking, while consumers tend to favor personalized products that quickly reflect current trends. Enterprises have to change their business mindsets from the traditional product-centric and cost-driven approach to a customer-centric and value-driven approach, providing value-added and customized products, services, and solutions.

Countermeasures: The Company will continue to collaborate closely with brand customers and industry, government, academia, and research institutes. Based on its five core competitive advantages, the Company will continue to invest in R&D resources in four areas: design, equipment, materials, and processes, with the goal of building the most valuable diverse platform oriented toward smart manufacturing and innovative services.

b. Fierce competition in the market

As major sports brands, retailers and distributors actively expand their presence in the Greater China region, the competitive landscape of the industry has become increasingly intense. Any imbalance between supply and demand may result in weaker sales momentum, deeper discounting, and higher inventory levels, which could adversely affect overall operating performance.

Countermeasures: The Company will continue to adhere to a customer-centric approach by deepening the integration of physical stores and online channels to build a comprehensive omnichannel retail system. In response to the evolving retail environment, the Company will closely monitor consumer trends and analyze market insights to formulate precise procurement strategies. Meanwhile, it will utilize digital tools and refined management to ensure a competitive edge in a rapidly changing market.

B. Purposes of Main Products and Production Process

1. Product Purpose

Athletic shoes, outdoor shoes, casual shoes, and sports sandals manufactured by the Company are designated for various specialized sports activities or casual wear.

2. Production Process

Purchasing → Inspection → Storage → Requisition → Cutting → Sole Finishing → Preparation →Stitching → Warehousing → Lasting and Finishing → Packaging → Shipment

C. Supply Situation for Main Raw Materials

The main materials required for footwear manufacturing are categorized into soles and uppers. The majority of sole materials, such as rubber and EVA foam, are manufactured by the Company, with a small proportion purchased from external suppliers. On the other hand, upper materials include synthetic leather, fabric, and natural leather. Some are supplied by the Company’s affiliates or purchased from domestic suppliers, while others are imported from overseas suppliers based on customer requests or other considerations, such as price and quality.

D. Suppliers/Customers Who Accounted for 10% or More of Total Purchases (Sales) in one of the last two fiscal years and Analysis of Changes

1. Suppliers accounted for 10% or more of purchases for the last two fiscal years

(In NT$ thousands)

| | 2024 | | | | 2025 | | | | Until March 31 of the year 2026 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item No. | Name | Amount | Percentage of net purchases for the year | Relationship with the Company | Name | Amount | Percentage of net purchases for the year | Relationship with the Company | Name | Amount | Percentage of net purchases for the year | Relationship with the Company |
| 1 | Supplier A | 37,805,816 | 24 | None | Supplier A | 32,058,154 | 22 | None | Up to the publication date of this annual report, the Company's consolidated financial statements for the first quarter of 2026 have not yet been announced; therefore, this section is not applicable. | | | |
| 2 | Supplier B | 16,256,271 | 10 | None | Supplier B | 16,954,530 | 11 | None | | | | |
| | Others | 101,945,130 | 66 | | Others | 98,897,429 | 67 | | | | | |
| | Net purchases | 156,007,217 | 100 | | Net purchases | 147,910,113 | 100 | | | | | |

In 2024 and 2025, there were two suppliers accounting for 10% or more of the Company's total purchases, with the percentage of net purchases attributed to these two suppliers remaining relatively stable. Additionally, suppliers contributing less than 10% of net purchases collectively accounted for approximately 60%~70% of the total purchases. This indicates that the Company maintains good cooperation with its key suppliers, ensuring a stable supply of materials, and has no issues of procurement concentration.

2. Customers accounted for 10% or more of sales for the last two fiscal years

(In NT$ thousands)

| | 2024 | | | | 2025 | | | | Until March 31 of the year 2026 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item No. | Name | Amount | Percentage of net sales for the year | Relationship with the Company | Name | Amount | percentage of net sales for the year | Relationship with the Company | Name | Amount | percentage of net sales for the year | Relationship with the Company |
| 1 | Customer A | 66,080,138 | 25 | None | Customer A | 60,002,480 | 24 | None | Up to the publication date of this annual report, the Company's consolidated financial statements for the first quarter of 2026 have not yet been announced; therefore, this section is not applicable. | | | |
| 2 | Customer B | 44,501,934 | 17 | None | Customer B | 43,275,751 | 17 | None | | | | |
| | Others | 153,235,755 | 58 | | Others | 148,121,978 | 59 | | | | | |
| | Net sales | 263,817,827 | 100 | | Net sales | 251,400,209 | 100 | | | | | |

In 2024 and 2025, there were two customers accounting for 10% or more of the Company's sales, with the percentage of net sales attributed to these two customers remaining relatively stable. Additionally, customers contributing less than 10% of net sales collectively accounted for 60% of the total sales. This indicates that the Company maintains stable cooperative relationships with its major customers and has no issues of sales concentration.

### 4.3 Human Resources

The information for number of employees, average age of employees, average years of service and education levels in 2024, 2025 and up to the publication date of this annual report is as below:

| Year | | 2024 | 2025 | Until April 15 of the year 2026 (Note) |
|---|---|---|---|---|
| Number of Employees | Direct labor | 199,638 | 205,890 | 205,034 |
| | Indirect labor | 71,375 | 74,194 | 73,671 |
| | Sales and Marketing | 18,339 | 18,666 | 18,016 |
| | Total | 289,352 | 298,750 | 296,721 |
| Average age of employees | | 35.37 | 35.54 | 35.71 |
| Average years of service | | 8.50 | 8.72 | 8.87 |
| Education distribution percentage (%) | Ph.D. | 0.01 | 0.01 | 0.01 |
| | Master's degree | 0.33 | 0.32 | 0.33 |
| | Bachelor's degree | 7.77 | 7.75 | 7.67 |
| | High school diploma | 45.76 | 47.06 | 47.08 |
| | Below high school diploma | 46.13 | 44.86 | 44.91 |

Note: Latest Information for the Current Fiscal Year.

### 4.4 Environmental Protection Expenditure

Any losses suffered by the Company in the most recent fiscal year and up to the publication date of this annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In 2025, there were two cases in which the Company and its subsidiaries violated environmental protection laws and regulations. These cases were isolated management incidents, and the relevant fines have been paid in full as scheduled. After assessment, these cases had no material impact on the Company's financial condition or business operations. In addition, there are currently no pending or anticipated litigations or contingent liabilities arising from these cases. The relevant information is as follows:

| Disposition date | Location of Disposition | Disposition reference number | Substance of the legal violation | Content of the disposition | Response measure |
|---|---|---|---|---|---|
| 2025.7.11 | Pou Sung Administration Center (Vietnam) | Administrative penalty notice (Ref. No.: 255/QD-XPHC) | Errors in waste data in the annual environmental report, exhaust hoods on production lines not operated in accordance with environmental license content, discrepancies between treated sewage/recycled water and discharge volume, and inconsistencies between river water extraction logs and actual data. | A total fine of VND. 705 million (approximately NTD. 850,000) | Strengthen data verification, enhance change review mechanisms, and increase the frequency of routine inspections. |
| 2025.12.11 | Polymer Engineering R&D Division | Penalty notices from the Changhua County Government (Ref. Nos.: 20-114-110024, 20-114-110026) | One air hood in the onsite equipment failed to effectively collect air pollutants, the onsite manufacturing equipment did not match the permit, and the air volume of the air pollution control equipment exceeded the permitted processing capacity. | A total fine of NTD. 200,000. | Equipment improvements are currently underway and are expected to be completed in April 2026. Follow-up measures will include strengthening inspection management |

### 4.5 Employee Relations

The Company places great value on employee relations, and demonstrates this through the following practices：

A. Employee Benefits Measures

1. Employee Benefits Committee

The Company monthly appropriates 0.06% from its revenue and 0.5% from employee salary, as well as 40% from scrap sales as employee benefits funds. Employee benefits include childbirth and wedding cash gifts, bereavement payments, consolation payments for hospitalized employees, birthday cash gifts, Dragon Boat Festival cash gifts, Mid-Autumn Festival cash gifts, travel allowances, group insurance coverage, retirement condolences and other benefits.

2. Transportation

The Company provides commuter shuttle services and rents parking spaces for its employees.

3. Meals

The Company offers cafeterias, and meal services are provided according to the regulations of each factory area.

4. Club Activities

The Company offers a variety of club activities, including a badminton club, mountain climbing club, basketball club, yoga club, pickleball club and more, to enrich employees' leisure time and enhance interaction and communication among them.

5. Vacation Time

The Company's leave policies are adopted in compliance with applicable laws and regulations, allowing employees to schedule their own leave as needed.

6. Other Benefits

(1) Celebrity presentations: The Company holds celebrity presentations from time to time and invites celebrities from various industries to share their insights on success and personal philosophies.

(2) Massage service activities: The Company offers massage services provided by blind masseurs, which helps employees relax physically and mentally while also supporting charitable events.

(3) Family day: The Company values the employee's family lives and holds Family Day every year. Employees are invited to bring their families and share warm moments together. Through these activities, employees and their families can relax, enhance communication and friendship among employees, and strengthen employees' cohesion and sense of belonging.

(4) Health promotion activities: The Company organizes various health-related activities, including weight management programs, Chinese medicine consultations, cancer screenings, bone density screenings, and health seminars to enhance employees' health awareness and further strengthen workplace health.

(5) Healthy walking app (iWorkout): The Company provides an integrated online workout app that encourages employees to exercise at any time, whether locally or overseas. In addition, departmental groups are organized to boost team morale, promote teamwork and build competitiveness.

7. The Company offers kindergartens and health clinics at its overseas factories, which provides proper child care and medical services to employees.

B. Pension System

1. The Company adopted the "Employment Retirement Rules" for the purpose of providing care for employees after retirement, promoting employee relations and increasing work efficiency.

2. The Company is subject to the pension system under the "Labor Standards Act", categorized as defined benefit pension plans, and has established a Supervisory Committee of Labor Retirement Reserve in accordance with the "Labor Standards Act". The Company's asset value of its retirement benefit plan and present value of the obligation from defined benefit pension plans are calculated by certified actuaries. In 2025, the Company set aside accrued pension liabilities at 0.63% of the total actual salaries of employees with service years under the old system, and 2% of these employees' actual salaries was deposited monthly

into the Company’s designated account at Taiwan Bank. According to Article 56-2 of the “Labor Standards Act”, the Company also calculated the pension fund deposited into the Company’s designated account at Taiwan Bank to confirm the amount was sufficient to pay the retirement pension for employee qualified to retire in 2025.

3. According to the “Labor Pension Act”, employees hired before June 30, 2005 and remained employed as of July 1, 2005 may choose to continue to be subject to the pension rules under the “Labor Standards Act”, or be subject to the pension system under the “Labor Pension Act” and retain their seniority accrued prior to the applicability of the “Labor Pension Act”. Employees hired after July 1, 2005 shall be solely subject to the pension system under the “Labor Pension Act”.

C. Employee Learning and Training Programs

1. Training program is designed to align with the Company’s vision, operational goals, and organization needs by using systematic methods and tools to continuously improve employees’ professional and management skills, strengthen the corporate talent pool, and enable employees to grow with the Company as long-term partners. This approach aims to create greater value for the Company, achieve business goals, and facilitate devising future development plans. To strive for excellence, the Company’s training program is introduced into the TTQS (Talent Quality-management System), and the effectiveness of training is self-checked by reference to international ISO standards. It was formally applied to the Ministry of Labor for evaluation, and was recognized with a gold medal in the Enterprise & Organization Edition.

2. The Company’s annual training programs combines our mission, vision, business strategies and goals. We collect and understand the development focus and training requirements of each of our business department; continuously engage in innovation and introduce new technologies, concepts, and tools; encourage personal growth and organizational learning; offer diverse learning channels that encourage self-paced learning. Simultaneously, we also consider employees’ personal development plans, the training system of each level of function, relevant laws and regulations, and other professional skills certification courses, and formulate the “Training Program Management Guidelines” to facilitate the operation in 2025. Training Programs:

To deepen the facilitation on working skills for employees at each position and to realize the vision of lifelong learning, the Company plans various series of training courses for different stages according to its business strategy and core values. The Company constantly provides training for employees, from their employment to their expected retirement, to help them acquire the skills they need in performing their tasks and strengthening their capabilities for continued employment. By arranging training courses for employees, the Company expects to reach an internal consensus among employees so that they can recognize the organization value and furthermore contribute to achieve the best business performance for the Company.

(1) Course for New Employees: The Company provides training courses for new employees to accelerate their understanding and recognition of the Company.

(2) Core Competency Course: A series training course focusing on the Company's core functions to establish a common language within the Company.

(3) Management Course: Management courses for various management levels are planned according to the management functions and competencies.

(4) Professional Course: Professional training courses for various functional attributes based on work contents and professional requirements.

(5) Self-Development Course: A range of soft power courses such as language training courses and in-house lecturers are provided to encourage a diversified development of employees.

D. The status of the agreement between labor and Company and the status of various employee rights and interests’ protection measures

1. The Company's "work rules" clearly stipulate employee attendance, salary, welfare matters, performance management, rewards and punishments, termination of employment, occupational accident compensation and pensions, and safety and health policies, among others. These rules are approved for implementation through the labor-management meetings. All relevant regulations are disclosed on the Company’s internal website, accessible to employees at any time. In addition, the Company regularly holds labor-management

meetings and participates in union representative meetings to ensure full communicate with employee representatives.

2. The Company places great importance on maintaining harmonious labor-management relations and has established a regular communication platform with the labor union. The Company and the union are currently in the process of evaluate and have not yet entered into a collective agreement. Any such agreement will be pursued prudently in accordance with applicable laws and regulations, as well as the Company's overall operational considerations.

E. Code of Conduct and Ethics Policy

1. The Company's Code of Conduct is adopted in compliance with local laws and regulations across all business areas, and it adheres to the guidelines of the International Labor Organization (ILO), Fair Labor Association (FLA), international brand customers, and other leading companies as core standards for all employees participating in the Company's business. The Code of Conduct has also been promoted and published on the Company's internal and external websites.
2. The Company's "Work Rules" outline the corporate culture, strong commitment to ethical behavior, and the rights and obligations of employees. The "Work Rules", along with other human resources policies, are available on the Company's intranet for employees' access from time to time.
3. Each employee of the Company shall sign a "Statement of Commitment to the Employee Ethical Conduct" and a "Non-Disclosure Agreement", and shall strictly comply with the rules governing conflicts of interest, fair dealing, protection and proper use of company assets, confidentiality and regulatory compliance, etc.
4. For the purpose of promoting legitimate use of personal data and avoid infringement of personality rights, the Company puts into practice "Matters to be informed on regarding personal data collection" and respects the rights of employees. The Company may only use the information collected after adequately informing the employees concerned of the purpose of collection, processing and use of personal information, and obtaining their written consent.

F. Precautionary Measures for Workplace Health and Safety

The Company remains devoted to strengthening various health and safety management practices. It focused on the following aspects in 2025:

1. Promote health awareness

The Company regularly conducts employee health examinations and promotes the importance of physical activity through online courses and Pou Chen Healthy Exercise Circle activities. These efforts aim to help employees address health issues proactively, in turn reducing the risk of obesity and the common chronic conditions such as hypertension, hyperglycemia, and hyperlipidemia. In 2025, a total of 685 employees underwent health checkups, and further health management measures were implemented based on their results. Employees were classified into 4 categories, for Category 1 employees, health education materials were provided along with their individual health reports. Category 2 employees were arranged to attend health education seminars (either in-person or online). For Category 3 and Category 4 employees, arranged for one-on-one health consultation. The Company also held seminars on topics such as "Eat Smart for Aerobic Health" and "Waist Management for a Healthier Life." In 2025, a total of 1,938 employee participated, which received high praise from employees, earning an average satisfaction score of 4.8 out of 5. To further encourage healthy habits, the Company encourages employees to participate in the Pou Chen Healthy Exercise Circle activities through the Walkii app, which includes tasks such as completing Pou Chen e-courses, power walking, and gym workouts. Employees can also track their own exercise activity through the app, helping them form good fitness habits. A total of 2,408 employees participated in these activities in 2025.

2. Promote safety culture

The Company aimed for comprehensive participation and focused on plant managers' on-site line inspections, fundamental engineering audit operations, partnership systems, and capability building as key pillars. It developed technical solutions for a number of issues including the life cycle of high-risk machines, BBS, high-risk operation instructions, risk maps, and risk assessments, guiding cross-departmental collaboration to expand the scope of safety management and to promote safety culture within the organizations.

3. Professional capacity building

   A safety culture e-school has been established to deliver online courses in multiple languages for more efficient training of new employees. Employees ranging from on-site production workers, electricians, mechanics, infrared scanning and inspection personnel, environmental safety and health personnel, firefighters to managerial personnel (factory/building manager and above) are required to complete these courses to enhance factory safety management and to prevent risks in routine operations.

4. Machine safety management

   Management practices have been developed and implemented for the entire life cycle of high-risk machines. These practices encompass safe installation and operation, procurement source review, on-site safety inspection, safe production, alteration management, machine relocation, and regular safety inspections to ensure safety in the installation and usage of machinery.

5. Construction operations management

   Management practices for contractors' construction activities have been extended to cover the Company's construction activities, using uniform standards such as site entry control, hazard notification, special hazardous operation control, on-site supervision, and violation penalties. A third-party work site safety consultant has been engaged to enhance the safety of new construction projects since 2020.

6. Abnormal event management

   Investigation and management procedures for occupational hazards and fire disasters have been standardized to ensure that accident reporting and follow-up tracking are duly implemented. The use of accident tree and fault tree has also been standardized so that the root cause and management opportunities can be accurately identified to avoid recurrence, with precautions taken in advance.

7. Complete fire prevention facilities:

   The Company has established fire prevention design regulations. All new constructions, additions, and changes of use of the factory must be designed in accordance with the Company's regulations, and there is a unified management mechanism for construction, acceptance, and maintenance. The Company has also conduct audits on the construction quality and maintenance works from time to time. The Company developed a set of safety management system this year to ensure safe usage.

8. Enhancing the ability of firefighting teams

   The Company has a total of 13 firefighting teams at its production bases. The Company has established standardized protocol for daily duty and physical training and periodically verifies them. The Company also conducts joint drills with on-site emergency response team members according to the emergency response plan to strengthen emergency response capabilities.

9. ESH partnership system

   A total of 9,164 partners have been deployed and trained to become ESH partners to assist in making timely improvements and proposals for near misses this year.

10. Safety visit:

    In 2025, a total of 19 site visit meetings were conducted, with participation from 19 manufacturing plants. These initiatives facilitated the sharing of safety practices and experience exchange, promoting cross-divisional learning, breaking down organizational silos, and enhancing knowledge sharing across plants. Following these engagements, 20 optimization assessment projects were initiated to improve the working environment.

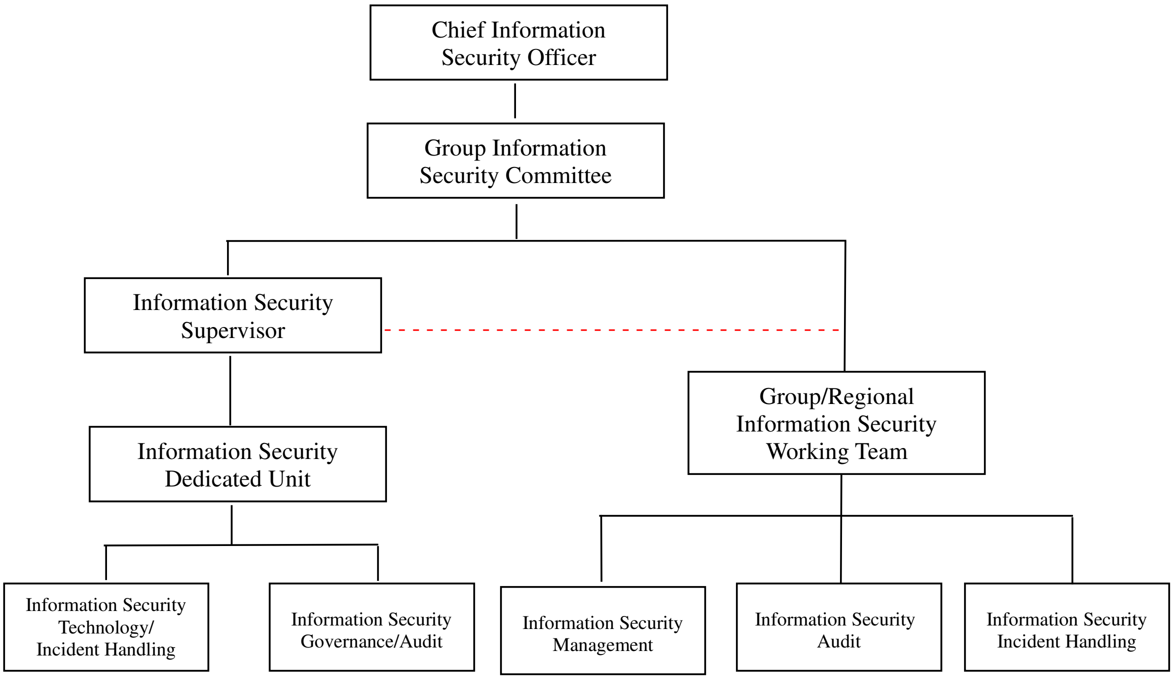
G. List any losses suffered by the Company in the most recent fiscal year and up to the publication date of this annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: N/A

### 4.6 Cyber Security Management

A. Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Cyber security management strategy and framework

The Company has appointed the head of Information Department as the chief information security officer, convening senior management to establish the Group Information Security Committee to provide support, supervision, and decision-making for the cyber security management system. Since 2022, the Company has established an information security supervisor and dedicated unit, and formed an Information Security Working Team comprised of dedicated personnel and personnel assigned from various units within the Information Department, responsible for overseeing governance, technology, incident handling, and audits. We also conduct regular information security audits and continuously enhance employee awareness of information security, ensuring the proper functioning of our information security management system and keeping it up-to-date with current practices.




2. Cyber security policy

(1) Cyber security policy and objectives

The Company has adopted and introduced an Information Security Management System (ISMS) since 2013, in accordance with the international standard ISO 27001, developing appropriate and compliant information security system documentation and control measures. The purpose of the Company's cyber security policy is to protect the continuous operational environment of information assets and systems managed and utilized by the Company's computer information from internal and external intentional or accidental threats. This aims to ensure that relevant personnel, activities, and transactions comply, and to achieve the following objectives through the joint efforts of all employees:

a. Ensure the continuous operation of business activities and the stable use of information services provided.

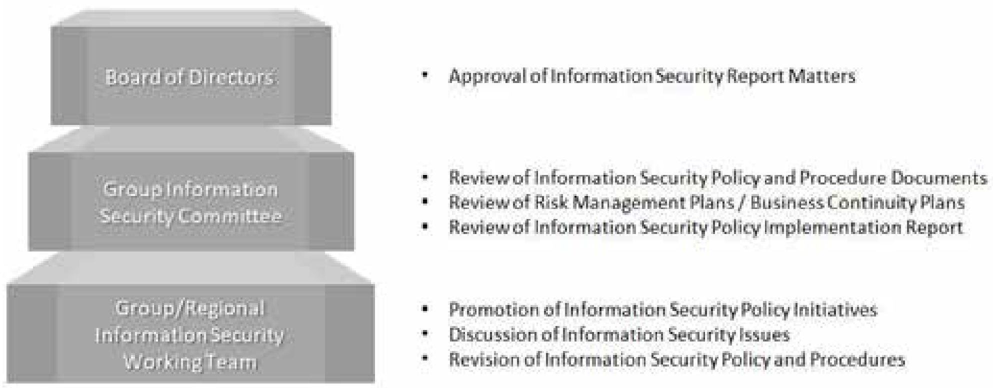
b. Ensure the confidentiality, integrity, and availability of information assets, as well as the privacy of personal data.

- Confidentiality: Protecting operational and production-related information from unauthorized access.
- Integrity: Ensuring the completeness and accuracy of information to facilitate managerial decision-making.
- Availability: Building digital resilience to support operational stability.

c. Establish a business continuity planning for information management and operations. Conduct regular reviews and continuous improvement of the cyber security management system. Align with government cyber security management policies, laws, technologies, as well as stakeholders' needs and expectations, while addressing internal and external issues and the Company's operational status. Ensure the feasibility and effectiveness of cyber security operational practices.

(2) Review and Implementation of Cyber Security Policy

The Company conducts annual reviews of its cyber security policy, collecting and assessing changes in internal and external organizational dynamics, technological advancements, business conditions, regulatory frameworks, and the environmental factors. When necessary, timely revisions are made, and continuous improvement is achieved through the PDCA (Plan-Do-Check-Act) cycle and standardization processes, ensuring the ability to maintain effective operations and provide relevant services.




3. Specific Management Plan

The Company is committed to strengthening its information security and confidential data protection mechanisms to safeguard its competitive advantage. Building on its existing information security framework, the Company aligns with international standards and best practices by establishing clear information security policies, procedures, and guidelines, while continuously enhancing both its management systems and technical controls to achieve its information security objectives. In 2024, the Company obtained the ISO 27001 International Information Security Management Certification (valid from October 12, 2024 to October 12, 2027). In 2025, it successfully passed surveillance audits to maintain the validity of the certification. The Company also planned and implemented information security enhancement and optimization projects to further strengthen its risk management and control capabilities.

(1) Policy and Management:

The Company conducts annual reviews to ensure that its information security systems remain aligned with changes in the operating environment and regulatory requirements, making timely adjustments as necessary Through continuous PDCA improvement cycles and standardization operations, the Company aims to achieve sound and effective process control.

a. Regular review of cyber security system

Adhering to the "Cyber Security Control Guidelines for TWSE/TPEx Listed Companies" issued by the Taiwan Stock Exchange and Taipei Exchange, and referencing the cloud security standard ISO 27017 and the cyber security framework NIST, the Company conducts regular reviews to enhance and update its cyber security management system in line with compliance standards.

b. Asset identification and risk management

The Company identifies its core information protection targets by conducting inventories and classification of information systems, evaluating critical systems, and classifying relevant assets of critical systems. It then prioritizes risk assessments and implements mitigation measures to ensure targeted protection.

c. Outsourced Information Security

To manage cyber security risks associated with outsourcing, the Company incorporates cyber security clauses into procurement agreements, encouraging vendors to adopt strong information and equipment security practices. In 2025, information service providers were asked to conduct self-assessments using standardized forms to verify implementation. The Company also completed its first cyber security audit of service providers, further promoting compliance with the Group's cyber security standards and gaining insight into actual practices.

d. Evaluation of cyber security effectiveness

To ensure continuous improvement and effective performance management in cyber security, the Company conducts annual assessments through collaboration between internal cyber security audits and production safety audits to evaluate the implementation status of information units within the Group.

(2) Technology and Protection

Given various external information security threats, the Company adopts a multi-layered network architecture design and deploys various information security protection systems to enhance the overall security of the information environment.

a. Cyber security:

Important systems and network devices are monitored using mobile alerts to detect anomalies. Cross-border operations are subject to authorization and monitoring control. Firewalls, network segmentation, and computer antivirus software are automatically updated to effectively block the latest viruses and spams.

b. Device security:

Through mobile device management software, applications and approved device functionalities, including network connections, are managed and activated to ensure that device network connection undergo authentication to prevent data leakage. Additionally, endpoint management software is used to monitor users' computers to prevent unsafe applications.

c. Information system security:

The Company implements secure software development lifecycle (SSDLC) management to ensure that applications meet information security requirements at every stage, from development to maintenance. Regular vulnerability scanning, patching, and updates are conducted for systems in operation. In addition, a multi-factor authentication mechanism is adopted to verify user identities, ensuring the security of information system.

d. Audit trail logging Security:

Centralized logging is implemented to facilitate the centralization of important systems and network communications equipment, with an information monitoring and intelligence dashboard established. The purpose is to monitor cyber security risks and warnings, including computer login status, SSLVPN status. This setup aims to ensure the smooth operation of critical host and prevent virus attacks by analyzing irregular login activities.

4. Investments in resources for cyber security management

In 2025, a comprehensive system is adopted to assist management in reducing information-related risks and threats, implemented as follows:

(1) Inventory of information assets and business continuity

To confirm and identify the Company's core information protection targets, a comprehensive inventory and classification assessment of all information systems across the entire group is conducted. This process includes identifying and classifying information assets of important systems, as well as completing risk assessment and mitigation procedures. Additionally, to enhance the resilience of critical information system services within the Group, the Company reassessed key business risks in 2024 and promoted business continuity plans for important systems related to manufacturing and production. In 2025, the Company completed practical drills to strengthened the digital resilience of the enterprise, and ensured the best interests of customers.

(2) Information Technology and Protection:

a. Data protection operations:

By conducting regular audits of high-confidential system permissions, reorganizing email groups, organizing public groups on the group communication platform, and notifying modifications, we ensure the security of highly confidential systems within the group and prevent operational data leaks

b. Information security detection operations:

In 2025, vulnerability scanning was conducted on critical servers both in Taiwan and overseas, along with penetration testing on five important web systems. Identified vulnerabilities were addressed through execution of patching plans to prevent hacking attacks. Furthermore, external risk analysis was performed by monitoring, analyzing, and collecting external intelligence, leading to the blocking of specific malicious external IPs and the implementation of related protective measures.

(3) Training

The Company provides cyber security awareness training and assessments for all new employees. To enhance overall cyber security awareness, with a total of 24,533 participants completing the courses in 2025. A phishing email exercise for current employees resulted in decreased email open rates and malicious link click rates compared to the previous year, indicating improved cyber security awareness. Special emphasis is placed on practical exercises for dedicated personnel to enhance information protection and cyber security management skills

B. List any loss suffered by the Company in the most recent fiscal year and up to the publication date of this annual report due to significant cyber security incidents, the possible impacts therefore, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company has implemented an enterprise risk management mechanism and standardized procedures for handling cyber security incidents. These include clear reporting protocols, assignment of responsible personnel for major events, loss assessment procedures, and corresponding response measures. In the most recent fiscal year and up to the publication date of this annual report, the Company did not experience any significant cyber security incidents that resulted in material financial or operational impacts.

### 4.7 Intellectual Property Management

The Company has incorporated intellectual property (IP) management into the corporate governance and sustainability framework. In alignment with its operational strategies and long-term development goals, the Company has established comprehensive IP management policies, systems, and implementation mechanisms. The Board of Directors overseeing their operation and effectiveness to ensure the enhancement of overall competitiveness and sustainable value.

A. The Company formulates IP management policies and annual objectives that are closely linked to the core operations in accordance with its business strategies, R&D directions, and market positioning. These policies and objectives are disclosed and updated on the Company’s official website.

B. In Order to consider the Company’s scale and industry characteristics, we have established and continuously maintained systems and procedures covering the acquisition, application, protection, maintenance, utilization, and management of intellectual property, ensuring effective management and lawful use of IP rights.

C. Based on the needs of the IP management system, the Company allocates appropriate personnel, budgets, and professional resources within its R&D units, while fostering cross-departmental collaboration among legal, R&D, and related functions to ensure effective implementation and continuous operation of the IP management system.

D. The Company continuously monitors internal and external risks related to intellectual property and adopts appropriate response measures through risk assessment and management mechanisms. Relevant matters are reported and discussed in internal IP management review meetings to mitigate potential risks and capture IP-related opportunities.

E. The Company convened an IP management review meeting to establish annual IP policies and objectives in the first quarter of 2025. In the fourth quarter, the Company reviewed the implementation and effectiveness of the IP management system, reported the results to the Board of Directors as an important basis for governance oversight and continuous improvement in December 19. The Company will continue to optimize and enhance its system to ensure alignment with operational goals and sustainability expectations.

F. Since 2023, the Company has implemented the Taiwan Intellectual Property Management System (TIPS) and obtained an A-level certification with a two-year validity. In 2024, it successfully renewed the certification and again achieved A-level status, valid from 2025 through December 31, 2026. Accordingly, the Company's TIPS A-level certification remains valid in 2025. The Company will continue to maintain its IP management system and aims to retain the TIPS A-level certification in the next on-site assessment in 2026, thereby ensuring the effective operation of its IP management practices.

### 4.8 Material Contracts

| Type of Contract | Parties | Term | Major Content | Restrictive Clauses |
|---|---|---|---|---|
| Service Agreements | Yue Yuen Industrial (Holdings) Limited | Since April 1997 | Support services such as product design and development, technical expertise, technology and market promotion services, raw materials procurement, and employee recruitment. | None. |

# V. REVIEW AND ANALYSIS OF FINANCIAL CONDITIONS, FINANCIAL PERFORMANCE AND RISK MANAGEMENT

## 5.1 Financial Conditions

(In NT$ thousands)

| Item \ Year | 2024 | 2025 | Difference | |
|---|---|---|---|---|
| | | | Amount | Percentage |
| Current Assets | 165,281,852 | 161,076,170 | (4,205,682) | (2.54%) |
| Non-Current Assets | 186,128,236 | 194,513,901 | 8,385,665 | 4.51% |
| Total Assets | 351,410,088 | 355,590,071 | 4,179,983 | 1.19% |
| Current Liabilities | 82,737,976 | 85,165,274 | 2,427,298 | 2.93% |
| Non-Current Liabilities | 43,528,734 | 46,222,704 | 2,693,970 | 6.19% |
| Total Liabilities | 126,266,710 | 131,387,978 | 5,121,268 | 4.06% |
| Share Capital | 29,467,872 | 29,467,872 | - | - |
| Capital Surplus | 4,516,630 | 4,527,218 | 10,588 | 0.23% |
| Retained Earnings | 114,186,440 | 121,244,583 | 7,058,143 | 6.18% |
| Other Equity | (6,975,656) | (14,341,030) | (7,365,374) | (105.59%) |
| Non-Controlling Interests | 83,948,092 | 83,303,450 | (644,642) | (0.77%) |
| Total Equity | 225,143,378 | 224,202,093 | (941,285) | (0.42%) |

A. Analysis of changes:

Other equity decreased by NT$7.365 billion, mainly attributable to a NT$4.303 billion share of other comprehensive loss of associates and joint ventures accounted for using the equity method, a NT$693 million unrealized gain on financial assets at fair value through other comprehensive income, and a NT$3.749 billion exchange loss on translation of the financial statements of foreign operations.

B. Impact: no material impact.

C. Action plan(s) for the future: N/A.

## 5.2 Financial Performance

(In NT$ thousands)

| Item \ Year | 2024 | 2025 | Difference | |
|---|---|---|---|---|
| | | | Amount | Percentage |
| Operating Revenue | 263,817,827 | 251,400,209 | (12,417,618) | (4.71%) |
| Operating Costs | 198,642,778 | 193,272,677 | (5,370,101) | (2.70%) |
| Operating Expenses | 49,220,812 | 46,560,432 | (2,660,380) | (5.40%) |
| Income from Operations | 15,954,237 | 11,567,100 | (4,387,137) | (27.50%) |
| Non-operating Income and Expenses | 13,771,497 | 10,502,783 | (3,268,714) | (23.74%) |
| Income Before Income Tax | 29,725,734 | 22,069,883 | (7,655,851) | (25.75%) |
| Income Tax Expense | 6,289,832 | 3,817,544 | (2,472,288) | (39.31%) |
| Net Income for the Year | 23,435,902 | 18,252,339 | (5,183,563) | (22.12%) |
| Other Comprehensive Net Income (Loss) | 6,819,448 | (9,418,250) | (16,237,698) | (238.11%) |
| Total Comprehensive Income (Loss) For the Year | 30,255,350 | 8,834,089 | (21,421,261) | (70.80%) |

A. Analysis of changes:

1. The NT$7.656 billion decrease in income before tax, mainly due to a NT$4.387 billion decrease in income from operations and a NT$3.269 billion decrease in non-operating income and expenses. Explanations are as follows:
   (1) Income from operations decreased by NT$4.387 billion compared to last year, primarily due to the combined impact of a decline in operating revenue and a decrease in gross margin. In terms of operating revenue, although the footwear manufacturing business maintains growth momentum, the appreciation of the New Taiwan Dollar against the U.S. Dollar led to a decline in revenue when translated into NTD. In addition, the sports goods retail and wholesale business experienced reduced store traffic due to weak consumer confidence in key markets, resulting in a decrease in consolidated operating revenue of NT$12.418 billion. On the gross margin side, the footwear manufacturing business was affected by factors such as ramp-up of new production capacity, rising labor costs, and uneven capacity utilization. Meanwhile, the retail segment faced intensified discount competition, leading to a decline in consolidated gross margin. Although consolidated operating expenses decreased by NT$2.66 billion due to lower shipment volumes and cost control measures, partially offsetting the pressure from gross margin fluctuations, the overall decline in revenue scale compressed profitability, resulting in a year-over-year decrease in income from operations.
   (2) Non-operating income and expenses decreased by NT$3.269 billion, mainly due to a NT$3.017 billion decrease in investment income recognized under the equity method, including a NT$2.666 billion decrease in investment income from Nan Shan Life Insurance Co., Ltd. based on the Company's shareholding ratio. In addition, net gain on disposal of associates decreased by NT$586 million, gain on modification of lease decreased by NT$302 million, and other expenses decreased by NT$659 million, leading to an overall decrease in non-operating income and expenses compared to last year.
2. Decrease in income tax expense:
   The income tax expense for the current year decreased by NT$2.472 billion, mainly due to lower profits of the Group compared with last year and the recovery of income tax refunds related to the Indonesian corporate income tax case, resulting in a decrease in income tax expense for the current year compared to last year.

3. Other comprehensive net income decreased by NT$16.238 billion. Explanations are as follows:

(1) Share of the other comprehensive loss of associates and joint ventures decreased by NT$541 million, mainly due to the decrease in unrealized loss on financial assets at fair value through other comprehensive income, recognized by Ruen Chen Investment Holdings Co., Ltd. and Nan Shan Life Insurance Co., Ltd. of the Group compared to the corresponding period last year.

(2) Exchange loss on translation of the financial statements of foreign operation increased by NT$16.344 billion, primarily because the functional currency in foreign operations is USD, and the appreciation of the exchange rate in NTD to USD in 2025 and the depreciation of the exchange rate in NTD to USD in 2024 caused an increase in the current year's exchange loss on translation of the financial statements of foreign operation compared to the corresponding period last year, when the subsidiary converted USD to NTD.

B. Sales conditions forecast：

Footwear manufacturing business: The Company will continue to optimize global production capacity with flexibility and diversification, focusing on digital transformation and smart manufacturing investments to build a resilient and sustainable supply chain. By providing comprehensive solutions, the Company aims to strengthen long-term partnerships with global brand clients and ensure stable growth in its manufacturing operations.

Sporting goods retail and wholesale business: The Company will actively implement a refined retail strategy, dynamically adjusting both physical store networks and digital channels in line with market trends. Through innovative business models and deeper consumer engagement, the Company seeks to enhance brand loyalty and drive end-sales performance, thereby revitalizing growth momentum in its retail operations.

C. Impact on future financial operations of the Company: no material impact.

D. Action plan(s) for the future: N/A

### 5.3 Cash Flow

Analysis and discussion of changes in cash flow over the fiscal year, improvement plan(s) for inadequate liquidity and cash liquidity forecast analysis and discussion for the next year as follows:

A. Analysis of changes in cash flow in 2025

(In NT$ thousands)

| Cash and Cash Equivalents at the Beginning of the Year | Cash Flow from Operating Activities | Cash Flow from Investing Activities | Cash Flow from Financing Activities | Effects of exchange rate changes on the balance of cash held in foreign currencies | Cash and Cash Equivalents at the End of the Year |
|---|---|---|---|---|---|
| 29,926,773 | 14,880,524 | (13,507,009) | (2,743,166) | (1,263,146) | 27,293,976 |

1. Operating activities:
   The net cash inflow from operating activities amounted to NT$14.881 billion, primarily driven by operating income before tax of NT$22.07 billion, plus NT$3.895 billion in income and expense items that did not affect cash flow, and deducted the net change of operating assets and liabilities, such as an increase in other receivables of NT$2.448 billion, and a decrease in account payable of NT$1.681 billion and NT$6.999 billion in payment of interest and income tax also contributed to cash outflow.
2. Investing activities:
   The net cash outflow from investing activities amounted to NT$13.507 billion, mainly due to cash outflows of NT$9.408 billion for the purchases of financial assets at amortized cost, NT$8.004 billion for capital expenditures on property, plant, and equipment, and NT$1.376 billion for prepayments for equipment and long-term prepayment. Cash inflows were primarily from the disposal of investments accounted for using the equity method, totaling NT$485 million, and the collection of dividends and interest amounting to NT$4.951 billion.
3. Financing activities:
   The net cash outflow from financing activities amounted to NT$2.743 billion, mainly due to several factors: NT$2.953 billion in cash outflow for repayments of principal portion of lease liabilities, NT$5.01 billion in cash outflow for distribution of cash dividends by the Company, and NT$4.871 billion in cash outflow for distribution of cash dividends for non-controlling shareholders by Yue Yuen Industrial (Holdings) Limited. Cash inflows were primarily from short-term borrowings of NT$4.807 billion, short-term bills payable of NT$2.503 billion, and long-term borrowings of NT$2.779 billion.

B. Improvement plan(s) for inadequate liquidity: N/A.

C. Liquidity forecast analysis for the next year

(In NT$ thousands)

| Cash Balance Amount at the Beginning of the Year | Net Cash Provided by Operating Activities | Net Cash Provided by Investing and Financing Activities | Cash Surplus (Deficit) | Measures for Managing Cash Deficit | |
|---|---|---|---|---|---|
| | | | | Investment Plans | Financing Plans |
| 27,293,976 | 17,526,371 | (13,007,759) | 31,812,588 | - | - |

1. Net cash flow from operating activities for the whole year:
   This primarily involves forecasting cash flow from accounts receivable and the accounts payable, operating expenses paid in cash, income tax payable and bank loan interest paid in cash generated during the operation.
2. Net cash flow from investing and financing activities for the whole year:
   (1) Investing activities: This primarily involves forecasting capital expenditures and receiving cash dividends, etc.
   (2) Financing activities: This primarily involves forecasting bank loan repayments and payment of cash dividends, etc.

**5.4 Impact of Significant Capital Expenditures on the Financial Operations of the Company for the Most Recent Fiscal Year:** N/A.

**5.5 Investment Policy for the Most Recent Fiscal Year, Reasons for Profit (Loss), Improvement Plan and Investment Plan for the Coming Year:**

Our company's investment plan mainly focuses on developing the manufacturing of shoes business and the retail of sporting goods and wholesale business to expand our operating scale, with the aim of bolstering our competitiveness within the industry, and to raise reinvestment income to increase shareholders equity.

A. In 2025, the Company recognized NT$7.141 billion in share of the profit of associates and joint ventures, representing a decrease of NT$3.017 billion compared to 2024. Mainly attributed NT$2.666 billion decrease in investment income from Nan Shan Life Insurance Co., Ltd., NT$170 million decrease in investment income recognized by San Fang Chemical Industry Co., Ltd. and NT$117 million decrease in investment income recognized by Zhong Ao Multiplex Management Group Co., Ltd. respectively.

B. The investment plan for the upcoming year will continue to focus on the manufacturing of shoes, retail of sporting goods and wholesale business. We will cautiously respond to the changes and challenges in the operating environment, ensuring that the steady development of overall operation is maintained in hopes of creating greater investment income.

**5.6 Analysis and Evaluation of Risk Factors**

Information pertaining to the risk factors of the Company over the latest year and up to the publication date of this annual report is as follows:

A. Risk Management Structure and Responsibilities

With the internationalization of the operation scale, in response to the impact and challenges of the changes in the global economic environment, in order to ensure the sustainable development of the company, the company focuses on the management of corporate risks, conducts risk assessments on economic, environmental and social issues, formulates relevant risk management strategies, and gradually identifies key risks and risk response plans that may affect the company's operations from daily operation management units to various functional management levels to reduce the possible risk of operational interruptions. The implementation results of risk management activities are summarized annually and serve as the basis for strategic management, performance evaluation, and audit plans for the following year.

Our risk management structure and responsibilities are as follows:

| Name of organization | Scope of responsibilities and operations |
|---|---|
| The Board of Directors | The Board of directors serves as the highest supervisory unit for the Company's risk management, aiming to comply with laws and regulations, promote and implement the Company’s comprehensive risk management, have a clear understanding of the risks encountered during operations, ensure the effectiveness of the risk management mechanism, and assume ultimate responsibility for risk management. |
| Audit Committee | The Audit Committee independently and professionally supervises the effective implementation of the Company's internal controls, ensures compliance with company regulations, and manages and controls both existing or potential risks, Additionally, the Committee proposes recommendations for improvements when necessary. |
| Risk Management Guidance Committee | The Risk Management Guidance Committee, composed of top managers of each functional departments or unit and supported by an executive secretary, is responsible for establishing and continuously improving the Company's risk management mechanism and framework. This includes proposing risk management plans, overseeing their execution, and reporting to the Audit Committee and the Board of Directors at least once a year. |

| Name of organization | Scope of responsibilities and operations |
|---|---|
| Risk Management Working Group | The Risk Management Working Group is responsible for the risk identification, analysis, evaluation and response within affiliated units in accordance with the approved risk management mechanism and framework. It manages and controls risks in daily operations, establishes crisis management mechanisms when necessary, and reports to the Risk Management Guidance Committee on a regular basis, thus ensuring effective implementation of the risk management and related control procedures across affiliated units |

Through top-down supervision and management as well as bottom-up accountability reporting, the Company encourages employees to identify risk matters, explore root causes, and propose contingency strategies to enhance operational effectiveness and efficiency (including profitability, performance and asset security) as well as the reliability, timeliness, transparency and compliance with relevant norms and laws and regulations of reporting. Using risk matrix diagrams, functional units identify major risks and assess their potential impact and the likelihood of damage. Risk events are analyzed, and response plans are developed across units. These efforts serve to ensure the identification and management of operational risks, prevent potential losses within acceptable risk parameters, increase shareholder equity, and thereby optimize resource allocation.

In 2025, the Risk Management Working Group identified economic, social, and environmental risks based on the Company's operating objectives and development strategies. These included risks related to changes to the competitive environment, localized supply chains, information security risks, sustainability information disclosure, innovative technologies, and organizational strength and resilience. Each risk was categorized as being a high, moderate, or low risk after an assessment of both the likelihood that the Company would be exposed to this risk and its level of impact. At the same time, the Group also designated units responsible for managing risks in each category and for establishing risk response plans. Apart from providing regular reports at management meetings, the Risk Management Committee shall also report to the Audit Committee on the effectiveness of risk management mechanisms for reviewing and monitoring risk, ensuring that these mechanisms are able to effectively identify, assess, manage, respond to, and monitor the Company's risks. When necessary, the Committee shall provide suggestion for improvement, and review, monitor, and manage risks.

In December 19, 2025, the status of risk management operations for the year was reviewed by Audit Committee and reported to the Board of Directors.

B. Impact of Interest Rate/Exchange Rate Fluctuations and Inflation on the Company's Profitability and Future Action Plans

1. Interest Rate Fluctuation

In 2025, the global economy was affected by factors such as U.S. tariff policy interference, the "involution" of Mainland China's economy, and the AI investment boom, resulting in highly volatile and markedly divergent development trends across regions. While the U.S. economy demonstrated resilience, the Eurozone and Mainland China faced challenges from weak domestic demand. Looking ahead to 2026, international forecasting agencies generally expect the global economy to continue its trend of moderate growth. However, due to headwinds such as the continued fermentation of the delayed impact of tariffs and uncertainties in AI investment conversion, overall growth momentum is expected to slow slightly compared to 2025.

Based on its judgment of slowing economic growth and easing inflationary pressures, the U.S. Federal Reserve cut interest rates by a total of 75 basis points (3 cuts) in 2025. Despite the Fed's rate cut resolution, officials within the Committee hold differing views on inflation and employment prospects. U.S. interest rates are expected to decline gradually in 2026, but discrepancies exist regarding the magnitude and pace of cuts. Market expectations suggest only 1-2 cuts throughout the year or even "standing still" (no change). Influenced by an economic soft landing, moderate inflation, and political variables, the interest rate trend will consolidate amidst fluctuations, primarily following a "wait-and-see" approach.

In 2025, Taiwan's GDP was revised upward due to AI-driven export growth, with the Directorate General of Budget, Accounting and Statistics (DGBAS) estimating an economic growth rate of 7.37%. For 2026, strong demand for AI technology is expected to drive exports and investment, with an anticipated economic growth rate of 3.54%. Influenced by the three major factors of sustained high economic growth, rising inflation expectations driven by AI, and the timing and magnitude of Fed rate cuts, market expectations suggest that interest rate policies will remain unchanged.

Interest rate risk affects interest income from the cash and fixed-income investment positions of the Company and its consolidated subsidiaries, as well as interest expenses on financial liabilities. To manage market interest rate uncertainty, the Company invests a portion of its funds in investment-grade fixed-rate bonds with relatively better yields, subject to liquidity and credit risk assessments. Regarding financing, the Company utilizes different maturity structures or structured products to lower funding costs. The Company will continue to monitor market interest rate trends and select appropriate short- and long-term financing instruments to reduce overall capital costs.

2. Exchange Rate Fluctuation

In 2025, driven by market expectations of Fed rate cuts, narrowing interest rate differentials between the U.S. and other major currencies, rising concerns over U.S. fiscal deficits and political uncertainty, and the global economic recovery, the US Dollar Index initially rose and then depreciated. The overall trend was weak, with an annual decline of approximately 10%. In 2026, the US Dollar Index will fluctuate among rate cuts, global economic recovery, and geopolitical risks.

For foreign currency assets and liabilities generated by import and export operations, the Company and its consolidated subsidiaries use spot, forward contracts, or other derivative financial instruments to hedge or reduce exchange rate volatility risks based on net foreign exchange positions, market exchange rate trends, and book costs. In response to market exchange rate changes, these practices will continue in the future to effectively minimize the impact of exchange rate fluctuations on the Company.

3. Inflation

In 2025, global inflation improved significantly compared to 2024, as the prices of most energy and raw materials generally declined. Major international institutions expect global inflation to decline gradually under the influence of factors such as geopolitics, energy prices, and AI investment, although many developing countries will face dual challenges of debt and living costs. Although inflationary pressures have eased, they remain "sticky" and persistent.

The Company will continue to monitor changes in raw materials supply and prices, control the sources of these supplies, manage our raw materials inventory, and flexibly adjust our business strategy to mitigate the impact of fluctuations in raw materials supplies on the Company's operations.

C. Policies and Future Action Plans for High-risk, High-Leveraged Investments, Fund Lending to Third Parties, Endorsements or Guarantees, Transactions in Financial Derivatives, Main Reasons for Profit (Loss)

1. The Company adheres to a prudent operating principle, focuses on its core business and refrains from engaging in high-risk or high-leverage investments. The Company has established the “Procedures for Acquisition and Disposal of Assets” in accordance with applicable regulations and compliance it during all related activities.
2. To support its affiliates’ operations, the Company has formulated the “Operational Procedures for Loaning of Company Funds” and “Operational Procedures for Making Endorsements and Guarantees.” in strict accordance with relevant laws and regulations. All such activities are subject to prior prudent evaluation and quota control by designated financial department. These guidelines adhere to relevant rules and regulations mandated by regulatory authorities. In addition, the internal audit unit conducts periodic audits to ensure compliance with internal control systems and to proactively mitigate financial risks. In 2025, all counterparties involved in the Company’s fund lending and endorsement/guarantee activities operated normally, and no material losses were incurred due to default or poor operations.
3. In the future, the Company will continue to conduct all relevant transactions in strict accordance with its established internal control systems and management policies. In addition to ongoing monitoring of the

financial and credit conditions of borrowing and guaranteed entities, the Company will dynamically adjust its risk management strategies in response to economic conditions. Oversight by the Audit Committee and the Board of Directors will further ensure the safety of the Company's assets and the soundness of its financial structure.

D. Future Research and Development Programs and Projected Expenses

For details regarding the Company's future research and development programs, please refer to Section 4.1 A on pages 95~96. It is estimated that future R&D expenses will account for 3% of the Company's annual revenue generated from manufacturing of shoes business.

E. Impact of Important Policy and Regulatory Changes in Taiwan and Overseas on the Financial Condition and Operations of the Company and Action Plans

The Company's operations are conducted in full compliance with the policies and regulations of each jurisdiction in which it operates. Compliance task forces have been established at the headquarters and across all operational locations (include Taiwan, Mainland China, Vietnam, Indonesia, Cambodia, Myanmar, and Bangladesh). The teams regularly review and monitor changes in local laws, regulatory directives, and client requirements. Through the operation of the regional compliance task forces, any updates to policies or legal requirements are promptly identified, triggering a follow-up mechanism to ensure such changes are effectively implemented in the Company's operations. Relevant system settings, documentation, and workflows are adjusted in a timely manner to ensure that the Company maintains a high level of compliance and operational efficiency across its global operations.

F. Impact of Changes in Technology and Industry on the Financial Condition and Operations of the Company and Action Plans

We have introduced an electronic operating system and established an online information network for Group management. By integrating with upstream and downstream industries, we are able to streamline the information transfer process and reduce lead time, thereby improving operational efficiency. In response to changing industry conditions, we are also committed to developing new products and improving manufacturing process and technologies to strengthen our competitiveness. Therefore, we expect that these technological and industry changes will positively impact the Company's financial condition and operations.

G. Impact of Change in Corporate Image to Crises Management and Action Plans

In order to realize our vision for corporate sustainability, the Company has consistently adhered to a business philosophy of professionalism and integrity. We have actively fulfilled our social responsibilities as a corporate citizen and have long invested in corporate governance, community involvement, and environmental protection. Our efforts have been continuously recognized by external parties. In the most recent 2024 Corporate Governance Evaluation, released by the Taiwan Stock Exchange Corporation, the Company ranked within the top 6% to 20% of listed companies. We also continued to be selected as a constituent of the FTSE4Good Emerging Index, the FTSE4Good TIP Taiwan ESG Index, and the Taiwan Employment Creation 99 Index. Furthermore, we have also continued to participate in the Carbon Disclosure Project (CDP), where, in 2025, we received a B grade for both climate change and water security, which are within the Management Level standard. Additionally, the Company has received more than 50 awards across Taiwan, China, Vietnam, and Indonesia, including national-level recognitions such as the "SDG Friend" award from Taiwan's National Park Service under the Ministry of the Interior, the "Gold Award for Talent Quality-management System (TTQS)" from Taiwan's Workforce Development Agency, Ministry of Labor, and the "National Occupational Health and Safety Management System Certification" from Indonesia's Ministry of Manpower. Furthermore, six of the Company's factories have been awarded the RoSPA Gold Award by the Royal Society for the Prevention of Accidents in the United Kingdom. Moving forward, the Company will continue to enhance performance in operational development, corporate governance, and sustainable growth. We are committed to shaping a positive corporate image and currently have no intention of deviating from this path.

H. Expected Benefits of Mergers and Acquisitions, Associated Risks and Action Plans

The Company had no plans for mergers or acquisitions for the past fiscal year and up to the publication date of this Annual Report.

I. Expected Benefits of Capacity Expansion, Associated Risks and Action Plans

We conduct thorough evaluations of our factory expansion plans based on current production capacity and operational strategies. Major capital expenditures are submitted to the board of directors for review and resolution, taking into account investment efficiency and potential risks.

J. Risks Associated with Concentration of Supply and Sales and Action Plans

We maintain a diversified base of suppliers and customers, and have established long-term partnerships with our suppliers and good relations with customers. As a result, we are not currently exposed to any supply or sales concentration risks.

K. Impact of Transfer of Significant Number of Shares by Directors, and/or Major Shareholders Holding 10% or More of the Total Outstanding Shares, Risks Associated and Action Plans

The Company’s Directors and shareholders holding more than 10% of the outstanding shares did not transfer a significant number of shares in the most recent year and up to the publication date of this Annual Report.

L. Impact of Change in Ownership, Associated Risks and Action Plans

The management of the Company has remained stable in the latest fiscal year and up to the publication date of this annual report. They are committed to creating a robust performance and maximizing value for shareholders, therefore having a positive impact on the Company’s operations.

M. Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and up to the publication date of this annual report where the Company and/or any of its directors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings, or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company’s shareholder equity or price of securities: N/A.

N. Other Significant Risks and Action Plans: N/A.

**5.7 Other Material Items:** N/A

# VI. SPECIAL DISCLOSURE

## 6.1 Affiliated Enterprises

A. Consolidated Results of Operations

The Company has disclosed the Consolidated Operating Report of Affiliated Enterprises on the Market Observation Post System (MOPS). For the main contents, please visit the MOPS website (https://mops.twse.com.tw), select "Individual Company," then navigate to "E-Books" under the "Affiliated Enterprises Reports" section. Enter the Company's stock code or name (9904 or Pou Chen) and specify the desired year for inquiry.

B. Declaration of Consolidated Financial Statements of Affiliates

In accordance with the "Regulations Governing the Preparation of Consolidated Operating Reports, Consolidated Financial Statements, and Relationship Reports for Affiliated Enterprises," the entities required to be included in the Company's consolidated financial statements of affiliated enterprises are identical to those required under IFRS 10 for inclusion in the consolidated financial statements of the parent and its subsidiaries. Furthermore, all relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has already been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, the Company does not prepare a separate set of consolidated financial statements for affiliated enterprises. The consolidated financial statements of the Company and its subsidiaries have been disclosed on the Market Observation Post System (MOPS). For details, please visit the MOPS website (https://mops.twse.com.tw), select "Individual Company," then navigate to "E-Books" under "Financial Reports," and enter the Company's stock code or name (9904 or Pou Chen) along with the desired year for inquiry.

C. Affiliation report: none

## 6.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report: N/A

## 6.3 Additional Information Required to be Disclosed: N/A

## 6.4 Other Disclosures

There has not been any event occurred within the latest fiscal year and up to the publication date of this annual report which would materially affect the shareholder equity or price of securities of the Company according to Item 2 Paragraph 3 of Article 36 of the Securities and Exchange Act.

POU CHEN CORPORATION

Wu, Pan-Tsu
Chairman